AMERICAN TOWER CORP /MA/
Form 10-K/A
November 29, 2006
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One):

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the fiscal year ended December 31, 2005

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from to

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 Incorporation or Organization)	**(I.R.S. Employer 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of exchange on which registered
Class A Common Stock, $0.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: Yes ¨ No x

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2005 was approximately $4,801,552,860, based on the closing price of the registrant s Class A Common Stock as reported on the New York Stock Exchange as of the last business day of the registrant s most recently completed second quarter.

As of March 9, 2006, there were 419,677,495 shares of Class A Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the Definitive Proxy Statement) to be filed with the Securities and Exchange Commission relative to the Company s 2006 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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EXPLANATORY NOTE

American Tower Corporation (the Company) is filing this amendment (this Amendment) to its Annual Report on Form 10-K for the year ended December 31, 2005 (the Original Filing) to reflect the restatement of its consolidated financial statements as of December 31, 2005 and 2004 and for each of the years ended December 31, 2005, 2004 and 2003, and certain other changes described below. This Amendment also reflects the restatement of selected financial data as of and for each of the years ended December 31, 1998 through 2005, which is included in Item 6. The restatement of the Original Filing reflected in this Amendment corrects certain errors related to (i) stock-based compensation not previously recorded for certain stock option grants, including the related payroll and income tax effects, (ii) additional charges for stock-based compensation expense related to the modification and repricing of certain stock option grants, primarily associated with options awarded to two former executive officers of the Company, and (iii) changes to income taxes related to the tax effects of foreign currency fluctuations on an intercompany loan with a foreign subsidiary of the Company. These corrections are discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Amendment and in note 2 to the consolidated financial statements included in Item 8 of this Amendment.

The Company s decision to restate its previously issued financial statements was based, in part, on an independent review of its historical stock option granting practices and related accounting. On May 19, 2006, the Company announced that its Board of Directors had established a special committee of independent directors to conduct a review of the Company s stock option granting practices and related accounting with the assistance of independent legal counsel and forensic auditors. The special committee determined that, for certain stock option grants, the legal grant dates when all necessary corporate action had been taken differ from the dates previously recorded by the Company for financial accounting and tax purposes. The findings of the special committee are discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Amendment.

In connection with the review by the special committee, the Company undertook a review of option grant dates recorded by the Company for financial accounting and tax purposes. Based on the Company s facts and circumstances, the Company concluded that it should use the legal grant date, as determined by the special committee, as the accounting measurement date for such awards. Accordingly, based on this conclusion, the Company applied new measurement dates to the affected stock option grants and, as a result, determined that charges for stock-based compensation expense and related payroll and income tax effects were required in instances where the quoted market price of the underlying stock at the new measurement date exceeded the employee s exercise price, in accordance with APB No. 25, Accounting for Stock Issued to Employees. In addition, the Company recorded charges for penalties and interest related to the failure to properly withhold employee taxes upon exercise of certain stock options that were originally classified as incentive stock options, but were recharacterized as non-qualified stock options as a result of applying a new measurement date to such options.

In addition, this Amendment reflects a reclassification related to the Company s presentation of selling, general and administrative expenses. Effective as of January 1, 2006, the Company changed its classification to aggregate all segment and corporate selling, general, administrative and development expenses previously included in rental and management expense, network development services expense, and corporate, general, administrative and development expense into one line item entitled selling, general, administrative and development expense. Accordingly, the information presented in this Amendment reflects the effect of this reclassification on all prior periods. This reclassification is discussed in note 2 to the consolidated financial statements included in Item 8 of this Amendment.

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Changes have been made to the following items in this Amendment as a result of the changes described above:

Part I	- Item 3. Legal Proceedings
Part II	- Item 6. Selected Financial Data
	- Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations
	- Item 8. Financial Statements and Supplementary Data
	- Item 9A. Controls and Procedures
Part IV	- Item 15. Exhibits and Financial Statement Schedules

For ease of reference, this Amendment sets forth the Original Filing in its entirety. However, this Amendment does not reflect events that have occurred after March 15, 2006, the filing date of the Original Filing, or modify or update the disclosures presented in the Original Filing, except to reflect the changes described above and to disclose certain related events, which are described in note 20 to the consolidated financial statements included in Item 8 of this Amendment, and to make clarifications to certain disclosures. Accordingly, this Amendment should be read in conjunction with the Company s periodic filings made with the Securities and Exchange Commission (the SEC) subsequent to the filing date of the Original Filing, including any amendments to those filings, as well as any Current Reports filed on Form 8-K subsequent to the filing date of the Original Filing. Any reference to facts and circumstances at a current date refer to such facts and circumstances as of the filing date of the Original Filing.

Concurrently with the filing of this Amendment, the Company is also filing an amended Quarterly Report on Form 10-Q/A (the Form 10-Q/A) for the period ended March 31, 2006, a Quarterly Report on Form 10-Q for the period ended June 30, 2006 and a Quarterly Report on Form 10-Q for the period ended September 30, 2006. Other than this Amendment and the Form 10-Q/A, the Company has not amended and does not intend to amend any of its other periodic reports filed prior to the filing date of this Amendment for periods affected by the restatement. For this reason, the consolidated financial statements, auditors reports and related financial information contained in all such other previously filed reports should not be relied upon.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Amendment contains statements about future events and expectations, or forward-looking statements, all of which are inherently uncertain. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as anticipates, intends, plans, believes, estimates, expects, or similar expressions, we do so to identify forward-looking statements. Examples forward-looking statements include statements we make regarding future prospects of growth in the wireless communications and broadcast infrastructure markets, the level of future expenditures by companies in those markets and other trends in those markets, our ability to maintain or increase our market share, our future operating results, our future purchases under our stock repurchase program, our future capital expenditure levels, and our plans to fund our future liquidity needs. These statements are based on our management s beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate. These forward-looking statements may be found under the captions Management s Discussion and Analysis of Financial Condition and Results of Operations and Business, as well as in this annual report generally.

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You should keep in mind that any forward-looking statement made by us in this Amendment or elsewhere speaks only as of the date on which we make it. All forward-looking statements contained in this Amendment, unless they are specifically otherwise stated to be made as of a different date, are made as of March 15, 2006, the filing date of the Original Filing. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. For example, the review of our historical stock option granting practices and related accounting has resulted in the restatement reflected in this Amendment, and the final results of the review, the costs associated with the review, and the related inquiries, investigations and legal proceedings create additional risk and uncertainty. These and other important factors, including those set forth in Item 1A of this Amendment under the caption Risk Factors, may cause actual results to differ materially from those indicated by our forward-looking statements. We have no duty to, and do not intend to, update or revise the forward-looking statements made by us in this Amendment, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statement made by us in this Amendment or elsewhere might not occur.

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PART I

ITEM 1. BUSINESS

Overview

We are a leading wireless and broadcast communications infrastructure company with a portfolio of over 22,000 owned communications sites. Our portfolio includes approximately 20,000 owned tower sites in the United States and over 2,500 in Mexico and Brazil. In addition to our owned tower sites, we offer access to over 10,000 rooftop and tower sites in the United States that we manage for third parties. We also operate in-building distributed antenna systems in malls and casino/hotel resorts. Our primary business is leasing antenna space on multi-tenant communications sites to wireless service providers and radio and television broadcast companies. We operate the largest independent portfolio of wireless and broadcast communications sites in the United States, Mexico and Brazil, based on number of sites and revenue.

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. We also offer limited 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 continuing increase in the use of wireless communications services by actively marketing space available for leasing on our existing sites and selectively developing or acquiring new sites that meet our return on investment criteria.

Our site leasing business, which we also refer to as our rental and management segment, accounted for approximately 99.5% and 99.3% of our segment operating profit for the years ended December 31, 2005 and 2004, respectively. In 2006, we expect that our rental and management segment will continue to contribute approximately 99% of our segment operating profit, which we define as segment revenue less direct segment expense (rental and management segment operating profit includes interest income, TV Azteca, net).

Over the last three years, we have focused our operations on our rental and management segment by selling numerous non-core assets and businesses and using the proceeds from these sales to purchase high quality tower assets and reduce our outstanding indebtedness. With the sale of our tower construction services unit in November 2004, we substantially completed our strategic transition to a focused site leasing company.

In August 2005, we expanded our communications site portfolio and our rental and management operations through our merger with SpectraSite, Inc., an owner and operator of approximately 7,800 wireless and broadcast towers and in-building systems in the United States. We believe the merger provided us with significant strategic and financial advantages. We believe our larger scale will translate into increased cooperation with our customers, and create greater flexibility to structure mutually beneficial contracts, potentially resulting in further increases in revenue and market share. We also believe the merger will enable us to maximize our return on investment by creating a significantly larger revenue base over which to spread our relatively fixed overhead costs, therefore further capitalizing on the significant operating leverage inherent in the tower business model. For more information about our merger with SpectraSite, Inc., see note 3 to our consolidated financial statements included in this annual report.

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

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

Operating expenses are largely fixed. Incremental operating costs associated with adding wireless tenants to a communications site are minimal. Therefore, as additional tenants are added to a site, the substantial majority of incremental revenue becomes operating profit.

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Low maintenance capital expenditures. On average, a communications site requires low annual capital investments to maintain.

High lease renewal rates. Wireless carriers tend to renew leases because suitable alternative sites may not exist or be available and repositioning a site in a carrier s network is expensive and may adversely affect network quality.

Strategy

Our strategy is to capitalize on the continuing growth in the use of wireless communications services and the infrastructure requirements necessary to deploy current and future generations of wireless communications technologies.

In the United States, the number of wireless service subscribers increased from 128.4 million to 194.5 million between December 2001 and June 2005, representing an increase of approximately 51% and market penetration of approximately 65%. During the same period, the number of cell sites (i.e., the number of antennas and related equipment in commercial operation, not the number of towers on which that equipment is located) increased approximately 40% from approximately 127,500 cell sites to approximately 178,000. In addition, wireless minutes of use, an indicator of demand for wireless services, exceeded one trillion in the United States for 2004, an increase of over 32% from the prior year, and the industry is on pace to report strong growth for 2005.

In Mexico, the number of wireless service subscribers increased from 21.8 million to 44.6 million between December 2001 and September 2005, representing an increase of approximately 105% and market penetration of approximately 42%. In Brazil, the number of wireless service subscribers increased from 28.7 million to 86.2 million between December 2001 and December 2005, representing an increase of approximately 200% and market penetration of approximately 47%.

We believe the continuing growth in the number of wireless service subscribers and the minutes of use per subscriber will require wireless carriers to add new cell sites, and new equipment to existing cell sites, to maintain the performance of their networks in the areas they currently cover and to extend service to areas where coverage does not yet exist. As wireless carriers continue to add subscribers and seek to limit churn, we also anticipate they will focus on network quality as a competitive necessity and will invest in upgrades to their networks. In addition, we believe that as wireless data services, such as email, internet access and video, are deployed on a widespread basis, the deployment of these technologies may require wireless carriers to further increase the cell density of their existing networks, may require new technology and equipment, and may increase the demand for geographic expansion of their network coverage. To meet this demand, we believe wireless carriers will continue to outsource their communications site infrastructure needs as a means of accelerating access to their markets and preserving capital, rather than constructing and operating their own communications sites and maintaining their own communications sites service and development capabilities.

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

Maximize Use of Existing Site Capacity. We believe that our highest returns will be achieved by leasing additional space on our existing communications sites. We anticipate that our revenues and segment operating profit will continue to grow because many of our communications sites are attractively located for wireless service providers and have capacity available for additional antenna space that we can offer to customers at low incremental costs to us. Because the costs of operating a site are largely fixed, increasing utilization significantly improves operating margins. We will continue to target our sales and marketing activities to increase utilization of, and investment return on, our existing communications sites.

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Grow Our Site Portfolio Using Selective Criteria for Acquisitions and New Development. Given the relatively fixed cost structure of our site leasing business, we believe that adding new communications sites to our portfolio will allow us to grow revenues with only modest increases in administrative operating expenses. We seek to acquire, construct and redevelop towers and install in-building systems when our initial and long-term return on investment criteria are met. We similarly evaluate expansion opportunities into new markets. To achieve our expected returns for a new site, we typically secure leases from customers in advance of construction or installation, ensure reasonable estimated construction or installation costs and, for new tower sites, obtain the land on which to build the tower, whether by purchase or ground lease, on reasonable terms.

Continue Our Focus on Customer Service and Processes. Because speed to market and reliable network performance are critical components to the success of wireless service providers, our ability to assist customers in meeting their goals will contribute to our success. We intend to continue to focus on customer service by, for example, reducing cycle times for key functions, such as lease processing. In addition, our merger with SpectraSite, Inc. provided us with an opportunity to adopt best practices from both companies in an effort to further improve the efficiency of our processes. We believe our efforts should enable us to increase revenue generation through improved speed, accuracy and quality. In addition, sharing operational processes and outcomes establishes another connection point with our customers and provides us valuable input and relationship enhancing opportunities.

Build On Our Strong Customer Relationships. Our understanding of the network needs of our customers and our ability to convey effectively how we can satisfy those needs are key to our efforts to add new antenna leases, cross-sell our services and identify desirable new site development projects. We are building on our strong relationships with our major wireless carrier customers to gain more familiarity with their evolving network plans so we can identify opportunities where our nationwide portfolio of sites and experienced personnel can be used to satisfy their needs. We are also working with smaller and emerging wireless carriers and network operators as they define their coverage and network needs and expand into new markets. We believe we are well positioned to be a preferred partner to our customers because of the scope and location of our portfolio of communications sites, our proven operating experience and our scale relative to our competitors.

Participate in Industry Consolidation. We continue to believe there are benefits to consolidation among tower companies. More extensive networks will be better positioned to provide more comprehensive service to customers and to support the infrastructure requirements of future generations of wireless communications technologies. We believe that our merger with SpectraSite, Inc. will result in improvements in cost structure efficiencies, with a corresponding positive impact on our operating results, and that combining with one or more other tower companies should yield similar results. Accordingly, we continue to be interested in participating in the consolidation of our industry on terms that are consistent with these perceived benefits and that create long-term value for our stockholders.

The Company

American Tower Corporation was created as a subsidiary of American Radio Systems Corporation in 1995 to own, manage, develop and lease communications and broadcast tower sites, and was spun off into a free-standing public company in 1998. Over the last ten years, we have grown our communications site portfolio through tower acquisitions, tower development and construction, and through mergers with and acquisitions of other tower operators, increasing the size of our communications site portfolio to over 22,000 owned sites.

American Tower Corporation is a holding company, and we conduct our operations in the United States, Mexico and Brazil through operating subsidiaries. Our principal United States operating subsidiaries are American Towers, Inc. (ATI) and SpectraSite Communications, Inc. (SpectraSite). Our principal international operating subsidiary is American Tower International, Inc., which conducts operations in Mexico through its subsidiary ATC Mexico Holding Corp. (ATC Mexico) and in Brazil through its subsidiary ATC South America Holding Corp. (ATC South America).

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We operate in two business segments: rental and management and network development services. For more information about our business segments, as well as financial information about the geographic areas in which we operate, see note 17 to our consolidated financial statements included in this annual report and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations.

Prior to December 2002, we also had a satellite and fiber network access services segment, which consisted of our Verestar, Inc., subsidiary (Verestar). In December 2002, we committed to a plan to dispose of this business, and in December 2003, Verestar and its affiliates filed for protection under Chapter 11 of the federal bankruptcy laws. Accordingly, we have accounted for Verestar as a discontinued operation through the date of the bankruptcy filing and we ceased to consolidate Verestar s financial results as of that date. See Item 1A of this annual report under the caption Risk Factors The bankruptcy proceeding of our Verestar subsidiary exposes us to risks and uncertainties and notes 4 and 10 to our consolidated financial statements included in this annual report.

Products and Services

Rental and Management

We conduct our site leasing business through our rental and management segment. Our primary business is leasing antenna space on multi-tenant communications sites to wireless service providers and radio and television broadcast companies. Our communications site portfolio includes approximately 20,000 owned tower sites in the United States and over 2,500 in Mexico and Brazil. In addition to our owned tower sites, we offer access to over 10,000 rooftop and tower sites in the United States that we manage for third parties. Through our rental and management segment, we also operate in-building distributed antenna systems in malls and casino/hotel resorts.

Wireless Communications Towers. We own and operate the largest independent portfolio of wireless communications towers in the United States, Mexico and Brazil, based on number of towers and revenue. Our network in the United States includes approximately 19,300 owned wireless communications towers and spans 49 states and the District of Columbia. In addition, 85% of our U.S. network provides coverage in the top 100 markets or core areas such as high traffic interstate corridors. Our Mexican network includes approximately 1,800 owned wireless communications towers in highly populated areas, including Mexico City, Monterrey, Guadalajara and Acapulco. Our Brazilian network consists of approximately 500 owned wireless communications towers, which are concentrated in southern Brazil in major metropolitan areas, including Sao Paulo, Rio de Janeiro, Brasilia and Curitiba. In addition, we market and manage approximately 1,700 wireless tower sites for third parties including approximately 600 sites in the United States, 400 in Mexico and 700 in Brazil. Approximately 400 of the 1,700 wireless tower sites that we manage for third parties were revenue-producing as of December 31, 2005.

We lease antenna space on our wireless communications towers to customers in a diverse range of wireless industries, including personal communications services, cellular, enhanced specialized mobile radio, paging and fixed microwave. Our major domestic wireless customers include ALLTEL, Cingular Wireless, Sprint Nextel, T-Mobile USA and Verizon Wireless. Our major international wireless customers include Iusacell Celular, Nextel Mexico, Telefonica Moviles and Unefon in Mexico, and Nextel Brazil, Telecom Americas and Telecom Italia Mobile in Brazil. For the year ended December 31, 2005, assuming our merger with SpectraSite, Inc. occurred on January 1, 2005, we had three customers that each accounted for greater than 10% of our total revenues. Cingular Wireless accounted for approximately 19% of our 2005 total revenues, Sprint Nextel (assuming the merger of Sprint PCS and Nextel occurred on January 1, 2005) accounted for approximately 17% (approximately 22% including Sprint Nextel partners and affiliates) and Verizon Wireless accounted for approximately 10%. Approximately 59% of our total revenues for the year ended December 31, 2005 were derived from five customers. See Item 1A of this annual report under the caption Risk Factors A substantial portion of our revenue is derived from a small number of customers and Due to the long-term expectations of revenue from tenant leases, the tower industry is sensitive to the credit worthiness of its tenants.

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The number of antennas that our towers can accommodate varies depending on the tower s location, height, and the structural capacity at certain wind speeds. An antenna s height on a tower and the tower s location determine the line-of-sight of the antenna with the horizon and, coupled with the specific band of radio frequency and technology used by the carrier, determine the distance a signal can be transmitted. Some of our customers, such as personal communications services, enhanced specialized mobile radio providers and cellular companies in metropolitan areas, typically do not place their equipment at the highest tower point. Other customers, including paging companies and specialized mobile radio providers in rural areas, prefer higher elevations for broader coverage. We believe that a significant majority of our towers have the capacity to add additional tenants.

Our leases with wireless communications providers in the United States generally have initial terms of five-to-ten years. In Mexico and Brazil, our typical tenant lease has an initial term of ten years. In most cases, our tenant leases have multiple renewal terms at the option of the tenant. Wireless carriers generally renew their leases with us because suitable alternative sites may not exist or be available and repositioning a site in an existing carrier s network is expensive and often requires reconfiguring several other sites in the carrier s network, which may impact the quality of the carrier s coverage and may require the carrier to obtain other governmental permits. Most of our tenant leases have escalation provisions that periodically increase the rent due under the lease. These automatic increases are typically annual and are based on a fixed percentage, inflation or a fixed percentage plus inflation.

Annual rental payments vary considerably depending upon:

- tower location;
- number and weight of antennas on the tower and the size of the transmission lines;
- ground space necessary to store equipment related to the antennas;
- existing tower capacity;
- placement of the customer s antennas on the tower; and
- type and amount of frequency transmitted by the customer.

Broadcast Communications Towers. We are one of the largest independent owners and operators of broadcast towers in the United States and Mexico. We own approximately 220 broadcast towers in the United States and have exclusive rights to approximately 190 in Mexico. Broadcast towers generally are taller and structurally more complex than wireless communications towers, require unique engineering skills and are more costly to build. We lease antenna space on our broadcast towers primarily to radio and television broadcast companies. In leasing antenna space, we generally receive monthly fees from customers, with initial lease periods ranging from ten-to-twenty years.

In-Building Neutral Host Distributed Antenna Systems. As a result of our merger with SpectraSite, Inc., we are now a leading provider in the United States of in-building neutral host distributed antenna systems. We have approximately 100 in-building systems in operation in retail shopping malls and casino/hotel resorts, and we have the exclusive rights to an additional 200 properties in the United States. We obtain rights to install and operate in-building systems by entering into leases with property owners, which are generally for an initial non-cancelable period of ten years. Some of these leases contain automatic extension provisions and continue after the initial period unless terminated by us. Under these leases, we are the exclusive operator of in-building neutral host distributed antenna systems for the term of the lease. We are also responsible for marketing the property as part of our portfolio of communications sites and for installing, operating and maintaining the distributed antenna system at the properties. We grant rights to wireless service providers to attach their equipment to our in-building system for a fee under licenses that typically have an initial non-cancelable term of ten years. We typically share a portion of the licensing fees with the property owners.

Rooftop Management. We also provide rooftop management services to property owners in the United States. We market over 10,000 rooftop sites to our customers in the United States that we manage for third parties, including approximately 1,100 rooftop sites that were revenue-producing as of December 31, 2005. Wireless carriers use rooftop sites to install their communications equipment, generally where there are no existing towers or where new towers are difficult to build. We obtain rights to manage a rooftop by entering into contracts with property owners, which are generally for an initial period of three-to-five years. These contracts typically contain automatic extension provisions and continue after the initial period unless terminated by either party. Under these contracts, we are engaged by property owners as the exclusive manager for a rooftop. For these services, we receive a percentage of occupancy or license fees paid by the wireless carriers.

Network Development Services

We offer tower-related services through our network development services segment. We historically offered extensive tower-related services to support our site leasing business. As we continued to focus our operations on our rental and management segment, we sold services businesses that did not provide incremental value to our site leasing business. With the sale of our tower construction services unit in November 2004, we substantially completed our strategic transition to a focused site leasing company. Our network development services segment continues to provide site acquisition, zoning and permitting services and structural analysis services that support our site leasing operations and the addition of new tenants and equipment on our sites.

Site Acquisition, Zoning and Permitting Services. We engage in site acquisition services for our own account in connection with our tower development projects, as well as for our customers. We typically work with our customers engineers to determine the geographic areas where the customer needs to construct a new tower site to address its coverage objectives. Once a new site is identified, we acquire the rights to the land or structure on which the site will be constructed, and we manage the permitting process to ensure all necessary approvals are obtained to construct and operate the communications site under applicable law.

Structural Analysis. We offer structural analysis services to wireless carriers in connection with the installation of communications equipment on towers. A structural analysis of a tower is routinely performed prior to a decision by a wireless carrier to install equipment on a tower. Our team of engineers can evaluate whether a tower can support the additional burden of the new equipment or if augmentation is needed, which enables our customers to better assess potential tower sites before making an installation decision.

Recent Transactions

Acquisitions

From January 1, 2004 through December 31, 2005, we increased the size of our communications site portfolio by over 8,000 towers. Significant acquisitions included the following:

SpectraSite, Inc. In May 2005, we entered into an agreement and plan of merger with SpectraSite, Inc., an owner and operator of approximately 7,800 wireless and broadcast towers and in-building systems in the United States. We completed the merger in August 2005. Under the terms of the merger agreement, SpectraSite, Inc. merged with and into a wholly owned subsidiary that we formed for purposes of the merger. Each share of SpectraSite, Inc. common stock converted into the right to receive 3.575 shares of our Class A common stock. We issued approximately 169.5 million shares of Class A common stock with respect to shares of SpectraSite, Inc. common stock outstanding as of the closing of the merger and reserved for issuance approximately 16.7 million shares of Class A common stock issuable pursuant to SpectraSite, Inc. options and warrants assumed in the merger. For more information about our merger with SpectraSite, Inc., see note 3 to our consolidated financial statements included in this annual report.

Iusacell Celular. In December 2003, we agreed to acquire up to 143 communications sites from Iusacell Celular (Iusacell) in Mexico for up to $31.4 million. During the year ended December 31, 2005, we acquired six towers from Iusacell in Mexico for approximately $1.3 million, and as of December 31, 2005, had acquired an aggregate of 137 towers for a total purchase price of $30.6 million.

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NII Holdings, Inc. In December 2002, we agreed to acquire over 500 communications sites, predominantly in Mexico, from NII Holdings (NII) for an aggregate purchase price of $100.0 million in cash. Although we have satisfied our minimum purchase obligation under the agreement, we have continued to purchase additional towers from NII. During the year ended December 31, 2005, we acquired 20 towers from NII in Mexico and Brazil for approximately $2.2 million, and as of December 31, 2005, had acquired an aggregate of 728 towers for a total purchase price of approximately $122.2 million. We have the option to purchase additional tower sites from NII in Mexico and Brazil through 2007. We expect to fund any additional acquisitions using funds from operations.

Dispositions

From January 1, 2004 through December 31, 2005, we received approximately $38.9 million of proceeds from selling non-core assets and businesses. In our rental and management segment, we sold 59 non-core tower assets for approximately $11.6 million and sold five office buildings for approximately $7.5 million. In our network development services segment, we sold substantially all the net assets of Kline Iron & Steel Co., Inc. (Kline), our steel fabrication and tall tower design business, for approximately $4.0 million in cash, subject to a post closing working capital adjustment, and sold our tower construction services business for total consideration of approximately $9.1 million, consisting of cash and the assumption of certain capital lease obligations by the purchaser.

Financing Transactions

During the year ended December 31, 2005, we improved our financial flexibility by refinancing our existing debt with less restrictive, lower cost capital, which increased our liquidity and our ability to return value to our stockholders. Significant transactions included those set forth below. For more information about our financing transactions, see note 8 to our consolidated financial statements included in this annual report and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

New Credit Facilities. In October 2005, we refinanced the two existing credit facilities of our principal operating subsidiaries. We replaced the existing American Tower $1.1 billion senior secured credit facility with a new $1.3 billion senior secured credit facility and replaced the existing SpectraSite $900.0 million senior secured credit facility with a new $1.15 billion senior secured credit facility. As a result of the refinancing, we reduced the interest rate on our credit facilities and increased our unused borrowing capacity under our credit facilities to approximately $977.2 million.

Repurchases, Redemptions and Conversions of Debt Securities. During the year ended December 31, 2005, consistent with our strategy of replacing our higher cost, more restrictive debt with less expensive, less restrictive capital, we repurchased, redeemed and converted approximately $605.7 million face amount of our outstanding debt securities, including the repurchase of $270.6 million face amount ($177.8 million accreted value, net of $10.1 million fair value allocated to warrants) of the ATI 12.25% senior subordinated discount notes due 2008 (ATI 12.25% Notes), the redemption of $274.9 million principal amount of our 9 $^{3}/8$% senior notes due 2009 (9 $^{3}/8$% Notes) and the conversion of $57.1 million principal amount of our 3.25% convertible notes due August 15, 2012 (3.25% Notes). In addition, in December 2005, we issued a notice for the redemption of the remaining outstanding $227.7 million face amount of ATI 12.25% Notes, which we redeemed on February 1, 2006. Upon completion of this redemption, no ATI 12.25% Notes remained outstanding.

Stock Repurchase Program. In November 2005, we announced that our Board of Directors had approved a stock repurchase program to repurchase up to $750.0 million of our Class A common stock through December 2006. To facilitate repurchases, we entered into a trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934, 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. As of December 31, 2005, we

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had repurchased 2.8 million shares of Class A common stock for an aggregate of $76.6 million. Between January 1, 2006 and March 9, 2006, we repurchased an additional 3.9 million shares of Class A common stock for an aggregate of $117.4 million.

ATC International Transactions

ATC Mexico Holding Corp. During 2004, we repurchased a 12.0% interest in ATC Mexico from certain stockholders of ATC Mexico, including J. Michael Gearon, Jr. (Mr. Gearon) and William H. Hess (Mr. Hess), executive officers of the Company. We now own 100% of ATC Mexico as a result of these repurchases.

In April 2004, we repurchased an 8.8% interest in ATC Mexico from Mr. Gearon. In the first quarter of 2004, Mr. Gearon exercised his previously disclosed right to require us to purchase his interest in ATC Mexico. In consideration for his interest in ATC Mexico, we issued to Mr. Gearon 2,203,968 shares of our Class A common stock and paid $3.7 million in cash, representing 80% of the aggregate purchase price for Mr. Gearon s interest. The 2,203,968 shares issued to Mr. Gearon had an aggregate market value on the date of issuance of $24.8 million. Payment of the remaining 20% of the purchase price of $7.3 million, plus interest, was contingent upon ATC Mexico satisfying certain performance criteria. In February 2005, our Board of Directors determined that the performance criteria had been satisfied, and we paid Mr. Gearon $7.7 million in cash. Our Board approved the determination of the fair market value of Mr. Gearon s interest with the assistance of an independent financial advisor.

In October 2004, we repurchased a 3.2% interest in ATC Mexico from certain employees, including Mr. Hess. In the first quarter of 2004, these employees exercised options to purchase an aggregate of 318 shares of ATC Mexico under the ATC Mexico Stock Option Plan. In October 2004, these employees exercised their previously disclosed rights to require us to purchase their collective 3.2% interest in ATC Mexico. In consideration for their interests in ATC Mexico, we issued to these employees (including Mr. Hess) an aggregate of 1,155,678 shares of our Class A common stock, representing 80% of the aggregate purchase price for their collective interests. The 1,155,678 shares issued to these employees had an aggregate market value on the date of issuance of $18.5 million. Payment of the remaining 20% of the purchase price of 218,566 shares of Class A common stock was contingent upon ATC Mexico satisfying certain performance criteria. In February 2005, our Board of Directors determined that the performance criteria had been satisfied, and we issued to these employees (including Mr. Hess) 159,836 shares of our Class A common stock, net of 58,730 shares of Class A common stock retained by us to satisfy employee tax withholding obligations. On the date of issuance, the aggregate market value of these 218,566 shares was $3.9 million. Our Board approved the determination of the fair market value of the interests held by these employees with the assistance of an independent financial advisor.

ATC South America Holding Corp. During 2004 and 2005, ATC South America issued shares of its common stock to certain employees, including Messrs. Gearon and Hess, and in 2005, we reacquired certain of these shares of ATC South America from these employees. As of December 31, 2005, we owned 90.7% of ATC South America.

In March 2004, we consummated a previously disclosed arrangement with Mr. Gearon pursuant to which he purchased an approximate 1.6% equity interest in ATC South America for approximately $1.2 million in cash. Pursuant to the arrangement, Mr. Gearon could require us to purchase his interest in ATC South America, for its then fair market value, after December 31, 2004 or upon certain events as set forth in the stockholder agreement with Mr. Gearon. In October 2005, Mr. Gearon exercised this right to require us to repurchase his interest in ATC South America. In February 2006, our Board of Directors approved the determination of the fair market value of Mr. Gearon s interest in ATC South America with the assistance of an independent financial advisor, and we expect to pay Mr. Gearon $3.7 million in cash in consideration for his 1.6% interest in ATC South America.

As part of Mr. Gearon s investment, ATC South America s Board of Directors also approved the formation of the ATC South America Stock Option Plan, which provides for the issuance of options to officers, employees,

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directors and consultants of ATC South America to purchase up to an aggregate 10.3% interest in ATC South America. In the first quarter of 2004, ATC South America granted options to purchase 6,024 shares of ATC South America common stock to officers and employees, including Messrs. Gearon and Hess, who received options to purchase shares representing a 6.7% and 1.6% interest, respectively. The exercise price is $1,349 per share, which was determined to be the fair market value per share on the date of issuance based on an independent appraisal performed at our request. In October 2005, in connection with the exercise by Mr. Gearon of his right to require us to purchase his interest in ATC South America, these options vested in full and were exercised. Upon exercise of these options, the holders received 4,428 shares of ATC South America, net of 1,596 shares retained by us to satisfy employee tax withholding obligations. These holders may require us to purchase their shares of ATC South America at their then fair market value six months following their issuance, which date will occur in April 2006. We anticipate that our repurchase obligation with respect to these shares in April 2006 will be approximately $19 million.

Regulatory Matters

Towers and Antennas. Both the Federal Communications Commission (FCC) and the Federal Aviation Administration (FAA) regulate towers used for wireless communications and radio and television broadcasting. These regulations govern the siting, lighting, marking and maintenance of towers. Depending on factors such as tower height and proximity to public airfields, the construction of new towers or modifications to existing towers may require pre-approval by the FAA. Towers requiring FAA approval must be registered with the FCC and must be painted and lighted in accordance with the FAA s standards. The FAA review and the FCC registration processes are prerequisites to use of the tower by FCC licensees, as well as our other customers. Tower owners are responsible for notifying the FAA of any tower lighting outages or malfunctions and for timely repairing lighting outages or malfunctions. Tower owners also must notify the FCC when ownership of a tower changes. We generally indemnify our customers against non-compliance with applicable standards. Non-compliance with applicable tower-related requirements may lead to monetary penalties.

The FCC considers the construction of a new tower or the addition of a new antenna to an existing site (including building rooftops and watertanks) to be a federal undertaking subject to prior environmental review and approval under the National Environmental Policy Act of 1969 (NEPA), which obligates federal agencies to evaluate the environmental impacts of undertakings to determine whether they may significantly affect the environment. The FCC has issued regulations implementing NEPA as well as the National Historic Preservation Act and the Endangered Species Act. These regulations obligate each FCC applicant or licensee to investigate potential environmental and other effects of operations and to disclose any significant impacts in an environmental assessment prior to constructing a tower or adding a new antenna to a site. If a tower or new antenna may have a significant impact on the environment, FCC approval of the tower or antenna could be significantly delayed.

The Telecommunications Act of 1996 amended the Communications Act of 1934 by limiting state and local zoning authorities jurisdiction over the construction, modification and placement of wireless communications towers. The law preserves local zoning authority but prohibits any action that would discriminate between different providers of wireless services or ban altogether the construction, modification or placement of communications towers. It also prohibits state or local restrictions based on the environmental effects of radio frequency emissions to the extent the facilities comply with FCC regulations. The Telecommunications Act of 1996 also requires the federal government to help licensees of wireless communications services gain access to preferred sites for their facilities. This may require that federal agencies and departments work directly with licensees to make federal property available for towers.

We are subject to local and county zoning restrictions and restrictive covenants imposed by local authorities or community developers. These regulations vary greatly, but typically require tower owners and/or licensees to obtain approval from local officials or community standards organizations prior to tower construction or the addition of a new antenna to an existing tower. Local zoning authorities and community residents often are opposed to construction in their communities, which can delay or prevent new tower construction, new antenna

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installation or site upgrade projects, thereby limiting our ability to respond to customer demand. In addition, zoning regulations can increase costs associated with new tower construction and the addition of new antennas to a site. 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. These factors could adversely affect our construction activities and operations.

Our tower operations in Mexico and Brazil are also subject to regulation. If we pursue additional international opportunities, we will be subject to regulations in additional foreign jurisdictions. In addition, our customers, both domestic and foreign, also may be subject to new regulatory policies that may adversely affect the demand for communications sites.

Environmental Matters. Our operations, like those of other companies engaged in similar businesses, are subject to 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, and the siting of our towers. As an owner, lessee and/or operator of real property and facilities, we may have liability under those laws for the costs of investigation, removal or remediation of soil and groundwater contaminated by hazardous substances or wastes. Certain of these laws impose cleanup responsibility and liability without regard to whether we, as the owner, lessee or operator, knew of or were responsible for the contamination, and whether or not we have discontinued operations or sold the property. We may also be subject to common law claims by third parties based on damages and costs resulting from off-site migration of contamination.

We, and our customers, also may be required to obtain permits, comply with regulatory requirements, and make certain informational filings related to hazardous substances used at our sites. Violations of these types of regulations could subject us to fines and/or criminal sanctions. In October 2001, we paid $150,000 in civil penalties and entered into a settlement agreement that expires in 2006 related to certain alleged environmental permitting and filing violations in the County of Santa Clara, California.

In November 2005, we finalized a Facilities Audit Agreement with the United States Environmental Protection Agency (EPA) pursuant to the EPA s voluntary audit and disclosure policy. Under the Facilities Audit Agreement, we have agreed to audit by February 2007 the tower sites in our portfolio as of July 2005 (i.e., legacy American Tower sites, but not SpectraSite sites) for compliance with the notice and record-keeping requirements under the Emergency Protection and Community Right to Know Act (EPCRA), the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act. We will inform the EPA of any violations of the above-referenced statutes at a given tower site and take steps to cure the violations. The Facilities Audit Agreement provides for stipulated penalties for violations under EPCRA and, for violations under the remaining statutes, we will pay a penalty based on our economic benefit of non-compliance. We do not expect that the aggregate penalties payable under the Facilities Audit Agreement will be material to our financial condition or results of operations.

Health and Safety. We are subject to the Occupational Safety and Health Act and similar guidelines regarding employee protection from radio frequency exposure. Our field personnel are subject to regulation by the Occupational Safety and Health Administration (OSHA) and equivalent state agencies concerning health and safety matters.

Competition and Customer Demand

Rental and Management

Our rental and management segment competes with other national and regional tower companies (such as Crown Castle International Corp., Global Signal Inc. and SBA Communications Corp.), wireless carriers and broadcasters that own and operate their own tower networks and lease tower space to third parties, numerous independent tower owners and the owners of non-communications tower sites, including rooftops, utility towers, water towers and other alternative structures. We believe that site location and capacity, price and quality of service historically have been and will continue to be the most significant competitive factors affecting owners, operators and managers of communications sites.

Customer demand for our rental and management segment is also affected by the emergence and growth of new technologies. Technologies that make it possible for wireless carriers to expand their use of existing infrastructure could reduce customer demand for our communications sites. The increased use of spectrally efficient air-link technologies, such as lower-rate vocoders, which potentially can relieve some network capacity problems, could reduce the demand for tower-based antenna space.

In addition, any increase in the use of network sharing or roaming or resale arrangements by wireless service providers also could adversely affect customer demand for tower space. These arrangements, which are essentially extensions of traditional roaming agreements, enable a provider to serve customers outside its license area, to give licensed providers the right to enter into arrangements to serve overlapping license areas, and to permit non-licensed providers to enter the wireless marketplace. Consolidation among wireless carriers, such as the October 2004 merger between Cingular Wireless and AT&T Wireless and the August 2005 merger between Sprint PCS and Nextel, could have a similar impact on customer demand for our tower sites because the existing networks of many wireless carriers overlap. Although we do not expect the Cingular/AT&T Wireless merger or the Sprint PCS/Nextel merger to have a material adverse effect on our results of operations, significant consolidation among wireless carriers may adversely affect demand for our tower sites and, accordingly, our revenues and cash flows.

Network Development Services

Our network development services segment competes with a variety of companies offering individual, or combinations of, competing services. The field of competitors includes site acquisition consultants, zoning consultants, real estate firms, right-of-way consulting firms, tower owners/managers, telecommunications equipment vendors who can provide turnkey site development services through multiple subcontractors, and our customers internal staffs. We believe that our customers base their decisions on network development services on various criteria, including a company s experience, track record, local reputation, price, and time for completion of a project.

We believe that we compete favorably as to the key competitive factors relating to our rental and management and network development services segments.

Employees

As of December 31, 2005, we employed 904 full-time individuals and consider our employee relations to be satisfactory.

Available Information

Our Internet website address is www.americantower.com. Information contained on our website is not incorporated by reference into this annual report, and you should not consider information contained on our website as part of this annual report. You may access, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, plus amendments to such reports as filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through the Investors portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC).

We have adopted a written code of conduct that applies to all of our employees and directors, including, but not limited to, our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. The code of conduct, our corporate governance guidelines,

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and the charters of the audit, compensation, and nominating and corporate governance committees of our Board of Directors, are available at the Investors portion of our website. In the event we amend, or provide any waivers from, the provisions of this code of conduct, we intend to disclose these events on our website as required by the regulations of the New York Stock Exchange and applicable law.

In addition, paper copies of these documents may be obtained free of charge by writing us at the following address: 116 Huntington Avenue, Boston, Massachusetts 02116, Attention: Investor Relations; or by calling us at (617) 375-7500.

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 and 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, may reduce the need for tower-based broadcast transmission. We could also be affected adversely should the development of digital television be further delayed or impaired, or if demand for it were less than anticipated because of delays, disappointing technical performance or cost to the consumer.

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

Significant consolidation among our wireless service provider customers may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. For example, as a result of the recently completed mergers between Cingular Wireless and AT&T Wireless and between Sprint PCS and Nextel, both Cingular Wireless and Sprint Nextel are exploring ways of rationalizing portions of their combined, yet technologically separate, wireless networks. Certain parts of their merged networks may be deemed to be duplicative and these customers may attempt to eliminate these duplications. Our future results may be negatively impacted if a significant number of these contracts are eliminated from our ongoing contractual revenues. Similar consequences might occur if wireless service providers engage in extensive sharing, roaming or resale arrangements as an alternative to leasing our antenna space.

In January 2003, the FCC eliminated its spectrum cap, which prohibited wireless carriers from owning more than 45 MHz of spectrum in any given geographical area. The FCC has also eliminated the cross-interest rule for metropolitan areas, which limited an entity s ability to own interests in multiple cellular licenses in an overlapping geographical service area. Also, in May 2003, the FCC adopted new rules authorizing wireless radio services holding exclusive licenses to freely lease unused spectrum. These regulatory changes may encourage consolidation among wireless carriers, which, if it resulted in a loss of one or more of our major customers, could materially decrease our revenues and cash flows.

Substantial leverage and debt service obligations may adversely affect us.

We have a substantial amount of indebtedness. As of December 31, 2005, we had approximately $3.6 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. As of December 31, 2005, approximately 41% of our outstanding indebtedness bore interest at floating rates (approximately 21%, after giving effect to the interest rate swap agreements used to manage exposure to variable rate interest obligations on our credit facilities). As a result, our interest payment obligations on such indebtedness will increase if interest rates increase. Subject to certain restrictions under our existing indebtedness, we may also obtain additional long-term debt and working capital lines of credit to meet future financing needs. This would have the effect of increasing our total leverage.

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

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

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

Our credit facilities and the indentures governing the terms of our debt securities contain restrictive covenants. Our credit facilities also contain requirements that the borrowers under each facility comply with certain leverage and other financial tests. These covenants and requirements limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness, engaging in various types of transactions, including mergers and sales of assets, and paying dividends and making distributions or other restricted payments. These covenants could place us at a disadvantage compared to some of our competitors which 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, merger and acquisition or other opportunities.

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

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

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

Our business operations in Mexico and Brazil, and any other possible foreign operations in the future, could result in adverse financial consequences and operational problems not experienced in the United States. For the year ended December 31, 2005, approximately 13% of our consolidated revenues were generated by our international operations (assuming our merger with SpectraSite, Inc. occurred on January 1, 2005). 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;
- difficulty in recruiting trained personnel; and
- language and cultural differences.

In addition, we face risks associated with changes in foreign currency exchange rates. While most of the contracts for our international operations are denominated in the U.S. dollar, others are denominated in the Mexican Peso or the Brazilian Real. We have not historically engaged in significant 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 year ended December 31, 2005, after giving effect to our merger with SpectraSite, Inc. (assuming the merger occurred on January 1, 2005):

- Five customers accounted for approximately 59% of our revenues;

- Cingular Wireless accounted for approximately 19% of our revenues;

- Sprint Nextel (assuming the merger of Sprint PCS and Nextel occurred on January 1, 2005) accounted for approximately 17% of our revenues (approximately 22% including Sprint Nextel partners and affiliates); and

- Verizon Wireless accounted for approximately 10% of our revenues.

Our largest international customer is Iusacell Celular, which accounted for approximately 3% of our total revenues for the year ended December 31, 2005 (assuming our merger with SpectraSite, Inc. occurred on January 1, 2005). Iusacell is an affiliate of TV Azteca, which owns a minority interest in Unefon, which is our second largest customer in Mexico and accounted for approximately 2% of our total revenues for the year ended December 31, 2005 (assuming our merger with SpectraSite, Inc. occurred on January 1, 2005). In addition, we received $14.2 million in interest income, net, from TV Azteca for the year ended December 31, 2005.

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

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

Iusacell Celular is our largest customer in Mexico and accounted for approximately 3% of our total revenues for the year ended December 31, 2005 (assuming our merger with SpectraSite, Inc. occurred on January 1, 2005). Iusacell has been in default under certain of its debt obligations and involved in litigation with certain of its creditors. While Iusacell reported in January 2006 that it has reached an agreement in principle with its creditors to restructure its debt obligations, if the restructuring is not completed, Iusacell files for bankruptcy, or the creditor litigation has an adverse impact on Iusacell s overall liquidity, it could interfere with Iusacell s ability to meet its operating obligations, including rental payments under our leases with them.

We may not realize the intended benefits of our merger with SpectraSite, Inc. if we are unable to integrate SpectraSite s operations, wireless communications tower portfolio, customers and personnel in a timely and efficient manner, which could adversely affect our business and the value of our Class A common stock.

Achieving the benefits of our merger with SpectraSite, Inc. depends in part on the integration of our operations, wireless communications tower portfolios and personnel with those of SpectraSite in a timely and efficient manner and the ability of the combined company to realize the anticipated synergies from this integration. Integration may be difficult and unpredictable for many reasons, including, among others, the size of SpectraSite s wireless communications tower portfolio and because SpectraSite s and our internal systems and processes were developed without regard to such integration. Our successful integration with SpectraSite requires coordination of different personnel, which may be difficult and unpredictable because of possible cultural conflicts and differences in policies, procedures and operations between the companies and the different geographical locations of the companies. Our successful integration also requires attention to and maintenance of our business relationships with current customers, which if compromised, would result in disruptions to our business. If we cannot successfully integrate SpectraSite s operations, wireless communications tower portfolio, customers and personnel, we may not realize the expected benefits of the merger, which could adversely affect the combined company s business and could adversely affect the value of our Class A common stock. In addition, the integration of our business with SpectraSite may place a significant burden on management and its internal resources. The diversion of management s attention from ongoing business concerns and any difficulties encountered in the transition and integration process could harm our business and financial results of the combined company and the value of our Class A common stock.

We expect to incur substantial expenses related to the integration of SpectraSite.

We expect to incur substantial expenses in connection with the integration of the business, policies, procedures, operations and systems of SpectraSite. While we have integrated many of the companies systems and administrative activities to date, we do not expect to complete our integration efforts until the second quarter of 2006. If we fail to meet the challenges involved in integrating the companies business and operations, or we are unable to do so on a timely basis, it could result in substantial additional expenses and harm to the combined company. These expenses could, particularly in the near term, exceed the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses.

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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 video services by direct broadcast satellites could adversely affect demand for our antenna space. The development and implementation of any of these and similar technologies to any significant degree could have an adverse effect on our operations.

We could have liability under environmental laws.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various federal, state and local and foreign environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. As owner, lessee or operator of 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 EPA pursuant to the Facilities Audit Agreement) is not material to our financial condition or results of operations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

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

We are subject to federal, state, local and foreign regulation of our business, including regulation by the FAA, the FCC, the EPA and OSHA. Both the FCC and the FAA regulate towers used for wireless communications and radio and television antennas 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 weak financial condition or may have lower return on investment criteria than we do. Competitive pricing pressures for tenants on towers from these competitors could adversely affect our lease rates and services income.

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

Our competition includes:

- national 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).

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 may interfere with our ability to operate our towers 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. Further, we may not be able to renew ground leases on commercially viable terms. Approximately 85% of the owned communications sites in our portfolio as of December 31, 2005 are located on leased land. Approximately 85% of these sites are on land where our property interests in such land have a final expiration date of 2015 and beyond. Our inability to protect our rights to the land under our towers may have a material adverse affect 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 (SBC) 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 SBC towers was approximately $282.4 million as of December 31, 2005, 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 with respect to approximately 1,776 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 $56.2 million as of December 31, 2005, and will accrete at a rate of 3% per annum. We may not have the required available capital to exercise our right to purchase these or other lease 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.

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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 damages to our towers, it could lead to customer loss, resulting in a corresponding adverse effect on our business, results of operations and financial condition.

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 effect our operations, costs and revenues. We do not maintain any significant insurance with respect to these matters.

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

Our wholly owned subsidiary, Verestar, Inc., filed for protection under Chapter 11 of the federal bankruptcy laws in December 2003. If Verestar fails to honor certain of its contractual obligations because of its bankruptcy filing or otherwise, claims may be made against us for breaches by Verestar of those contracts as to which we are primarily or secondarily liable as a guarantor (which we do not expect to exceed $3.2 million). In addition, in July 2005, the Official Committee of Unsecured Creditors appointed in the bankruptcy proceeding (the Committee) filed a complaint in the U.S. District Court for the Southern District of New York against us and certain of our and Verestar s current and former officers, directors and advisors, and also filed a complaint in the Bankruptcy Court against us. (The case initially filed in the District Court has since been transferred to the Bankruptcy Court, and both cases are now pending as a single, consolidated case before the same Bankruptcy judge.) Pursuant to the complaints, the Committee is seeking unspecified compensatory damages of not less than $150.0 million, punitive damages and various costs and fees. The outcome of this complex litigation cannot be predicted by us with certainty, is dependent upon many factors beyond our control, and could take several years to resolve. If any such claims are successful, however, they could have a material adverse impact on our financial position and results of operations. For more information regarding the Verestar bankruptcy and related litigation, please see Item 3 of this annual report under the caption Legal Proceedings and note 10 to our consolidated financial statements included in this annual report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

Our principal offices are located in Boston, Southborough and Woburn, Massachusetts; Atlanta, Georgia; Cary, North Carolina; Mexico City, Mexico; and Sao Paulo, Brazil. Details of each of these offices are provided below:

Location	Function	Size (square feet)	Property Interest
Boston, MA	Corporate Headquarters and US Tower Division Headquarters	19,600	Leased
Southborough, MA	Information Technology Data Center	13,900	Leased
Woburn, MA	US Tower Division, Lease Administration and Broadcast Division Headquarters	42,300	Owned(1)
Atlanta, GA	US Tower Division, Accounting Services and Network Development Services Division Headquarters	22,700	Leased
	American Tower International Headquarters	2,650	Leased
Cary, North Carolina	US Tower Division, New Site Development and Services Headquarters	20,000	Owned(2)
Mexico City, Mexico	Mexico Headquarters	11,000	Leased
Sao Paulo, Brazil	Brazil Headquarters	5,200	Leased

(1) The facility in Woburn contains a total of 163,000 square feet of space. Except for the 42,300 square feet of space occupied by our lease administration office and our broadcast division, the space in the facility is leased to unaffiliated tenants.

(2) The facility in Cary contains a total of 110,000 square feet of space. Our operations in Cary currently occupy approximately 20,000 square feet of space. We have signed a letter of intent to sell our facility in Cary. Following the sale of the facility, we expect to lease approximately 14,000 square feet of space from the new owner.

In addition to the principal offices set forth above, we maintain 14 regional area offices in the United States through which we operate our tower leasing and services businesses on a local basis. We believe that our owned and leased facilities are suitable and adequate to meet our anticipated needs.

Our interests in our communications sites are comprised of a variety of ownership interests, leases created by long-term lease agreements, easements, licenses or rights-of-way granted by government entities. Pursuant to our credit facilities, our lenders have liens on, among other things, all towers, leasehold interests, tenant leases and contracts relating to the management of towers for others. A typical tower site consists of a compound enclosing the tower site, a tower structure, and an equipment shelter that houses a variety of transmitting, receiving and switching equipment. There are three principal types of towers: guyed, self-supporting lattice, and monopole.

A guyed tower includes a series of cables attaching separate levels of the tower to anchor foundations in the ground. A guyed tower can reach heights of up to 2,000 feet. A guyed tower site for a typical broadcast tower can consist of a tract of land of up to 20 acres.

A lattice tower is typically tapered from the bottom up and usually has three or four legs. A lattice tower can reach heights of up to 1,000 feet. Depending on the height of the tower, a lattice tower site for a wireless communications tower can consist of a tract of land of 10,000 square feet for a rural site or less than 2,500 square feet for a metropolitan site.

A monopole is a tubular structure that is used primarily to address space constraints or aesthetic concerns. Monopoles typically have heights ranging from 50 to 200 feet. A monopole tower site of the kind typically used in metropolitan areas for a wireless communications tower can consist of a tract of land of less than 2,500 square feet.

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Of the approximately 22,000 owned communications sites in our portfolio as of December 31, 2005, approximately 85% are located on leased land. Ground leases for land underlying our towers generally have an initial term of five years with three or four additional automatic renewal periods of five years, for a total of twenty to twenty-five years. As a result, approximately 85% of the land leases for our sites have a final expiration date of 2015 and beyond.

ITEM 3. LEGAL PROCEEDINGS

As previously reported, our Verestar, Inc. (Verestar) subsidiary filed for protection under Chapter 11 of the federal bankruptcy laws in December 2003. In connection with the bankruptcy filing, we asserted certain claims against Verestar as an unsecured creditor. In June 2004, the Bankruptcy Court approved a stipulation between Verestar and the Official Committee of Unsecured Creditors appointed in the bankruptcy proceeding (the Committee) that permits the Committee to file claims on behalf of Verestar against us, our affiliates and certain of our and Verestar s current and former officers and directors. The Committee requested and received authorization from the Bankruptcy Court to take discovery of us and certain of Verestar s current and former officers and directors. We produced various documents and a limited number of depositions were conducted by the Committee. In July 2005, the Committee filed a complaint in the U.S. District Court for the Southern District of New York against us and certain of our and Verestar s current and former officers, directors and advisors, and also filed a complaint in the Bankruptcy Court against us. (The case initially filed in the District Court has since been transferred to the Bankruptcy Court, and both cases are now pending as a single, consolidated case before the same Bankruptcy judge.) We may be obligated or may agree to indemnify certain of the defendants named in the litigation. The complaint originally filed in the District Court asserts various causes of action against the defendants, including declaratory judgment for alter ego, breach of fiduciary duty, conversion, conspiracy, tortious interference with contract and business relations, deepening insolvency, and avoidance and recovery of fraudulent transfers and preferential transfers. In connection with those claims, the Committee is seeking unspecified compensatory damages of not less than $150.0 million, punitive damages and various costs and fees. The complaint originally filed in the Bankruptcy Court includes an objection to our claims against Verestar and seeks to recharacterize and equitably subordinate those claims. That complaint also seeks substantive consolidation of our assets and liabilities with Verestar s assets and liabilities. During 2005, the Company, together with the individual defendants, filed motions to dismiss certain claims asserted in the complaints. In February 2006, the Bankruptcy Court heard oral arguments on the motions to dismiss, but has not yet decided any of the motions. The outcome of this complex litigation cannot be predicted by us with certainty, is dependent upon many factors beyond our control, and could take several years to resolve. In the opinion of management, the resolution of the claims made against us by the Committee will not likely have a material adverse effect on our consolidated financial position, results of operations or liquidity.

As previously disclosed, in June 2005, the Antitrust Division of the Department of Justice issued Civil Investigative Demands relating to our merger with SpectraSite, Inc., seeking information and documents from both us and SpectraSite. The Antitrust Division has the authority to require divestitures of assets by us and to seek to impose restrictions on our conduct of business following the merger to address alleged competitive concerns. We and SpectraSite cooperated with the Antitrust Division to provide the requested information and documents, and on October 24, 2005, the Antitrust Division notified us that it had closed its investigation of the merger.

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 Verestar bankruptcy 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.

Legal Matters Related to Stock Option Granting Practices Reference is made to note 20 to the consolidated financial statements included in Item 8 of this Form 10-K/A for a description of legal proceedings related to the Company s stock option granting practices that were commenced subsequent to the filing date of the Original Filing.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table presents reported quarterly high and low per share sale prices of our Class A common stock on the New York Stock Exchange (NYSE) for the years 2005 and 2004.

2005	High	Low
Quarter ended March 31	$ 19.28	$ 17.30
Quarter ended June 30	21.16	16.28
Quarter ended September 30	25.20	20.70
Quarter ended December 31	28.33	22.73

2004	High	Low
Quarter ended March 31	$ 13.12	$ 9.89
Quarter ended June 30	16.00	11.13
Quarter ended September 30	15.85	13.10
Quarter ended December 31	18.75	15.19

On March 9, 2006, the closing price of our Class A common stock was $29.83 per share as reported on the NYSE. As of March 9, 2006, we had 419,677,495 outstanding shares of Class A common stock and 687 registered holders.

In February 2004, all outstanding shares of our Class B common stock were converted into shares of our Class A common stock on a one-for-one basis pursuant to the occurrence of the Dodge Conversion Event as defined in our charter. Also in February 2004, all outstanding shares of Class C common stock were converted into shares of Class A common stock on a one-for-one basis. In August 2005, we amended and restated our charter to, among other things, eliminate our Class B common stock and Class C common stock.

The information under Securities Authorized for Issuance Under Equity Compensation Plans from the Definitive Proxy Statement is hereby incorporated by reference into Item 12 of this annual report.

Dividends

We have never paid a dividend on any class of our common stock. We anticipate that we may retain future earnings, if any, to fund the development and growth of our business. The indentures governing our 7.50% senior notes due 2012 (7.50% Notes) and our 7.125% senior notes due 2012 (7.125% Notes) may prohibit us from paying dividends to our stockholders unless we satisfy certain financial covenants.

Our credit facilities and the indentures governing the terms of our debt securities contain covenants that may restrict the ability of our subsidiaries from making to us any direct or indirect distribution, dividend or other payment on account of their limited liability company interests, partnership interests, capital stock or other equity interests. Under our credit facilities, the borrower subsidiaries may pay cash dividends or make other distributions to us in accordance with the applicable credit facility only if no default exists or would be created thereby. The indenture governing the terms of the ATI 7.25% senior subordinated notes due 2011 (ATI 7.25% Notes) prohibit ATI and certain of our other subsidiaries that have guaranteed those notes (sister guarantors) from paying dividends and making other payments or distributions to us unless certain financial covenants are satisfied. The indentures governing the terms of our 7.50% Notes and 7.125% Notes also contain certain restrictive covenants, which prohibit the restricted subsidiaries under these indentures from paying dividends and making other payments or distributions to us unless certain financial covenants are satisfied. For more information about the restrictions under our credit facilities and our notes indentures, see note 8 to our consolidated financial statements included in this annual report 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.

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Recent Sales of Unregistered Securities

During the year ended December 31, 2005, we issued an aggregate of 4,670,335 shares of our Class A common stock upon conversion of $57.1 million principal amount of our 3.25% Notes. Pursuant to the terms of the indenture, the holders of the 3.25% Notes received 81.808 shares of Class A common stock for every $1,000 principal amount of notes converted. The shares were issued to the noteholders 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. In connection with the conversion, we paid such holders an aggregate of $4.9 million, calculated based on the accrued and unpaid interest on the notes and the discounted value of the future interest payments on the notes. Subsequent to December 31, 2005, we issued shares of Class A common stock upon conversions of additional 3.25% Notes, as set forth in Item 9B of this annual report under the caption Other Information.

During the year ended December 31, 2005, we issued an aggregate of 398,412 shares of our Class A common stock upon exercises of 55,729 warrants assumed in our merger with SpectraSite, Inc. In August 2005, in connection with our merger with SpectraSite, Inc., 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. Net proceeds from these warrant exercises were approximately $1.8 million. The shares of Class A common stock issued to the warrantholders upon exercise of the warrants 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. Subsequent to December 31, 2005, we issued shares of Class A common stock upon exercises of additional warrants, as set forth in Item 9B of this annual report under the caption Other Information.

Issuer Purchases of Equity Securities

In November 2005, we announced that our Board of Directors had approved a stock repurchase program pursuant to which we intend to repurchase up to $750.0 million of our Class A common stock through December 2006. During the fourth quarter of 2005, we repurchased 2,836,519 shares of our Class A common stock for an aggregate of $76.6 million pursuant to our stock repurchase program, as follows:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
				(In millions)
11/17/05 11/30/05	874,306	$ 26.25	874,306	$ 727.0
12/1/05 12/31/05	1,962,213	$ 27.29	1,962,213	$ 673.4
Total Fourth Quarter	2,836,519	$ 26.97	2,836,519	$ 673.4

(1) All issuer repurchases were made pursuant to the stock repurchase program publicly announced in November 2005. Pursuant to the program, we intend to repurchase up to $750.0 million of our Class A common stock during the period November 2005 through December 2006. Under the program, our management is authorized to purchase shares from time to time in 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 entered into a trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934, 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. The program may be discontinued at any time.

Since December 31, 2005, we have continued to repurchase shares of our Class A common stock pursuant to our stock repurchase program. Between January 1, 2006 and March 9, 2006, we repurchased 3.9 million shares of Class A common stock for an aggregate of $117.4 million pursuant to the stock repurchase program.

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ITEM 6. SELECTED FINANCIAL DATA

We have restated our consolidated financial statements, as further discussed in the Explanatory Note in the forepart of this Form 10-K/A, in Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Form 10-K/A, and in note 2 to the consolidated financial statements included in Item 8 of this Form 10-K/A, and the following selected financial data reflect this restatement. You should read the selected financial data in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the related notes to those consolidated financial statements included in this Form 10-K/A.

Our continuing operations are reported in two segments: rental and management and network development services. In accordance with generally accepted accounting principles, the consolidated statements of operations for all periods presented in this Selected Financial Data have been adjusted to reflect certain businesses as discontinued operations (see note 4 to our consolidated financial statements included in this Form 10-K/A).

Year-to-year comparisons are significantly affected by our acquisitions, dispositions and, to a lesser extent, construction of towers. Our merger with SpectraSite, Inc., which closed in August 2005, significantly impacts the comparability of reported results between periods. Our principal acquisitions and dispositions are described in Business Recent Transactions and in the notes to our consolidated financial statements included in this Form 10-K/A.

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	Year Ended December 31,										
	2005(1)	2004(1)	2003(1)	2002(1)(2)				2001(1)(2)			
	(as restated)	(as restated)	(as restated)	(as previously reported)	(restatement adjustments)	(reclassification adjustments)	(as restated)	(as previously reported)	(restatement adjustments)	(reclassification adjustments)	(as restated)
	(In thousands, except per share data)										
Statements of Operations Data:											
Revenues											
Rental and management	$ 929,762	$ 684,422	$ 619,697	$ 544,906			$ 544,906	$ 431,051			$ 431,051
Network development services	15,024	22,238	12,796	32,888			32,888	85,063			85,063
Total operating revenues	944,786	706,660	632,493	577,794			577,794	516,114			516,114
Operating expenses:											
Costs of operations (exclusive of items shown separately below)											
Rental and management(3)	247,781	195,242	192,380	242,801		$ (55,107)	187,694	221,759		$ (56,311)	165,448
Network development services(3)	8,346	16,220	7,419	29,214		(2,019)	27,195	69,371		(5,282)	64,089
Depreciation, amortization and accretion(4)	411,254	329,449	330,414	327,665			327,665	354,298			354,298
Selling general, administrative and development expenses(3)	108,059	83,094	83,492	30,229	$ 7,309	57,126	94,664	34,310	$ 13,603	61,593	109,506
Impairments, net loss on sale of long-lived assets, restructuring and merger related expense	34,232	23,876	31,656	101,372			101,372	79,496			79,496
Total operating expenses	809,672	647,881	645,361	731,281	7,309		738,590	759,234	13,603		772,837
Operating income (loss) from continuing operations	135,114	58,779	(12,868)	(153,487)	(7,309)		(160,796)	(243,120)	(13,603)		(256,723)
Interest income, TV Azteca, net	14,232	14,316	14,222	13,938			13,938	14,377			14,377
Interest income	4,402	4,844	5,255	3,496			3,496	28,372			28,372
Interest expense	(222,419)	(262,237)	(279,783)	(254,345)			(254,345)	(266,769)			(266,769)
Loss on retirement of long-term obligations	(67,110)	(138,016)	(46,197)	(8,869)			(8,869)	(26,336)			(26,336)
Other income (expense)	227	(2,798)	(8,598)	(7,004)			(7,004)	(27,838)			(27,838)

Loss from continuing operations before income taxes, minority interest and loss on equity method investments	(135,554)	(325,112)	(327,969)	(406,271)	(7,309)		(413,580)	(521,314)	(13,603)		(534,917)
Income tax (provision) benefit	(5,714)	83,338	85,567	81,141	11,468		92,609	115,841	4,088		119,929
Minority interest in net earnings of subsidiaries	(575)	(2,366)	(3,703)	(2,118)			(2,118)	(318)			(318)
Loss on equity method investments	(2,078)	(2,915)	(21,221)	(18,555)			(18,555)	(10,957)			(10,957)
(Loss) income from continuing operations before cumulative effect of change in accounting principle	(143,921)	(247,055)	(267,326)	(345,803)	4,159		(341,644)	(416,748)	(9,515)		(426,263)
Loss from discontinued operations, net of income taxes	(1,913)	(8,409)	(61,633)	(255,119)	(705)		(255,824)	(55,289)	(5,649)		(60,938)
Cumulative effect of change in accounting principle, net of income taxes	(35,525)			(562,618)			(562,618)				
Net (loss) income	$ (181,359)	$ (255,464)	$ (328,959)	$ (1,163,540)	$ 3,454		$ (1,160,086)	$ (472,037)	$ (15,164)		$ (487,201)
Basic and diluted loss per common share from continuing operations before cumulative effect of change in accounting principle	$ (0.47)	$ (1.10)	$ (1.28)	$ (1.77)	$ 0.02		$ (1.75)	$ (2.18)	$ (0.05)		$ (2.23)
Weighted average common shares outstanding(5)	302,510	224,336	208,098	195,454			195,454	191,586			191,586
Other Operating Data:											
Ratio of earnings to fixed charges(6)	.51x										

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	As of December 31,				
	2005(1)	2004(1)	2003(1)(2)	2002(1)(2)	2001(1)(2)
	(as restated)	(as restated)	(as restated) (In thousands)	(as restated)	(as restated)
Balance Sheet Data:					
Cash and cash equivalents (including restricted cash and investments)(7)	$ 112,701	$ 215,557	$ 275,501	$ 127,292	$ 130,029
Property and equipment, net	3,460,526	2,273,356	2,483,324	2,650,490	3,254,905
Total assets	8,786,854	5,107,696	5,310,906	5,643,691	6,807,737
Long-term obligations, including current portion	3,613,429	3,293,614	3,359,731	3,448,514	3,561,960
Total stockholders equity	4,541,821	1,490,767	1,629,621	1,675,592	2,817,006

(1) See Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Form 10-K/A and note 2 to the consolidated financial statements included in Item 8 of this Form 10-K/A for information regarding the restatement of our financial statements reflected in this selected financial data.

(2) The restated amounts for these years are unaudited. The unaudited results for the years ended December 31, 1998, 1999 and 2000, which are presented below in condensed form, and the selected consolidated financial data as of December 31, 2001, 2002 and 2003 and for the years ended December 31, 2001 and 2002, presented above, have been restated to reflect adjustments related to the restatement described in note 2 to the consolidated financial statements included in this Form 10-K/A. The restatement adjustments correct certain errors related to (i) stock-based compensation expense not previously recorded for certain stock option grants, including the related payroll and income tax effects, (ii) additional charges for stock-based compensation expense related to the modification and repricing of certain stock option grants and (iii) changes to income taxes related to the tax effects of foreign currency fluctuations on an intercompany loan with a foreign subsidiary of the Company. The restatement adjustments resulted in an increase (decrease) in loss from continuing operations from amounts previously reported of $(4.2) million, $9.5 million, $9.5 million, $2.4 million and $1.0 million for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, respectively. These cumulative adjustments are reflected as adjustments to the beginning balances of the accumulated deficit and total comprehensive loss in the consolidated statement of stockholder s equity for the year ended December 31, 2003.

(3) Segment selling, general and administrative expense was previously a component of our rental and management and network development services segment operating expenses. We changed our classification to aggregate all segment and corporate selling, general, administrative and development expenses previously included in rental and management expense, network development services expense and corporate, general, administrative and development expense into one line item entitled selling, general, administrative and development expense. The change in classification for the years ended December 31, 2005, 2004, 2003, 2002 and 2001 resulted in decreases in rental and management expense of $58.4 million, $42.1 million, $44.3 million, $55.1 million and $56.3 million, respectively, decreases in network development services expense of $3.6 million, $2.6 million, $2.1 million, $2.0 million and $5.3 million, respectively, with a corresponding increase in selling, general, administrative and development expense of $62.0 million, $44.7 million, $46.4 million. $57.1 million and $61.6 million, respectively, from amounts previously reported. We made this change in classification to enable the evaluation of our rental and management segment gross margin, which is calculated based on direct tower-level expenses and does not include selling, general, administrative and development expense related to the rental and management segment.

(4) As of January 1, 2002, we adopted the provisions of SFAS No. 142, Goodwill and Other Intangible Assets, (SFAS No. 142). Accordingly, we ceased amortizing goodwill on January 1, 2002. The statements of operations for all periods presented, except for the year ended December 31, 2001, do not include goodwill amortization. The amortization of goodwill for the year ended December 31, 2001 was approximately $67.0 million.

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

(6) For the purpose of this calculation, earnings consists of loss from continuing operations before income taxes, fixed charges (excluding interest capitalized), minority interest in net earnings of subsidiaries, losses from equity investments and amortization of interest capitalized. Fixed charges consist of interest expense, including amounts capitalized, amortization of debt discount and related issuance costs and the component of rental expense associated with operating leases believed by management to be representative of the interest factor thereon. We had a deficiency in earnings to fixed charges in each period as follows (in thousands): 2005 $133,464; 2004 $322,806; 2003 $326,154; 2002 $417,123; 2001 $548,651.

(7) As of December 31, 2005 and 2004, no escrows are required under the terms of the credit facilities. Includes, as of December 31, 2003, approximately $170.0 million of restricted funds that were held in escrow to pay, repurchase, redeem or retire certain of our outstanding debt through January 2004. Includes, as of December 31, 2001 approximately $94.1 million of restricted funds required under the previous credit facility to be held in escrow.

Restatement of Financial Results Prior to 2001

The financial information set forth below reflects the restatement of our financial statements for the years ended December 31, 2000, 1999 and 1998 for items discussed in note 2 to the consolidated financial statements included in this Form 10-K/A.

	Year Ended December 31,								
	2000(1)			1999(1)			1998(1)		
	(as previously reported)	(restatement adjustments)	(as restated)	(as previously reported)	(restatement adjustments)	(as restated)	(as previously reported)	(restatement adjustments)	(as restated)
	(In thousands, except per share data)								
Total revenues	$ 310,712		$ 310,712	$ 151,303		$ 151,303	$ 83,820		$ 83,820
Total operating expenses	458,225	$ 13,318	471,543	223,026	$ 3,578	226,604	124,234	$ 1,234	125,468
Operating loss from continuing operations	$ (147,513)	$ (13,318)	$ (160,831)	$ (71,723)	$ (3,578)	$ (75,301)	$ (40,414)	$ (1,234)	$ (41,648)
Loss from continuing operations	(213,036)	(9,536)	(222,572)	(68,953)	(2,368)	(71,321)	(54,526)	(1,008)	(55,534)
Income (loss) from discontinued operations	2,500	(3,838)	(1,338)	4,937	(667)	4,270	1,020		1,020
Net loss	(210,536)	(13,374)	(223,910)	(64,016)	(3,035)	(67,051)	(53,506)	$ (1,008)	(54,514)
Basic and diluted loss per common share amounts:									
Loss from continuing operations	$ (1.26)	$ (0.06)	$ (1.32)	$ (0.46)	$ (0.02)	$ (0.48)	$ (0.68)	$ (0.01)	$ (0.69)
Income (loss) from discontinued operations, net	$ 0.01	$ (0.02)	$ (0.01)	$ 0.03		$ 0.03	$ 0.01		$ 0.01
Net loss	$ (1.25)	$ (0.08)	$ (1.33)	$ (0.43)	$ (0.02)	$ (0.45)	$ (0.67)	$ (0.01)	$ (0.68)

(1) See Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Form 10-K/A and note 2 to the consolidated financial statements included in Item 8 of this Form 10-K/A for information regarding the restatement of our

financial statements reflected in this selected financial data.

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Restated Pro Forma Disclosures of Stock-Based Compensation Prior to 2003

The financial information set forth below reflects our restated pro forma disclosures made in accordance with Statement of Financial Accounting Standard No. 123, Accounting for Stock-Based Compensation for the years ended December 31, 2002, 2001, 2000, 1999 and 1998 for the items discussed in note 2 to the consolidated financial statements included in this Form 10-K/A.

	Year Ended December 31,				
	2002(1)	2001(1)	2000(1)	1999(1)	1998(1)
	(In thousands, except per share data)				
	(As restated)				
Net loss, as restated	$ (1,160,086)	$ (487,201)	$ (223,910)	$ (67,051)	$ (54,514)
Add: Stock-based employee compensation expense, net of related tax effect, included in net loss as reported	4,751	8,770	8,312	2,326	802
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effect	(35,209)	(53,147)	(39,720)	(21,622)	(13,783)
Pro-forma net loss	$ (1,190,544)	$ (531,578)	$ (255,318)	$ (86,347)	$ (67,495)
Basic and diluted net loss per share as restated	$ (5.94)	$ (2.54)	$ (1.33)	$ (0.45)	$ (0.68)
Basic and diluted net loss per share pro-forma	$ (6.09)	$ (2.77)	$ (1.51)	$ (0.58)	$ (0.85)

(1) See Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Form 10-K/A and note 2 to the consolidated financial statements included in Item 8 of this Form 10-K/A for information regarding the restatement of our financial statements reflected in this selected financial data.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis of our financial condition and results of operations that follows are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. We have restated our consolidated financial statements, as further discussed in the Explanatory Note in the forepart of this Form 10-K/A and in note 2 to the consolidated financial statements included in Item 8 of this Form 10-K/A, and the following discussion and analysis of our financial condition and results of operations reflect this restatement.

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and the related disclosures in 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 consolidated financial statements and the accompanying notes thereto and the information set forth under the caption Critical Accounting Policies and Estimates on page 52.

Stock Option Review and Restatement of Financial Statements

As discussed in note 2 to our consolidated financial statements, the restatement reflected in this Form 10-K/A corrects certain errors related to (i) stock-based compensation not previously recorded for certain stock option grants, including the related payroll and income tax effects, (ii) additional charges for stock-based compensation expense related to the modification and repricing of certain stock option grants, primarily associated with options awarded to two former executive officers, and (iii) changes to income taxes related to the tax effects of foreign currency fluctuations on an intercompany loan with a foreign subsidiary. Our decision to restate our previously issued financial statements was based, in part, on an independent review of our historical stock option granting practices and related accounting. On May 19, 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 with the assistance of independent legal counsel and forensic auditors. The special committee determined that, for certain stock option grants, the legal grant dates when all necessary corporate action had been taken differ from the dates previously recorded by us for financial accounting and tax purposes.

The special committee reviewed substantially all stock options granted during the period from our becoming a public company in June 1998 through May 2006, including all option grants to our officers and directors, all option grants to individuals in excess of 100,000 shares and all option grants to employees in connection with our annual all-employee option grant program. On November 6, 2006, the special committee reported to our Board of Directors regarding its findings. The following is a summary of the special committee s key findings:

- The grant dates reported by the Company for accounting and financial reporting purposes for most stock option grants during the period from the Company s becoming a public company in June 1998 and into 2005 were incorrect because they did not reflect the dates on which the grants were legally effective.
- From June 1998 through 2004, for certain large annual grants and many other individual grants, certain members of management followed a practice of choosing past dates as grant dates so as to use a lower exercise price, with the period of lookback appearing to range from a couple of days to eight weeks.
- The option grants involving lookbacks were inconsistent with the Company s disclosures that option grants were made at fair market value, were not accounted for properly and, to the extent they involved incentive stock options, violated the requirement under the Company s 1997 Stock Option Plan that they be at fair market value.

Stock options were granted by management pursuant to authority they believed had been delegated by the Compensation Committee, but that delegation was not adequately documented, and therefore the necessary legal approval of some grants did not occur until they were subsequently approved by the Compensation Committee.

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The process by which members of the Compensation Committee formally approved option grants involved the signing of unanimous written consents that included schedules of option grants approved by management for the preceding quarter. The Company typically used the date set forth in the schedules attached to the written consents as the option grant date. However, all necessary corporate action had not been taken until the written consents were actually signed by all committee members, which typically did not happen until later, sometimes resulting in a delay of many months between the date recorded by the Company as the option grant date and the legal grant date.

The Company s flawed option practices began with past management, whose members frequently looked back to select option grant dates. With the likely exception of one past member of management, the evidence does not indicate that management at the time in question was aware that, in looking back to choose a past grant date with a more favorable closing price, the Company was failing to take necessary accounting charges or acting contrary to the Company s disclosures. However, certain members of past management who initiated and were involved with the option practices should have been aware of the accounting or legal issues or sought legal and accounting advice as to the practice.

Current management s efforts to improve and formalize procedures for option grants since early 2004 have had the effect of eliminating the practice of lookbacks. In addition, the evidence does not indicate intentional misconduct by any member of current management. Some members of current management, however, were made aware of the use of lookbacks for certain option grants, and certain of them should have been aware of the accounting or legal issues or inquired further.

One or more outside lawyers for the Company were, on multiple occasions, told of the lookback practice and did not advise the Company of the accounting and legal problems with that practice.

The Board of Directors and the Compensation Committee failed to adopt adequate procedures to ensure that Compensation Committee members understood the Company s 1997 Stock Option Plan and that it was properly administered.

From 1998 through 2005, the Company s processes, procedures and controls were inadequate, although management steadily improved the processes beginning in 2001. In 2006, the Compensation Committee revised its procedures for approving stock option grants in an effort to ensure compliance in the future.

The Company also had inadequate controls relating to, and failed to account properly for, certain modifications of outstanding stock option rights.

The special committee will recommend to our Board of Directors a remediation plan to address the issues raised by its findings. While the special committee has not yet finalized its remediation recommendations, they are expected to include recommendations regarding improved stock option administration procedures and controls (with respect to which, as noted above, the committee found that management had already made certain changes), training and monitoring of compliance with those procedures, corporate risk assessment and evaluation of the internal compliance environment, and an evaluation by our chief executive officer of the Company s resources, especially with respect to compliance and administration. The special committee has concluded that it will not recommend any terminations or that any changes in positions of current executive management be made as a result of its findings. It is expected to recommend, however, that our chief executive officer review and evaluate the organization of the Company s senior management consistent with the findings of the special committee, and report back to the Board on any changes that should be made to the Company s organizational plan or to the duties of members of current management.

In connection with the review by the special committee, we undertook a review of option grant dates recorded for financial accounting and tax purposes. Based on our facts and circumstances, we concluded that we should use the legal grant date, as determined by the special committee, as the accounting measurement date for such awards. Accordingly, based on this conclusion, we applied new measurement dates to the affected stock option grants and, as a result, determined that charges for stock-based compensation expense and related payroll and income tax effects were required in instances where the quoted market price of the underlying stock at the

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new measurement date exceeded the employee s exercise price, in accordance with APB No. 25, Accounting for Stock Issued to Employees. In addition, the restatement reflects charges for penalties and interest related to the failure to properly withhold employee taxes upon exercise of certain stock options that were originally classified as incentive stock options, but were recharacterized as non-qualified stock options as a result of applying a new measurement date to such options.

Executive Overview

Our principal operating segment is our rental and management segment, which accounted for approximately 98.4% and 96.9% of our total revenues and approximately 99.5% and 99.3% of our segment operating profit for the years ended December 31, 2005 and 2004, respectively. The primary factors affecting the stability and growth of our revenues and cash flows for this segment are our recurring revenues from existing tenant leases and the contractual escalators in those leases, leasing additional space on our existing towers, acquiring and building additional tower sites and the degree to which any of our existing customer leases are cancelled. We continue to believe that our leasing revenue is likely to increase due to the continuing growth in the use of wireless communications services and our ability to utilize existing tower capacity. In addition, we believe the majority of our leasing activity will continue to come from wireless broadband-services customers.

The majority of our tenant leases with wireless carriers are for an initial term of five-to-ten years, with multiple five-year renewal terms thereafter. Accordingly, nearly all of the revenue generated by our rental and management segment as of the end of December 2005 is recurring revenue that we should continue to receive in future periods. In addition, most of our leases have provisions that periodically increase the rent due under the lease. These contractual escalators are typically annual and are based on a fixed percentage (generally three-to-five percent), inflation, or a fixed percentage plus inflation. Revenue generated by rate increases based on fixed escalation clauses is recognized on a straight-line basis over the non-cancelable term of the applicable agreement.

The revenues generated by our rental and management segment also may be affected by cancellations of existing customer leases. As discussed above, most of our tenant leases with wireless carriers and broadcasters are multi-year contracts, which typically may not be cancelled or, in some instances, may be cancelled only upon payment of a termination fee. Accordingly, lease cancellations historically have not had a material adverse effect on the revenues generated by our rental and management segment. During 2005, tenant leases representing less than 2% of our total revenues were cancelled.

A significant majority of our revenue growth in 2005 was attributable to revenue generated from leasing space on the towers and in-building systems acquired in connection with our merger with SpectraSite, Inc. In August 2005, we completed our merger with SpectraSite, Inc., an owner and operator of approximately 7,800 wireless and broadcast towers and in-building systems in the United States. The merger was approved by our and SpectraSite s stockholders on August 3, 2005, and the results of operations of SpectraSite have been included in our consolidated results of operations since that date. During the period August 3, 2005 through December 31, 2005, SpectraSite generated total revenues of $171.2 million and operating profit of $106.8 million.

Our revenue growth in 2005 was also attributable to incremental revenue generated by our existing communications sites. During 2005, incremental revenue attributable to those sites that existed during the entire period between January 1, 2004 and December 31, 2005, was approximately $63.3 million, 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 rate changes, offset by lease cancellations.

Our ability to lease additional space on our sites is a function of the rate at which wireless carriers deploy capital to improve and expand their wireless networks and, to a lesser extent, the location of and available capacity on our existing sites. This rate, in turn, is influenced by the growth of wireless communications services

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and related infrastructure, the financial performance of our customers and their access to capital, and general economic conditions. We believe leasing additional space on our existing sites, including the sites acquired in connection with our merger with SpectraSite, Inc., will continue to contribute the substantial majority of our year-over-year revenue growth in 2006.

We also generate revenues by building and acquiring new communications sites. In addition to the approximately 7,800 towers and in-building systems acquired in connection with our merger with SpectraSite, Inc., we constructed or acquired 289 and 275 sites in 2005 and 2004, respectively. Because of the nature of our recurring revenues described above, our results of operations only reflect revenues generated on these sites following the respective dates of their construction or acquisition, which affects year-over-year comparisons. During 2005, revenue attributable to these 564 sites that were built or acquired between January 1, 2004 and December 31, 2005, was approximately $10.8 million.

Our continuing operations are reported in two business segments: rental and management and network development services. Management focuses on segment gross margin and operating profit (loss) 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, net loss on sale of long-lived assets, restructuring and merger related expense. 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 operating profit (loss) for the rental and management segment include interest income, TV Azteca, net (see note 17 to our consolidated financial statements included herein).

Our rental and management segment operating expenses include our direct tower level expenses and consist primarily of ground rent, property taxes, repairs and maintenance and utilities. These segment level expenses exclude all segment and corporate, selling, general, administrative and development expenses, which are aggregated into one line item entitled selling, general, administrative and development expense. Our segment level selling, general and administrative expenses consist of expenses to support our rental and management and network development services segments, such as sales and property management functions. In general, our segment level selling, general and administrative expenses do not increase as a result of adding incremental customers to our sites and increase only modestly year over year. As a result, leasing space to new customers on our existing sites provides significant incremental cash flow. Our profit margin growth is, therefore, directly related to the number of new tenants added to our existing tower sites and the related rental revenue generated in a particular period.

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Results of Operations

Years Ended December 31, 2005 and 2004

	Year Ended December 31, 2005	Year Ended December 31, 2004	Amount of Increase (Decrease)	Percent Increase (Decrease)
	(In thousands)			
REVENUES:				
Rental and management	$ 929,762	$ 684,422	$ 245,340	36%
Network development services	15,024	22,238	(7,214)	(32)
Total revenues	944,786	706,660	238,126	34
OPERATING EXPENSES:				
Costs of operations (exclusive of items shown separately below)				
Rental and management	247,781	195,242	52,539	27
Network development services	8,346	16,220	(7,874)	(49)
Depreciation, amortization and accretion	411,254	329,449	81,805	25
Selling, general, administrative and development expense (including $6,597 and $9,874 of stock-based compensation expense, respectively)	108,059	83,094	24,965	30
Impairments, net loss on sale of long-lived assets, restructuring and merger related expense (including $9,333 and $876 of stock-based compensation expense, respectively)	34,232	23,876	10,356	43
Total operating expenses	809,672	647,881	161,791	25
OTHER INCOME (EXPENSE):				
Interest income, TV Azteca, net of interest expense $1,492 and $1,497	14,232	14,316	(84)	(1)
Interest income	4,402	4,844	(442)	(9)
Interest expense	(222,419)	(262,237)	(39,818)	(15)
Loss on retirement of long-term obligations	(67,110)	(138,016)	(70,906)	(51)
Other income (expense)	227	(2,798)	(3,025)	(108)
Income tax (provision) benefit	(5,714)	83,338	(89,052)	(107)
Minority interest in net earnings of subsidiaries	(575)	(2,366)	(1,791)	(76)
Loss on equity method investments	(2,078)	(2,915)	(837)	(29)
Loss from discontinued operations, net	(1,913)	(8,409)	(6,496)	(77)
Cumulative effect of change in accounting principle, net	(35,525)		35,525	
Net loss	$ (181,359)	$ (255,464)	$ (74,105)	(29)%

Total Revenues

Total revenues for the year ended December 31, 2005 were $944.8 million, an increase of $238.1 million from the year ended December 31, 2004. Approximately $171.2 million of the increase was attributable to revenues generated by SpectraSite. The balance of the increase resulted from an increase in other rental and management revenue of $74.1 million, partially offset by a decrease in network development services revenue of $7.2 million.

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Rental and Management Revenue

Rental and management revenue for the year ended December 31, 2005 was $929.8 million, an increase of $245.3 million from the year ended December 31, 2004. Approximately $171.2 million of the increase was attributable to revenues generated by SpectraSite. Approximately $63.3 million of the increase resulted from incremental revenue generated by communications sites that existed during the entire period between January 1, 2004 and December 31, 2005, 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, offset by lease cancellations. Approximately $10.8 million of the increase resulted from revenue generated by the approximately 560 communications sites acquired and/or constructed subsequent to January 1, 2004, other than in connection with the SpectraSite merger. We believe that our rental and management revenue will increase as we continue to utilize existing site capacity. We anticipate that the majority of our new leasing activity will continue to come from wireless and broadcast service providers.

Network Development Services Revenue

Network development services revenue for the year ended December 31, 2005 was $15.0 million, a decrease of $7.2 million from year ended December 31, 2004. The decrease in revenue was attributable to a decline in revenues generated by our site acquisition, zoning and permitting services, primarily as a result of our strategic focus on our core site leasing business. This decrease was partially offset by an increase in revenues generated by our structural analysis services, as a result of the increased business associated with our significantly larger site portfolio following our merger with SpectraSite, Inc. As we continue to focus on and grow our site leasing business, and offer only limited services that directly support our site leasing operations and the addition of new tenants and equipment on our sites, we anticipate that our network development services revenue will continue to decrease as a percentage of our total revenues.

Total Operating Expenses

Total operating expenses for the year ended December 31, 2005 were $809.7 million, an increase of $161.8 million from the year ended December 31, 2004. The increase was attributable to an increase in depreciation, amortization and accretion expense of $81.8 million, an increase in expenses within our rental and management segment of $52.5 million, an increase in selling, general, administrative and development expense of $25.0 million, and an increase in impairments, net loss on sale of long-lived assets, restructuring and merger related expense of $10.4 million. These increases were offset by a decrease in expenses within our network development services segment of $7.9 million. We expect our total operating expenses for the year ended December 31, 2006 to include approximately $38.0 million to $40.0 million related to the January 1, 2006 adoption of SFAS No. 123R regarding stock-based compensation expense, as described below in Recent Accounting Pronouncements.

Rental and Management Expense/Segment Operating Profit

Rental and management expense for the year ended December 31, 2005 was $247.8 million, an increase of $52.5 million from the year ended December 31, 2004. Approximately $53.1 million of the increase was attributable to expenses incurred by SpectraSite. Excluding the impact of expenses incurred by SpectraSite, rental and management expense did not change materially as compared to the year ended December 31, 2004.

Rental and management segment operating profit for the year ended December 31, 2005 was $696.2 million, an increase of $192.7 million from the year ended December 31, 2004. Approximately $118.1 million of the increase was attributable to rental and management segment operating profit generated by SpectraSite. The balance of the increase resulted primarily from additional revenue from adding tenants to communications sites that existed as of January 1, 2004 and revenue generated on the approximately 560 communications sites acquired and/or constructed subsequent to January 1, 2004 other than in connection with the SpectraSite merger, and the impact of favorable currency exchange rates.

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Network Development Services Expense

Network development services expense for the year ended December 31, 2005 was $8.4 million, a decrease of $7.9 million from the year ended December 31, 2004. The majority of the decrease correlates directly to the decline in services performed as noted above.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion expense for the year ended December 31, 2005 was $411.3 million, an increase of $81.8 million from the year ended December 31, 2004. The increase was attributable to approximately $78.0 million of depreciation, amortization and accretion expense related to long-lived assets acquired in connection with the SpectraSite merger and approximately $3.8 million related to other newly acquired or constructed towers and other long-lived assets. We expect our depreciation, amortization and accretion expense for the year ended December 31, 2006 to increase by approximately $131.0 million, including approximately $110.0 million related to the inclusion of a full year of expense related to acquired SpectraSite long-lived assets and approximately $21.0 million related to the acceleration of settlement date assumptions regarding our asset retirement obligations described below.

Selling, General, Administrative and Development Expense

Selling, general, administrative and development expense for the year ended December 31, 2005 was $108.1 million, an increase of $25.0 million from the year ended December 31, 2004. Approximately $18.6 million of the increase was attributable to general and administrative expense incurred by SpectraSite. The balance of the increase was primarily attributable to employee bonuses, including amounts paid in connection with the closing of the SpectraSite merger, offset by a decrease of $3.3 million in stock-based compensation expense, which aggregated $6.6 million and $9.9 million for the years ended December 31, 2005 and 2004, respectively. As a result of the January 1, 2006 adoption of SFAS No. 123R, we expect our total selling, general, administrative and development expenses for the year ended December 31, 2006 to include approximately $38.0 million to $40.0 million of non-cash stock-based compensation expense.

Impairments, Net Loss on Sale of Long-lived Assets, Restructuring and Merger Related Expense

Impairments, net loss on sale of long-lived assets, restructuring and merger related expense for the year ended December 31, 2005 was $34.2 million, an increase of $10.4 million from the year ended December 31, 2004. The increase was due primarily to merger related expense of $9.0 million incurred in connection with the SpectraSite merger, including employee separation costs of $3.1 million, amortization of unearned compensation relating to unvested stock options assumed of $2.4 million and other employee stock option charges of $3.5 million. Restructuring expense and stock-based compensation expense also increased by $4.6 million related to modified option awards, which was partially offset by a decline of $3.2 million in impairments and net losses on sales of long-lived non-core assets.

Interest Expense

Interest expense for the year ended December 31, 2005 was $222.4 million, a decrease of $39.8 million from the year ended December 31, 2004. The decrease resulted primarily as a result of the redemption of all of our outstanding 9 $^{3}/8$% Notes, repurchases of our ATI 12.25% Notes, conversions of our 3.25% Notes and the refinancing of the American Tower credit facility at lower interest rates. This decrease was partially offset by a full year of interest payable on our 7.50% Notes, 3.00% convertible notes due August 15, 2012 (3.00% Notes) Notes and 7.125% Notes issued in February, August and September of 2004, respectively, and approximately $15.2 million of interest expense incurred on the debt assumed in the SpectraSite merger.

Loss on Retirement of Long-Term Obligations

During the year ended December 31, 2005, we redeemed $274.9 million principal amount of our 9 $^{3}/8$% Notes, repurchased $177.8 million accreted value of our ATI 12.25% Notes and converted $57.1 million

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principal amount of our 3.25% Notes. In addition, we refinanced the American Tower and SpectraSite credit facilities. As a result of these transactions, we recorded a $67.1 million charge primarily related to the write-off of deferred financing fees and amounts paid in excess of the carrying value. For more information regarding our financing activities, see Liquidity and Capital Resources Financing Activities below.

During the year ended December 31, 2004, we redeemed all of our outstanding 6.25% convertible notes, redeemed and repurchased portions of our outstanding 9 $^{3}/8$% Notes, ATI 12.25% Notes and 5.0% convertible notes, and refinanced of our credit facility. As a result of these transactions, we recorded a $138.0 million charge related to the write-off of deferred financing fees and amounts paid in excess of the carrying value.

Other Income

Other income for the year ended December 31, 2005 was $0.2 million, a decrease of $3.0 million from other expense of $2.8 million for the year ended December 31, 2004. The decrease was primarily attributable to approximately $2.9 million of other income generated on interest rate swap agreements assumed in the SpectraSite merger.

Income Tax (Provision) Benefit

The income tax provision for the year ended December 31, 2005 was $5.7 million, as compared to an $83.3 million tax benefit for the year ended December 31, 2004, representing a decrease of $89.1 million from the prior year period. The effective tax rate was 4.2% for the year ended December 31, 2005, as compared to 25.6% for the year ended December 31, 2004. The provision for the year ended December 31, 2005 reflects a $29.5 million charge as a result of a reduction in management s estimate of the net realizable value of our federal income tax refund claims based upon the current status of the claims, as described below.

The effective tax rate on loss from continuing operations for the year ended December 31, 2005 differs from the federal statutory rate due primarily to adjustments to our refund claims as more fully described below and foreign items. The effective tax rate on loss from continuing operations for the year ended December 31, 2004 differs from the federal statutory rate due primarily to valuation allowances related to capital losses and foreign items.

We intend to recover a portion of our deferred tax asset through our federal income tax refund claims related to the carry back of certain federal net operating losses. In June 2003 and October 2003, we filed federal income tax refund claims with the IRS relating to the carry back of $380.0 million of net operating losses generated prior to 2003, of which we initially anticipated receiving approximately $90.0 million. Based on preliminary discussions with tax authorities, we revised our estimate of the net realizable value of our federal income tax refund claims and anticipate receiving a refund of approximately $65.0 million as a result of these claims by the end of 2006. There can be no assurances, however, with respect to the specific amount and timing of any refund.

Minority Interest in Net Earnings of Subsidiaries

Minority interest in net earnings of subsidiaries for the year ended December 31, 2005 was $0.6 million, a decrease of $1.8 million from the year ended December 31, 2004. The decrease is primarily a result of the Company s purchase during 2004 of the remaining 12.0% interest in ATC Mexico that it did not own.

Loss from Discontinued Operations, Net

Loss from discontinued operations, net for the year ended December 31, 2005 was $1.9 million, as compared to $8.4 million for the year ended December 31, 2004. The loss from discontinued operations for the year ended December 31, 2005 primarily represents the legal costs incurred in connection with our involvement in the Verestar bankruptcy proceedings. We also expect to incur additional costs in connection with these proceedings. The loss from discontinued operations for the year ended December 31, 2004 includes $7.8 million

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related to the results of operations through the date of sale of our tower construction services unit and Kline, as well as a net loss on disposal of our tower construction services unit of $1.7 million and a $1.1 million net gain related to a contractual obligation that was settled for less than its original estimate.

Cumulative Effect of Change in Accounting Principle, Net

As of December 31, 2005, we adopted the provisions of Financial Accounting Standards Board Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations (FIN No. 47). As a result, we recognized a $35.5 million charge (net of an $11.7 million tax benefit) as a cumulative effect of a change in accounting principle in the consolidated statement of operations for the year ended December 31, 2005. The adoption of FIN No. 47 primarily resulted in the acceleration of settlement date assumptions regarding our asset retirement obligations, as FIN No. 47 precludes us from considering non contractual lease renewal periods in determining our settlement date assumptions. The acceleration of our settlement date assumptions also resulted in an increase to the tower assets included in property and equipment, net of $66.9 million and an increase in the asset retirement obligations included in other long-term obligations of $114.0 million.

Years Ended December 31, 2004 and 2003

	Year Ended December 31,			
	2004	**2003**	**Amount of Increase (Decrease)**	**Percent Increase (Decrease)**
		(In thousands)		
REVENUES:				
Rental and management	$ 684,422	$ 619,697	$ 64,725	10%
Network development services	22,238	12,796	9,442	74
Total revenues	706,660	632,493	74,167	12
OPERATING EXPENSES:				
Costs of operations (exclusive of items shown separately below)				
Rental and management	195,242	192,380	2,862	1
Network development services	16,220	7,419	8,801	119
Depreciation, amortization and accretion	329,449	330,414	(965)	
Selling, general, administrative and development expense (including $9,874 and $10,082 of stock-based compensation expense, respectively)	83,094	83,492	(398)	
Impairments, net loss on sale of long-lived assets and restructuring expense (including $876 and $1,106 of stock-based compensation expense, respectively)	23,876	31,656	(7,780)	(25)
Total operating expenses	647,881	645,361	2,520	
OTHER INCOME (EXPENSE):				
Interest income, TV Azteca, net of interest expense $1,497 and $1,496	14,316	14,222	94	1
Interest income	4,844	5,255	(411)	(8)
Interest expense	(262,237)	(279,783)	(17,546)	(6)
Loss on retirement of long-term obligations	(138,016)	(46,197)	91,819	199

Other expense	(2,798)	(8,598)	(5,800)	(67)
Income tax benefit	83,338	85,567	(2,229)	(3)
Minority interest in net earnings of subsidiaries	(2,366)	(3,703)	(1,337)	(36)
Loss on equity method investments	(2,915)	(21,221)	(18,306)	(86)
Loss from discontinued operations, net	(8,409)	(61,633)	(53,224)	(86)
Net loss	$ (255,464)	$ (328,959)	$ (73,495)	(22)%

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Total Revenues

Total revenues for the year ended December 31, 2004 were $706.7 million, an increase of $74.2 million from the year ended December 31, 2003. The increase resulted from an increase in rental and management revenues of $64.7 million and an increase in network development services revenue of $9.4 million.

Rental and Management Revenue

Rental and management revenue for the year ended December 31, 2004 was $684.4 million, an increase of $64.7 million from the year ended December 31, 2003. The increase resulted primarily from adding additional wireless and broadband tenants to towers that existed as of January 1, 2003 and, to a lesser extent, from revenue generated on the approximately 900 towers acquired and/or constructed subsequent to January 1, 2003. This increase was partially offset by a reduction in revenue on the approximately 400 owned towers sold or disposed of subsequent to January 1, 2003. In 2004, our revenue growth on towers that existed during the entire period beginning January 1, 2003 and ending December 31, 2004, was approximately $51 million. We believe that our rental and management revenue will continue to grow as we utilize existing tower capacity. We anticipate that the majority of our new leasing activity will continue to come from wireless and broadcast service providers.

Network Development Services Revenue

Network development services revenue for the year ended December 31, 2004 was $22.2 million, an increase of $9.4 million from the year ended December 31, 2003. The increase in revenues during 2004 resulted primarily from a long-term construction contract that we did not have in the prior year.

In October 2004, we entered into an agreement to sell our tower construction services unit. Commencing in the fourth quarter of 2004, we reported our tower construction services unit as a discontinued operation. The sale closed in November 2004. After the sale, our network development services segment is focused on providing complementary non-construction services to the rental and management segment, including site acquisition, zoning, permitting and structural analysis.

Total Operating Expenses

Total operating expenses for the year ended December 31, 2004 were $647.9 million, an increase of $2.5 million from the year ended December 31, 2003. The principal components of the increase were attributable to expense increases in our network development services segment of $8.8 million, our rental and management segment of $2.9 million. These increases were partially offset by decreases in selling, general, administrative and development expense of $0.4 million, in impairments, net loss on sale of long-lived assets and restructuring expense of $7.8 million and in depreciation, amortization and accretion of $1.0 million.

Rental and Management Expense/Segment Operating Profit

Rental and management expense for the year ended December 31, 2004 was $195.2 million, an increase of $2.9 million from the year ended December 31, 2003. The increase resulted primarily from our acquisition/construction of approximately 900 towers partially offset by a reduction in expenses related to the 400 towers that were sold or disposed of subsequent to January 2003, coupled with an overall decrease in rental and management segment expenses.

Rental and management segment operating profit for the year ended December 31, 2004 was $503.5 million, an increase of $62.0 million from the year ended December 31, 2003. The increase resulted primarily from incremental revenues and operating profit from adding additional broadband tenants to existing towers and newly acquired and/or constructed towers.

Network Development Services Expense

Network development services expense for the year ended December 31, 2004 was $16.2 million, an increase of $8.8 million from the year ended December 31, 2003. The increase in expenses during 2004 resulted primarily from expenses associated with a long-term construction contract that we did not have in the prior year.

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Selling, General, Administrative and Development Expense

Selling, general, administrative and development expense for the year ended December 31, 2004 was \$83.1 million, a decrease of \$0.4 million from the year ended December 31, 2003 primarily related to a decrease in stock-based compensation expense.

Impairments, Net Loss on Sale of Long-Lived Assets and Restructuring Expense

Impairments, net loss on sale of long-lived assets and restructuring expense for the year ended December 31, 2004 was \$23.9 million, a decrease of \$7.8 million from the year ended December 31, 2003. The majority of the decrease resulted from decreased impairments and losses on sales of long-lived tower and other non-core assets.

Interest Expense

Interest expense for the year ended December 31, 2004 was \$262.2 million, a decrease of \$17.5 million from the year ended December 31, 2003. The decrease resulted primarily from the retirement of a portion of our 9 $^{3}/8$% Notes and ATI 12.25% Notes partially offset by additional interest incurred related to the issuance of our 3.00% Notes, 7.125% Notes and 7.50% Notes in 2004.

Loss on Retirement of Long-Term Obligations

During the year ended December 31, 2004, we retired all or a portion of our 6.25% convertible notes, 9 $^{3}/8$% Notes and ATI 12.25% Notes. As a result, we incurred a charge of approximately \$103.2 million, which represented the cash paid in excess of the carrying value of the debt at the time of retirement. In addition, we also incurred a charge of \$34.8 million related to the write-off of deferred financing fees related to the retirements discussed above, the retirement of a portion of our 5.0% convertible notes and the refinancing of our credit facility. The total of these charges, \$138.0 million, represents our loss on retirement of long-term obligations for the year ended December 31, 2004.

During the year ended December 31, 2003, we amended our credit facility and made certain prepayments and unscheduled principal payments on the term loans thereunder, which collectively reduced the borrowing capacity under our credit facility. As a result, we recorded an aggregate charge of approximately \$11.9 million related to the write-off of deferred financing fees associated with the reduction in our overall borrowing capacity. We also repurchased a portion of our 2.25% convertible notes and 5.0% convertible notes (inclusive of the cash tender offer for our 2.25% convertible notes that expired on October 22, 2003) throughout the year. As a result, we incurred an aggregate charge of approximately \$34.3 million, which primarily represented the fair market value of the shares of stock issued to our 2.25% convertible note holders in excess of the shares originally issuable upon conversion of the notes, offset by a net gain on the repurchases of our 5.0% convertible notes. The total of these charges, \$46.2 million, represents our loss on retirement of long-term obligations for the year ended December 31, 2003.

Other Expense

Other expense for the year ended December 31, 2004 was $2.8 million, a decrease of $5.8 million from the year ended December 31, 2003. The decrease resulted primarily from fees and expenses incurred in 2003 in connection with a financing transaction that we did not consummate as a result of the ATI 12.25% Notes offering.

Income Tax Benefit

The income tax benefit for the year ended December 31, 2004 was $83.3 million, a decrease of $2.2 million from the year ended December 31, 2003. The effective tax rate was 25.6% for the year ended December 31, 2004, as compared to 26.1% for the year ended December 31, 2003. The primary reason for the increase in the effective tax rate is a result of non-deductible losses on retirements of our debt in 2003.

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The effective tax rate on loss from continuing operations for the year ended December 31, 2004 differs from the federal statutory rate due primarily to valuation allowances related to capital losses and foreign items. The effective tax rate on loss from continuing operations for the year ended December 31, 2003 differs from the federal statutory rate due primarily to valuation allowances related to our capital losses, foreign items and non-deductible losses on retirement of our debt.

In June 2003 and October 2003, we filed income tax refund claims with the IRS relating to carrying back of $380.0 million of net operating losses generated prior to 2003. As of December 31, 2004, we anticipated receiving a refund of approximately $90.0 million as a result of these claims and estimated recovery of these amounts within two to three years of the dates the claims were filed with the IRS.

Loss on Equity Method Investments

Loss on equity method investments for the year ended December 31, 2004 was $2.9 million, a decrease of $18.3 million from the year ended December 31, 2003. The decrease is primarily due to an impairment charge recorded on one of our equity investments of $19.3 million in 2003.

Loss from Discontinued Operations, Net

Loss from discontinued operations, net for the year ended December 31, 2004 was $8.4 million, as compared to $61.6 million for the year ended December 31, 2003. In October 2004, we committed to a plan to sell our tower construction services unit, which was subsequently sold in November 2004. In addition, we sold Kline in March 2004. Accordingly, the loss from discontinued operations, net, for the year ended December 31, 2004 includes $7.8 million related to the results of these operations through the date of sale. In addition, the loss from discontinued operations, net, for the year ended December 31, 2004 includes a net loss on disposal of our tower construction services unit of $1.7 million and a $1.1 million net gain related to a contractual obligation that was settled for less than its original estimate.

During 2003, we disposed of two of our wholly owned subsidiaries, Galaxy Engineering and Flash Technologies, two office buildings and two subsidiaries of Verestar. Accordingly, the loss from discontinued operations, net, for the year ended December 31, 2003 includes $13.2 million related to the results of these operations, Kline and the remaining operations of Verestar through the date of its bankruptcy filing in December 2003. In addition to the above, loss from discontinued operations, net, for the year ended December 31, 2003 includes the following net losses on disposal: (a) an impairment charge of $26.5 million to reduce the carrying amount of our investment in Verestar to zero and to record our estimate of costs that we may incur under certain contractual obligations; (b) an impairment charge of $14.6 million to reduce the carrying value of Kline s net assets to the estimated proceeds expected upon disposal; (c) a $2.4 million net loss on the disposal of Galaxy; (d) a $3.7 million net loss on the disposal of the office buildings; and (e) a $0.1 million net gain on the sale of Flash.

Liquidity and Capital Resources

Overview

During the year ended December 31, 2005, we improved our financial flexibility by refinancing our existing debt with less restrictive, lower cost capital, which increased our liquidity and our ability to return value to our stockholders. Significant transactions included the following:

In October 2005, we refinanced the two existing credit facilities of our principal operating subsidiaries. We replaced the existing American Tower $1.1 billion senior secured credit facility with a new $1.3 billion senior secured credit facility and replaced the existing SpectraSite $900.0 million senior secured credit facility with a new $1.15 billion senior secured credit facility.

During 2005, consistent with our strategy of replacing our higher cost, more restrictive debt with less expensive, less restrictive capital, we repurchased, redeemed and converted approximately $605.7 million face amount of our outstanding debt securities. In addition, in December 2005, we issued a notice for the redemption of the remaining outstanding $227.7 million face amount of ATI 12.25% Notes, which we redeemed on February 1, 2006. Upon completion of this redemption, no ATI 12.25% Notes remained outstanding.

In November 2005, we announced that our board of directors had approved a stock repurchase program pursuant to which we intend to repurchase up to $750.0 million of our Class A common stock through December 2006. As of December 31, 2005, we had repurchased 2.8 million shares of Class A common stock for an aggregate of $76.6 million.

As of December 31, 2005, we had total outstanding indebtedness of approximately $3.6 billion. We incurred substantially all of this indebtedness to refinance indebtedness incurred prior to 2002 to fund the acquisition of tower sites and services businesses, and capital expenditures related to the construction of new tower sites. Beginning in 2002, we significantly reduced our acquisitions and new tower construction activities, and began to focus on reducing our overall indebtedness. In 2003, 2004 and 2005, we continued this effort by refinancing indebtedness to extend maturity dates, reduce interest expense and improve our financial flexibility, and since 2004, by using cash flow from operations to repurchase and redeem outstanding debt to reduce our net total indebtedness.

In 2005, we generated sufficient cash flow from operations to fund our capital expenditures and cash interest obligations. We believe our cash generated by operations for the year ending December 31, 2006 also will be sufficient to fund our capital expenditures and our cash debt service (interest and principal repayments) obligations for 2006. For information about our outstanding indebtedness, see Contractual Obligations below.

We expect our 2006 cash needs related to indebtedness outstanding as of December 31, 2005, to consist primarily of the following: debt service, including cash interest of approximately $189.0 million, approximately $179.5 million for the February 1, 2006 redemption of the remaining outstanding ATI 12.25% Notes, and capital lease payments and other notes payable (including interest) of approximately $5.2 million. We expect to fund capital expenditures of between $110.0 and $130.0 million, principally related to new tower construction, improvements to existing towers and installation of new in-building systems in 2006. We also expect to use approximately $22.7 million in cash to purchase the remaining shares of ATC South America that we do not own, as discussed above in Business Recent Transactions ATC International Transactions. In addition, we expect to continue to fund our stock repurchase program, pursuant to which we intend to purchase up to an additional $673.4 million of our Class A common stock in 2006. We also may fund additional purchases of our Class A common stock, either pursuant to, or supplemental to, our stock repurchase program. We expect to meet these cash needs through a combination of cash on hand, cash generated by operations and borrowings under our credit facilities.

Uses of Cash

Stock Repurchase Program. In November 2005, we announced that our Board of Directors had approved a stock repurchase program to repurchase up to $750.0 million of our Class A common stock through December 2006. We expect to utilize cash from operations, borrowings under our credit facilities and cash on hand to fund the repurchase program. Under the program, our management is authorized to purchase shares from time to time in 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 entered into a trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (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. The program may be discontinued at any time. As of December 31, 2005, we had repurchased 2.8 million shares of Class A common stock for an aggregate of $76.6 million. Between January 1, 2006 and March 9, 2006, we repurchased an additional 3.9 million shares of our Class A common stock for an aggregate of $117.4 million pursuant to our stock repurchase program.

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Tower Construction and Improvements and In-Building System Installation. During the year ended December 31, 2005, payments for purchases of property and equipment and construction activities totaled $88.6 million, including capital expenditures incurred in connection with the construction of 245 towers and the installation of 14 in-building systems. We plan to continue to allocate our available capital among investment alternatives that can provide the highest potential returns in light of existing market conditions. Accordingly, we may continue to acquire communications sites, 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 in 2006 we will build approximately 275 new towers and install approximately 40 new in-building systems, and expect our 2006 total capital expenditures for construction, improvements and corporate purposes to be between approximately $110.0 million and $130.0 million.

Refinancing and Repurchases of Debt. In order to extend the maturity dates of our indebtedness, reduce interest expense and improve our financial flexibility, we use our cash to refinance and repurchase our outstanding indebtedness. During the year ended December 31, 2005, we repurchased, redeemed and converted approximately $605.7 million face amount of our outstanding debt securities. For more information about our financing activities, see Financing Activities below. In October 2005, we also refinanced the American Tower credit facility and the SpectraSite credit facility with new credit facilities. (See Sources of Cash below.) In addition, in December 2005, we issued a notice for the redemption of the remaining outstanding $227.7 million face amount of ATI 12.25% Notes, which we redeemed on February 1, 2006. (See Financing Activities below.)

Contractual Obligations. Our contractual obligations relate primarily to borrowings under the credit facilities and our outstanding notes. The following table sets forth information relating to our contractual obligations payable in cash as of December 31, 2005 (in thousands):

	Payments Due by Period						
Contractual Obligations	**2006**	**2007**	**2008**	**2009**	**2010**	**Thereafter**	**Total**
American Tower credit facility(1)							
Revolving credit facility							
Term Loan A					$ 750,000		$ 750,000
Delayed Draw Term Loan					43,000		43,000
SpectraSite credit facility(1)							
Revolving credit facility							
Term Loan A					700,000		700,000
Delayed Draw Term Loan							
12.25% senior subordinated discount notes(2)	$ 179,488						179,488
7.25% senior subordinated notes						$ 400,000	400,000
7.50% senior notes						225,000	225,000
7.125% senior notes						500,000	500,000
5.0% convertible notes(3)		$ 275,688					275,688
3.25% convertible notes					152,911		152,911
3.00% convertible notes						345,000	345,000
2.25% convertible notes	47						47
Long-term obligations, excluding capital leases and other notes payable	179,535	275,688			1,645,911	1,470,000	3,571,134
Cash interest expense(1)(2)	189,000	177,000	$ 175,000	$ 175,000	161,000	138,000	1,015,000
Capital lease payments (including interest) and other notes payable	5,241	4,395	4,025	3,719	3,776	212,743	233,899
Operating lease payments(4)	190,129	183,595	180,910	178,456	172,060	2,507,444	3,412,594
Other long-term liabilities(5)	400	1,098	437	450	463	165,071	167,919

Total	$ 564,305	$ 641,776	$ 360,372	$ 357,625	$ 1,983,210	$ 4,493,258	$ 8,400,546

(1) For more information regarding the American Tower and SpectraSite credit facilities, see Sources of Cash below. Interest rates for the revolving loan and the term loan components of each of the credit facilities are determined at the option of the borrowers under the facility and range between 0.50% and 1.25% above the applicable London Interbank

Offering Rate (LIBOR) for LIBOR based borrowings or between 0.0% and 0.25% above the defined base rate for base rate borrowings, in each case based on the applicable borrowers debt ratings. A quarterly commitment fee on the undrawn portion of each credit facility is required, ranging from 0.10% to 0.375% per annum, based on the applicable borrowers debt ratings. As discussed in Item 7A. Quantitative and Qualitative Disclosures About Market Risk, we have entered into swap agreements to manage exposure to variable rate interest obligations under the credit facilities. As a result of these swap agreements, the effective weighted average interest rate in effect at December 31, 2005 for the credit facilities was 4.71%. For projections of our cash interest expense related to the credit facilities, we have assumed the LIBOR rate before the margin, as defined in our credit facilities agreements, is 4.53% through their maturity on October 27, 2010.

(2) The ATI 12.25% Notes accrue no cash interest. Instead, the accreted value of each note increases between the date of original issuance and maturity (August 1, 2008) at a rate of 12.25% per annum. As of December 31, 2005, the remaining outstanding debt under the ATI 12.25% Notes was $227.7 million face amount ($160.3 million accreted value, net of $7.2 million fair value allocated to warrants). On December 22, 2005, we issued a notice for the redemption on February 1, 2006, of all remaining outstanding ATI 12.25% Notes. Pursuant to the indenture for the notes, once a notice to redeem is issued, notes called for redemption become irrevocably due and payable on the redemption date. On February 1, 2006 we redeemed $227.7 million face amount of ATI 12.25% Notes in accordance with the indenture at 106.125% of their accreted value for an aggregate of $179.5 million. Upon completion of this redemption, no ATI 12.25% Notes remained outstanding.

(3) The holders of our 5.0% convertible notes have the right to require us to repurchase their notes on specified dates prior to their maturity date in 2010, but we may pay the purchase price by issuing shares of our Class A common stock, subject to certain conditions. The obligation with respect to the right of the holders to put the 5.0% convertible notes on February 20, 2007, has been classified as a cash obligation for 2007.

(4) Operating lease payments include payments to be made under non-cancelable initial terms, as well as payments for certain renewal periods at our option because failure to renew could result in a loss of the applicable tower site and related revenues from tenant leases, thereby making it reasonably assured that we will renew the lease.

(5) Primarily represents our asset retirement obligations and excludes certain other long-term liabilities included in our consolidated balance sheet, primarily our straight-line rent liability for which cash payments are included in operating lease payments and unearned revenue that is not payable in cash.

The above table does not include certain commitments relating to the construction of tower sites under existing build to suit agreements as of December 31, 2005, as we cannot currently estimate the timing and amounts of such payments. (See note 10 to our consolidated financial statements included herein.)

Sources of Cash

American Tower Corporation is a holding company, and our cash flows are derived solely from distributions from our operating subsidiaries. Our principal United States operating subsidiaries are ATI and SpectraSite. Our principal international operating subsidiary is American Tower International, Inc. Under the American Tower credit facility and the indentures for our senior notes and the ATI notes, ATI and American Tower International are subject to restrictions on the amount of cash that can be distributed to us. SpectraSite is subject to restrictions on the amount of cash that can be distributed to us under the SpectraSite credit facility, but as a result of its designation as an unrestricted subsidiary, it is not subject to such restrictions under the indentures for our senior notes and the ATI notes.

Total Liquidity at December 31, 2005. As of December 31, 2005, we had approximately $1.047 billion of total liquidity, comprised of approximately $112.7 million in cash and cash equivalents and the ability to borrow approximately $488.8 million under the American Tower credit facility and approximately $445.4 million under the SpectraSite credit facility.

Cash Generated by Operations. For the years ended December 31, 2005, 2004 and 2003, our cash provided by operating activities was $397.2 million, $216.7 million and $156.4 million, respectively. Each of our rental and management and network development services segments are expected to generate cash flows from operations during 2006 in excess of their cash needs for operations and expenditures for tower construction, improvements and acquisitions. (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.

New Credit Facilities. In October 2005, we refinanced the two existing credit facilities of our principal operating subsidiaries. We replaced the existing American Tower $1.1 billion senior secured credit facility with a new $1.3 billion senior secured credit facility and replaced the existing SpectraSite $900.0 million senior secured credit facility with a new $1.15 billion senior secured credit facility.

The new American Tower credit facility consists of a $300.0 million revolving credit facility, a $750.0 million Term Loan A, and a $250.0 million Delayed Draw Term Loan. At closing, we drew down the entire Term Loan A and used the net proceeds to repay principal and interest on the outstanding $745.0 million under the previous American Tower credit facility. At closing, we had approximately $300.0 million of availability under the revolving credit facility, against which approximately $18.2 million of undrawn letters of credit were outstanding, and had the ability to draw down the entire $250.0 million Delayed Draw Term Loan. In December 2005, we drew down $43.0 million of the Delayed Draw Term Loan to finance repurchases of the ATI 12.25% Notes. In January 2006, we drew down an additional $179.0 million of the Delayed Draw Term Loan to finance the redemption of the remaining outstanding ATI 12.25% Notes. The credit facility provides that any portion of the Delayed Draw Term Loan that is not drawn as of October 27, 2006 will be canceled.

The borrowers under the American Tower credit facility include ATI, American Tower, L.P., American Tower International and American Tower LLC. We and the borrowers restricted subsidiaries (as defined in the loan agreement) have guaranteed all of the loans under the credit facility. These loans are secured by liens on and security interests in substantially all assets of the borrowers and the restricted subsidiaries. The American Tower credit facility has a term of five years, maturing on October 27, 2010, and all amounts will be due and payable in full at maturity. The American Tower credit facility does not require amortization of principal payments and may be paid prior to maturity in whole or in part at the borrowers option without penalty or premium. For more information regarding the new American Tower credit facility, please see note 8 to our consolidated financial statements.

The new SpectraSite credit facility consists of a $250.0 million revolving credit facility, a $700.0 million Term Loan A, and a $200.0 million Delayed Draw Term Loan. At closing, we drew down the entire Term Loan A and used the net proceeds to repay principal and interest on the $697.0 million outstanding under the previous SpectraSite credit facility. At closing, we had approximately $250.0 million of availability under the revolving credit facility, against which approximately $4.6 million of undrawn letters of credit were outstanding, and had the ability to draw down the entire $200.0 million Delayed Draw Term Loan. The credit facility provides that any portion of the Delayed Draw Term Loan that is not drawn as of October 27, 2006 will be canceled.

The borrower under the SpectraSite credit facility is SpectraSite Communications. SpectraSite Communications, its parent company (SpectraSite, LLC), and its restricted subsidiaries (as defined in the loan agreement) have guaranteed all of the loans under the credit facility. These loans are secured by liens on and security interests in substantially all assets of the borrower and the restricted subsidiaries. The SpectraSite credit facility has a term of five years, maturing on October 27, 2010, and all amounts will be due and payable in full at maturity. The SpectraSite credit facility does not require amortization of principal and may be paid prior to maturity in whole or in part at the borrower s option without penalty or premium. For more information regarding the new SpectraSite credit facility, see note 8 to our consolidated financial statements.

Proceeds from the Sale of Equity Securities. We receive proceeds from sales of our equity securities pursuant to our stock option and stock purchase plans and upon exercise of warrants to purchase our equity securities. For the year ended December 31, 2005, we received approximately $1.8 million in proceeds from exercises of warrants to purchase shares of our Class A common stock and approximately $63.6 million in proceeds from sales of shares of our Class A common stock pursuant to our stock option and stock purchase plans.

Financing Activities

9 $^{3}/8$% Notes Redemptions. During the year ended December 31, 2005, we redeemed an aggregate of $274.9 million principal amount of our 9 $^{3}/8$% Notes, representing all of the outstanding 9 $^{3}/8$% Notes. We completed partial redemptions of the 9 $^{3}/8$% Notes in accordance with the terms of the indenture in January, July and September 2005 for an aggregate redemption price of $288.3 million, plus approximately $9.5 million in accrued interest.

ATI 12.25% Notes Repurchases. During the year ended December 31, 2005, we repurchased an aggregate of $270.6 million face amount of our ATI 12.25% Notes ($177.8 million accreted value, net of $10.1 million fair value allocated to warrants) for approximately $208.4 million in cash, in privately negotiated transactions. As of December 31, 2005, we had outstanding $227.7 face amount of our ATI 12.25% Notes ($160.3 million accreted value, net of $7.2 million fair value allocated to warrants). In December 2005, we issued a notice for the redemption of the remaining outstanding ATI 12.25% Notes. On February 1, 2006, we redeemed an aggregate of $227.7 million face amount of ATI 12.25% Notes in accordance with the indenture at 106.125% of their accreted value for an aggregate of $179.5 million. Upon completion of this redemption, no ATI 12.25% Notes remained outstanding.

3.25% Convertible Notes Conversions. During the year ended December 31, 2005, holders of an aggregate of $57.1 million principal amount of 3.25% Notes converted their notes into an aggregate of 4.7 million shares of our Class A common stock. Pursuant to the terms of the indenture, the holders of the 3.25% Notes received 81.808 shares of our Class A common stock for every $1,000 principal amount of notes converted. In connection with the conversion, we paid such holders an aggregate of $4.9 million, calculated based on the accrued and unpaid interest on the notes and the discounted value of future interest payments on the notes. As of December 31, 2005, $152.9 million principal amount of 3.25% Notes remained outstanding. Between January 1, 2006 and March 9, 2006, holders of an additional $22.5 million principal amount of 3.25% Notes converted their notes into an aggregate of 1.8 million shares of our Class A common stock. In connection with the conversion, we paid such holders an aggregate of $1.7 million, calculated based on the accrued and unpaid interest on the notes and the discounted value of future interest payments on the notes.

Interest Rate Swap Agreements. In the fourth quarter of 2005, we entered into eight interest rate swap agreements to manage exposure to variable rate interest obligations under our new credit facilities. The swaps have an aggregate notional amount of $450.0 million, a weighted average fixed rate of approximately 4.85% and expire in October 2010. During January 2006, we also entered into two additional interest rate swap agreements with an aggregate notional amount of $100.0 million, a weighted average fixed rate of approximately 4.68% and will expire in October 2010. We have designated these swaps as cash flow hedges.

Factors Affecting Sources of Liquidity

Internally Generated Funds. Because the majority of our tenant leases are multi-year contracts, a significant majority of the revenues generated by our rental and management segment as of the end of 2005 is recurring revenue that we should continue to receive in future periods. Accordingly, a key factor affecting our ability to generate cash flow from operating activities is to maintain this recurring revenue and to convert it to operating profit by minimizing operating costs and fully achieving our operating efficiencies. In addition, our ability to increase cash flow from operating activities is dependent upon the demand for antenna space on wireless and broadcast communications towers and for related services and our ability to maximize the utilization of our existing towers.

Restrictions Under Credit Facilities. The American Tower and SpectraSite credit facilities contain certain financial ratios and operating covenants and other restrictions (including limitations on additional debt, distributions and dividends, guaranties, sales of assets and liens) with which the borrowers and their restricted subsidiaries must comply. Each credit facility contains the following two financial maintenance tests with which the borrowers under the applicable credit facility must comply:

a leverage ratio (Total Debt to Adjusted EBITDA) of not greater than 5.50 to 1.00 for the borrowers and their restricted subsidiaries; and

an interest coverage ratio (Adjusted EBITDA to Interest Expense) of not less than 2.50 to 1.00 for the borrowers and their restricted subsidiaries.

As of December 31, 2005, we were in compliance with all of the foregoing financial tests.

Any failure to comply with the financial and operating covenants of the American Tower credit facility or the SpectraSite credit facility would not only prevent us from being able to borrow additional funds under the revolving loans, but would constitute a default, resulting in, among other things, the amounts outstanding, including all accrued interest and unpaid fees, becoming immediately due and payable. The credit facilities allow us to use borrowings for general corporate purposes and, provided certain conditions are met, permit the use of borrowings under the credit facilities and internally generated funds to repurchase our equity securities and repurchase and refinance other indebtedness without additional lender approval.

Restrictions Under Notes Indentures. The indenture governing the terms of the ATI 7.25% Notes contains certain covenants which further restrict ATI, the sister guarantors (as defined) and its and their subsidiaries in addition to the restrictions set forth in the American Tower credit facility. These include restrictions on their ability to incur additional debt, guarantee debt, pay dividends and make other distributions and make certain investments. SpectraSite and its subsidiaries are unrestricted subsidiaries under the indenture for the ATI 7.25% Notes and are not subject to such restrictions. Any failure to comply with these covenants would constitute a default. Specifically, the indenture restricts ATI, the sister guarantors and its and their restricted subsidiaries from incurring additional debt or issuing certain types of preferred stock, other than debt under the American Tower credit facility, or renewals, refundings, replacements or refinancings, up to $1.6 billion.

The indentures governing the terms of our 7.50% Notes and 7.125% Notes also contain certain restrictive covenants with which we and the restricted 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. SpectraSite and its subsidiaries are unrestricted subsidiaries under the indentures for our 7.50% Notes and 7.125% Notes and are not subject to such restrictions. Any failure to comply with these covenants would constitute a default. Specifically, these indentures restrict us from incurring additional debt or issuing certain types of preferred stock unless our consolidated debt is not greater than 7.5 times our adjusted consolidated cash flow. We are permitted, however, to incur debt under our credit facilities even if we are not in compliance with this ratio, or renewals, refundings, replacements or refinancings of our credit facilities.

If a default occurred under any of our credit facilities or 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 credit facilities 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 ratios defined in the credit facilities agreements 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.

As of December 31, 2005, our annual consolidated cash debt service obligations (principal and interest) for each of the next five years and thereafter are approximately: $373.8 million, $457.1 million, $179.0 million, $178.7 million, $1.8 billion and $1.8 billion, respectively. In addition, as a holding company, we depend on distributions or dividends from our subsidiaries, or funds raised through debt and equity offerings, to fund our debt obligations. Although the agreements governing the terms of our credit facilities and the indenture for the ATI 7.25% Notes permit our subsidiaries to make distributions to us to permit us to meet our debt service obligations, such terms also significantly limit their ability to distribute cash to us under certain circumstances. Accordingly, if we do not receive sufficient funds from our subsidiaries to meet our debt service obligations, we may be required to refinance or renegotiate the terms of our debt, and there is no assurance we will succeed in such efforts.

Our ability to make scheduled payments of principal and interest on our debt obligations, and our ability to refinance such debt obligations, will depend on our future financial performance, which is subject to many factors beyond our control, as outlined above in Item 1A of this annual report under the caption Risk Factors.

In addition, our ability to refinance any of our debt in the future may depend on our credit ratings from commercial rating agencies, which are dependent on our expected financial performance, the liquidity factors discussed above, and the rating agencies outlook for our industry. There can be no assurance that we will be able to secure such refinancings or, if such refinancings are obtained, that the terms will be commercially reasonable.

Capital Markets. Our ability to raise additional funds in the capital markets depends on, among other things, general economic conditions, conditions of the wireless industry, our financial performance and the state of the capital markets. In April 2004, the SEC declared effective our universal shelf registration statement for possible future offerings of an aggregate of up to $1.0 billion of debt and/or equity securities. As of December 31, 2005, we had not conducted any offerings pursuant to our universal shelf registration statement.

Critical Accounting Policies and Estimates

Management s discussion and analysis of financial condition and results of operations are based upon our 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, purchase price allocation, asset retirement obligations, stock-based compensation, impairment of assets and revenue recognition. 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 identified the following policies as critical to an understanding of our results of operations and financial condition. This is not a comprehensive list of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, with no need for management s judgment in its application. There are also areas in which management s judgment in selecting any available alternative would not produce a materially different result. For a discussion of our other accounting policies, see note 1 to our consolidated financial statements included in this Form 10-K/A, beginning on page F-7.

Income Taxes. We record a valuation allowance to reduce our net deferred tax asset to the amount that management believes is more likely than not to be realized. At December 31, 2005, we have provided a valuation allowance of approximately $348.8 million, including approximately $173.3 million attributable to SpectraSite, primarily related to certain net operating loss and capital loss carryforwards. Approximately $161.5 million of the SpectraSite valuation allowance was assumed as of the acquisition date. The balance of the valuation allowance primarily relates to net state deferred tax assets. We have not provided a valuation allowance for the remaining deferred tax assets, primarily our federal net operating loss carryforwards, as we believe that we will have sufficient time to realize these federal net operating loss carryforwards during the twenty-year tax carryforward period.

We intend to recover a portion of our deferred tax asset through our federal income tax refund claims related to the carry back of certain federal net operating losses. In June 2003 and October 2003, we filed federal income tax refund claims with the IRS relating to the carry back of $380.0 million of net operating losses generated prior to 2003, of which we initially anticipated receiving approximately $90.0 million. Based on preliminary discussions with tax authorities, we revised our estimate of the net realizable value of our federal income tax refund claims and anticipate receiving a refund of approximately $65.0 million as a result of these claims by the end of 2006. There can be no assurances, however, with respect to the specific amount and timing of any refund.

The recoverability of our remaining net deferred tax asset has been assessed utilizing stable state (no growth) projections based on our current operations. The projections show a significant decrease in depreciation and interest expense in the later years of the carryforward period as a result of a significant portion of our assets being fully depreciated during the first fifteen years of the carryforward period and debt repayments reducing interest expense. Accordingly, the recoverability of our net deferred tax asset is not dependent on material improvements to operations, material asset sales or other non-routine transactions. Based on our current outlook of future taxable income during the carryforward period, management believes that our net deferred tax asset will be realized. The realization of our deferred tax assets will be dependent upon our ability to generate approximately $1.3 billion in taxable income from January 1, 2006 to December 31, 2025. If we are unable to generate sufficient taxable income in the future or carry back losses as described above, we will be required to reduce our net deferred tax asset through a charge to income tax expense.

From time to time, we are subject to examination by various tax authorities in jurisdictions in which we have significant business operations, and we regularly assess the likelihood of additional assessments in each of the tax jurisdictions resulting from these examinations. During the year ended December 31, 2005, we recorded a $29.5 million income tax provision to reflect a reduction in management s estimate of the net realizable value of our pending federal tax refund claims as described above. We believe that adequate provisions have been made for income taxes for all periods through December 31, 2005.

Depending on the resolution of the Verestar bankruptcy proceedings described in notes 4 and 10 to the consolidated financial statements, we may be entitled to a worthless stock or bad debt deduction for our investment in Verestar. No income tax benefit has been provided for these potential deductions due to the uncertainty surrounding the bankruptcy proceedings.

Purchase Price Allocation. We account for our acquisitions under the purchase method of accounting in accordance with SFAS No. 141 Business Combinations (SFAS No. 141), which provides that purchase prices be allocated to the net assets acquired and the liabilities assumed based on their estimated fair values at the date of acquisition. In the case of tower assets acquired through the purchase of a business, such as our merger with SpectraSite, Inc., we allocate the purchase price to the assets acquired and liabilities assumed at their estimated fair values as of the date of acquisition, and the excess of the purchase price paid over the estimated fair value of net assets acquired is recorded as residual goodwill. We completed our merger with SpectraSite, Inc. in August 2005 for a total preliminary purchase price of approximately $3.1 billion, including the fair value of shares of Class A common stock issued, the fair value of options and warrants assumed and estimated transaction costs. We are in the process of finalizing a third-party valuation of SpectraSite s property and equipment, intangible assets and certain other assets and liabilities. Given the size of the SpectraSite transaction, the values of certain assets and liabilities are based on preliminary valuations and are subject to adjustment as additional information on management s estimates and assumptions is obtained and the third-party valuation is finalized. The primary areas of the purchase price allocation that are not yet finalized relate to the fair values of property and equipment, intangibles, restructuring and merger related liabilities, other assumed liabilities, deferred income taxes and residual goodwill of approximately $1.5 billion. Changes to the valuation of these items may result in adjustments to the overall purchase price allocation of these items and the related depreciation and amortization.

Asset Retirement Obligations. We comply with the provisions of SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143) and the provisions of FIN No. 47. Both pronouncements address the financial accounting and reporting requirements for conditional obligations associated with our legal obligation to retire tangible long-lived assets and the related asset retirement costs, principally obligations to remediate leased land on which certain of our tower assets are located. Under these accounting principles, we recognize asset retirement obligations in the period in which they are incurred, if a reasonable estimate of a fair value can be made, and we accrete such liability through the obligation s estimated settlement date. The associated retirement costs are capitalized as part of the carrying amount of the related tower fixed assets and depreciated over their estimated useful life.

As of December 31, 2005, we adopted the provisions of FIN No. 47 and recognized a $35.5 million charge (net of an $11.7 million tax benefit) as a cumulative effect of a change in accounting principle in the consolidated statement of operations for the year ended December 31, 2005. This adoption also increased our aggregate asset retirement obligation by approximately $114.0 million to $164.2 million as of December 31, 2005 and resulted in an increase to tower assets included in property and equipment, net of $66.9 million. The adoption of FIN No. 47 primarily resulted in the acceleration of our settlement date assumptions, as FIN No. 47 precludes us from considering non contractual lease renewal periods in determining our settlement date assumptions. Fair value estimates of liabilities for asset retirement obligations generally involve discounted future cash flows, and periodic accretion of such liabilities due to the passage of time is recorded as an operating expense. The significant assumptions used in estimating the Company s aggregate asset retirement obligation are: timing of tower removals; cost of tower removals; timing and number of land lease renewals; expected inflation rates; and credit-adjusted risk-free interest rates that approximate our incremental borrowing rate. While we feel the assumptions are appropriate, there can be no assurances that actual costs and the probability of incurring obligations will not differ from these estimates. We will continue to review these assumptions periodically and we may need to adjust them as necessary.

Stock-Based Compensation. We measure compensation expense for our stock-based employee compensation plans using the intrinsic value method prescribed by APB Opinion No. 25, Accounting for Stock Issued to Employees (APB No. 25). Under the intrinsic value method, compensation expense associated with fixed awards is the excess, if any, of the quoted market price of the stock at the accounting measurement date over the amount an employee must pay to acquire the stock. Under APB No. 25, compensation expense is measured as of the date an award has received approval by relevant authority, the number of shares and exercise price are fixed and allocation to specific individuals has occurred. Generally, this occurs on the date the grant is approved by the compensation committee of our Board of Directors, or, if grant authority has been delegated to management, when the shares are allocated to specific individuals. The stock-based compensation expense for an award is recognized over the vesting period using the ratable method, whereby an equal amount of expense is recognized for each year of vesting. The actual accounting measurement dates determined in the course of our recent investigation of our stock option granting practices are based on a review of supporting approval documentation and other extrinsic evidence of awards.

While our financial statements have used the above measure, Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS No. 123) also historically required that we present in the footnotes to our financial statements pro forma financial results as if a fair value method of accounting for an employee stock option or similar equity instrument were applied. Under SFAS No. 123, the fair value of the stock option is determined using an option-pricing model that takes into account the stock price at the accounting measurement date, the exercise price, the expected life of the option, the volatility of the underlying stock and its expected dividends, and the risk-free interest rate over the expected life of the option. These assumptions are highly subjective and changes in them could significantly impact the value of the option and hence the pro forma compensation expense.

During the year ended December 31, 2005, we re-evaluated the assumptions used to estimate the fair value of stock options issued to employees and related disclosure of pro forma expense. As a result, we lowered our expected volatility assumption for options granted after July 1, 2005 to approximately 30% and increased the expected life of option grants to 6.25 years using the simplified method permitted by SEC Staff Accounting Bulletin (SAB) No. 107, Share-Based Payment (SAB No. 107). We made this change based on a number of factors, including our execution of our strategic plans to sell non-core businesses, reduce leverage and refinance our debt and our merger with SpectraSite. We had previously based our volatility assumptions on historical volatility since inception, which included periods when our capital structure was more highly leveraged than current levels and expected levels for the foreseeable future. Our estimate of future volatility is based on our consideration of all available information, including historical volatility, implied volatility of publicly traded options, our current capital structure and our publicly announced future business plans.

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In December 2004, the FASB issued SFAS No. 123R, Share-Based Payments (SFAS No. 123R) which supersedes APB No. 25 and amends SFAS No. 95, Statement of Cash Flows. We adopted SFAS No. 123R as of January 1, 2006 under the modified prospective method, in which compensation cost for all share-based payments granted or modified after the effective date is recognized based upon the requirements of SFAS No. 123R. SFAS No. 123R primarily resulted in a change in our method of measuring and recognizing the fair value of option awards and estimating forfeitures for all unvested awards. Under SFAS No. 123R, the fair value of the stock option is determined in the same manner as the pro forma compensation cost under SFAS No. 123 and adjusted for estimated forfeitures. These fair value and forfeiture assumptions are highly subjective and changes in them could significantly impact the value of the option and hence the compensation expense. For more information on SFAS No. 123R, see Recent Accounting Pronouncements below.

Impairment of Assets.

Assets Subject to Depreciation and Amortization and Non-Core Long-Lived Assets Held for Sale: We review long-lived assets, including intangibles, for impairment whenever events, changes in circumstances or our review of our tower portfolio indicate that the carrying amount of an asset may not be recoverable. Our tower portfolio review includes sites for which we have no current tenant leases. We assess recoverability by determining whether the net book value of the related assets will be recovered through projected undiscounted cash flows, as well as through other analytical methods. If we determine that the carrying value of an asset may not be recoverable, we will measure any impairment based on the projected future discounted cash flows to be provided from the asset or available market information relative to the asset s fair market value as compared to its carrying value. We record any related impairment losses in the period in which we identify such impairment. We also review the carrying value of assets held for sale for impairment based on management s best estimate of the anticipated net proceeds expected to be received upon final disposition. We record any impairment charges or estimated losses on disposal in the period in which we identify such impairment or loss.

Goodwill Assets Not Subject to Amortization: We perform our annual goodwill impairment test on December 1 of each year and when events or circumstances indicate that the asset might be impaired. In December 2005, 2004 and 2003, we completed our annual impairment testing related to the goodwill of our rental and management segment and determined that goodwill was not impaired. Fair value estimates are based on our historical and projected operating results and market information, changes to which could affect those fair value estimates. Our December 2005 annual impairment testing included $1.5 billion of goodwill acquired in our merger with SpectraSite, Inc.

Revenue Recognition. Rental and management revenues are recognized on a monthly basis under lease or management agreements when earned, regardless of whether the payments from the customer are received in equal monthly amounts. Fixed escalation clauses present in non-cancelable lease agreements, excluding those tied to the Consumer Price Index (CPI) or other inflation-based indices, and other incentives present in lease agreements with our customers are recognized on a straight-line basis over the terms of the applicable leases. Straight-line revenues for the years ended December 31, 2005, 2004 and 2003 approximated $30.3 million, $24.8 million and $22.9 million respectively. Amounts billed up-front for certain services provided in connection with the execution of lease agreements are initially deferred and recognized as revenue over the terms of the applicable leases. Amounts billed or received prior to being earned are deferred and reflected in unearned revenue in the consolidated balance sheets until such time as the earnings process is complete.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment (SFAS No. 123R). SFAS No. 123R revises SFAS No. 123 Accounting for Stock-Based Compensation (SFAS No. 123), supersedes Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, (APB No. 25) and amends SFAS No. 95, Statement of Cash Flows. This statement addressed the accounting for share-based payments to employees, including grants of employee stock options. Under the new

standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB No. 25. Instead, companies will be required to account for such transactions using a fair-value method and recognize the related expense associated with share-based payments in the statement of operations. SFAS No. 123R is effective for us as of January 1, 2006. We have historically accounted for share-based payments to employees under APB No. 25 s intrinsic value method. We will adopt the provisions of SFAS No. 123R under the modified prospective method, in which compensation cost for all share-based payments granted or modified after the effective date is recognized based upon the requirements of SFAS No. 123R and compensation cost for all awards granted to employees prior to the effective date that are unvested as of the effective date of SFAS No. 123R is recognized based on SFAS No. 123. Tax benefits will be recognized related to the cost for share-based payments to the extent the equity instrument would ordinarily result in a future tax deduction under existing law. Tax expense will be recognized to write off excess deferred tax assets when the tax deduction upon settlement of a vested option is less than the expense recorded in the statement of operations. We estimate that we will recognize stock-based compensation expense of approximately $38 million to $40 million for the year ending December 31, 2006 under the provisions of SFAS No. 123R. This amount is subject to revisions as we finalize certain assumptions related to 2006, including the size and nature of awards and forfeiture rates. SFAS No. 123R also requires the benefits of tax deductions in excess of recognized compensation cost be reported as a financing cash flow rather than as operating cash flow as was previously required. We cannot estimate what the future tax benefits will be as the amounts depend on, among other factors, future employee stock option exercises. Due to the our tax loss position, there was no operating cash inflow realized for December 31, 2005 and 2004 for such excess tax deductions.

In March 2005, the SEC issued SAB No. 107 regarding the Staff s interpretation of SFAS No. 123R. This interpretation provides the Staff s views regarding interactions between SFAS No. 123R and certain SEC rules and regulations and provides interpretations of the valuation of share-based payments for public companies. The interpretive guidance is intended to assist companies in applying the provisions of SFAS No. 123R and investors and users of the financial statements in analyzing the information provided. We will follow the guidance prescribed in SAB No. 107 in connection with our adoption of SFAS No. 123R.

Information Presented Pursuant to the Indentures of our 7.50% Notes, 7.125% Notes and ATI 7.25% 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, 7.125% Notes and ATI 7.25% Notes (collectively, the Notes). The information contained in note 21 to our consolidated financial statements is also presented to address certain reporting requirements contained in the indenture for our ATI 7.25% Notes.

The indentures governing the 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 the outstanding Notes. In order for the holders of the Notes to assess our compliance with certain of these covenants, the indentures require us to 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 the 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 December 31, 2005, the ratio of our consolidated debt to Adjusted Consolidated Cash Flow was approximately 5.5. For more information about the restrictions under our notes indentures, see note 8 to our consolidated financial statements included in this annual report 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.

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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 the Notes, and we have included them below because we consider the indentures for the 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 December 31, 2005	$ 139,590
Consolidated Cash Flow, for the twelve months ended December 31, 2005	$ 496,783
Less: Tower Cash Flow, for the twelve months ended December 31, 2005	(524,804)
Plus: four times Tower Cash Flow, for the three months ended December 31, 2005	558,360
Adjusted Consolidated Cash Flow, for the twelve months ended December 31, 2005	$ 530,339
Non-Tower Cash Flow, for the twelve months ended December 31, 2005	$ (32,067)

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ITEM 7A. 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 and caps. All derivative financial instruments were entered into for purposes other than trading. During the year ended December 31, 2005, we repurchased, redeemed and converted $605.7 million face amount of outstanding debt securities for $501.7 million in cash, including the repurchase of $270.6 million face amount ($177.8 million accreted value) of ATI 12.25% Notes, the redemption of $274.9 million principal amount of 9 3/8% Notes and the conversion of $57.1 million principal amount of 3.25% Notes. In connection with our merger with SpectraSite, Inc. we also assumed $702.5 million of debt at fair value consisting primarily of borrowings outstanding under the previous SpectraSite credit facility.

The following tables provide information as of December 31, 2005 and 2004 about our market risk exposure associated with changing interest rates. For long-term debt obligations, the tables present principal cash flows by maturity date and average interest rates related to outstanding obligations. For interest rate caps and swaps, the tables present notional principal amounts and weighted-average interest rates by contractual maturity dates.

As of December 31, 2005

Principal Payments and Interest Rate Detail by Contractual Maturity Dates

(In thousands, except percentages)

Long-Term Debt	2006	2007	2008	2009	2010	Thereafter	Total	Fair Value
Fixed Rate Debt(a)	$ 229,570	$ 276,967	$ 873	$ 521	$ 153,458	$ 1,525,291	$ 2,186,680	$ 2,525,886
Average Interest Rate(a)	6.64%	6.89%	6.94%	6.04%	6.08%	6.20%		
Variable Rate Debt(a)					$ 1,493,000		$ 1,493,000	$ 1,494,813
Average Interest Rate(a)								

Aggregate Notional Amounts Associated with Interest Rate Caps and Swaps in Place

As of December 31, 2005 and Interest Rate Detail by Contractual Maturity Dates

(In thousands, except percentages)

Interest Rate CAPS	2006	2007	2008	2009	2010	Thereafter	Total	Fair Value
Notional Amount	$ 175,000(b)	$ 25,000(c)					$ 200,000	$ 0
Cap Rate(e)	7.00%	8.00%						
Notional Amount	$ 350,000(d)						$ 350,000	$ 0
Cap Rate(e)	6.00%							

Interest Rate SWAPS	2006	2007	2008	2009	2010	Thereafter	Total	Fair Value
Notional Amount				$ 300,000(f)			$ 300,000	$ 9,679
Fixed Rate				3.88%				
Notional Amount					$ 300,000(g)		$ 300,000	$ 49
Fixed Rate					4.75%			
Notional Amount					$ 100,000(h)		$ 100,000	$ (909)
Fixed Rate					4.95%			

Notional Amount	$ 50,000(i)	$ 50,000	$ 0
Fixed Rate	4.88%		

As of December 31, 2004

Principal Payments and Interest Rate Detail by Contractual Maturity Dates

(In thousands, except percentages)

Long-Term Debt	2005	2006	2007	2008	2009	Thereafter	Total	Fair Value
Fixed Rate Debt(a)	$ 134,386	$ 15,999	$ 275,742	$ 497,849	$ 141,402	$ 1,723,477	$ 2,788,855	$ 2,907,189
Average Interest Rate(a)	7.23%	7.39%	7.78%	7.35%	5.92%	6.09%		
Variable Rate Debt(a)	$ 4,000	$ 26,500	$ 56,500	$ 64,000	$ 64,000	$ 483,000	$ 698,000	$ 704,228
Average Interest Rate(a)								

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Aggregate Notional Amounts Associated with Interest Rate Caps in Place

As of December 31, 2004 and Interest Rate Detail by Contractual Maturity Dates

(In thousands, except percentages)

Interest Rate CAPS	2005	2006
Notional Amount(d)	$ 350,000	$ 350,000
Cap Rate(e)	6.00%	6.00%

(a) As of December 31, 2005, variable rate debt consists of the new American Tower and SpectraSite credit facilities ($1,493.0 million) that were refinanced on October 27, 2005, which are included above based on their October 27, 2010 maturity dates. As of December 31, 2005, fixed rate debt consists of: the 2.25% convertible notes due 2009 (2.25% Notes) ($0.1 million); the 7.125% Notes ($500.0 million principal amount due at maturity; the balance as of December 31, 2005 is $501.9 million); the 5.0% Notes ($275.7 million); the 3.25% Notes ($152.9 million); the 7.50% Notes ($225.0 million); the ATI 7.25% Notes ($400.0 million); the ATI 12.25% Notes ($227.7 million principal amount due at maturity; the balance as of December 31, 2005 is $160.3 million accreted value, net of the allocated fair value of the related warrants of $7.2 million); the 3.00% Notes ($345.0 million principal amount due at maturity; the balance as of December 31, 2005 is $344.4 million accreted value) and other debt of $60.4 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 December 31, 2005 for our credit facilities was 4.71%. For the year ended December 31, 2005, the weighted average interest rate under our credit facilities was 5.03%.