AMERICAN TOWER CORP /MA/
Form 10-Q
August 02, 2012
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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

(Mark One):

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. For the quarterly period ended June 30, 2012.**

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

**Commission File Number: 001-14195**

# AMERICAN TOWER CORPORATION

**(Exact name of registrant as specified in its charter)**

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

**116 Huntington Avenue**

**Boston, Massachusetts 02116**

**(Address of principal executive offices)**

**Telephone Number (617) 375-7500**

**(Registrant s telephone number, including area code)**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

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

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

As of July 20, 2012, there were 395,158,017 shares of common stock outstanding.

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**AMERICAN TOWER CORPORATION**

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**QUARTERLY REPORT ON FORM 10-Q**

**FOR THE QUARTER ENDED JUNE 30, 2012**

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS Unaudited**

**(in thousands, except share data)**

| | June 30, 2012 | December 31, 2011 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 481,937 | $ 330,191 |
| Restricted cash | 38,760 | 42,770 |
| Short-term investments and available-for-sale securities | 29,492 | 22,270 |
| Accounts receivable, net | 99,181 | 100,792 |
| Prepaid and other current assets | 240,653 | 254,750 |
| Deferred income taxes | 28,986 | 29,596 |
| Total current assets | 919,009 | 780,369 |
| PROPERTY AND EQUIPMENT, net | 5,079,729 | 4,894,205 |
| GOODWILL | 2,714,718 | 2,670,342 |
| OTHER INTANGIBLE ASSETS, net | 2,569,999 | 2,511,380 |
| DEFERRED INCOME TAXES | 213,779 | 206,711 |
| DEFERRED RENT ASSET | 687,497 | 609,529 |
| NOTES RECEIVABLE AND OTHER LONG-TERM ASSETS | 524,628 | 557,278 |
| TOTAL | $ 12,709,359 | $ 12,229,814 |
| **LIABILITIES AND EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 201,386 | $ 216,448 |
| Accrued expenses | 325,056 | 304,208 |
| Distributions payable | 86,994 | |
| Accrued interest | 73,776 | 65,729 |
| Current portion of long-term obligations | 127,867 | 101,816 |
| Unearned revenue | 91,414 | 92,708 |
| Total current liabilities | 906,493 | 780,909 |
| LONG-TERM OBLIGATIONS | 7,337,552 | 7,134,492 |
| ASSET RETIREMENT OBLIGATIONS | 379,358 | 344,180 |
| OTHER LONG-TERM LIABILITIES | 599,766 | 560,091 |
| Total liabilities | 9,223,169 | 8,819,672 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **EQUITY:** | | |
| Preferred stock: $.01 par value; 20,000,000 shares authorized; no shares issued or outstanding | | |

| | | |
|---|---|---|
| Common stock: $.01 par value, 1,000,000,000 shares authorized, 395,204,787 and 393,642,079 shares issued, and 395,035,260 and 393,642,079 shares outstanding, respectively | 3,952 | 3,936 |
| Additional paid-in capital | 4,946,255 | 4,903,800 |
| Distributions in excess of earnings | (1,378,518) | (1,477,899) |
| Accumulated other comprehensive loss | (203,303) | (142,617) |
| Treasury stock (169,527 and 0 shares at cost, respectively) | (10,838) | |
| Total American Tower Corporation equity | 3,357,548 | 3,287,220 |
| Non-controlling interest | 128,642 | 122,922 |
| Total equity | 3,486,190 | 3,410,142 |
| TOTAL | $ 12,709,359 | $ 12,229,814 |

See accompanying notes to unaudited condensed consolidated financial statements.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS Unaudited**

**(in thousands, except per share data)**

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| REVENUES: | | | | |
| Rental and management | $ 682,262 | $ 583,839 | $ 1,366,252 | $ 1,130,494 |
| Network development services | 15,472 | 13,396 | 27,999 | 29,436 |
| Total operating revenues | 697,734 | 597,235 | 1,394,251 | 1,159,930 |
| OPERATING EXPENSES: | | | | |
| Costs of operations (exclusive of items shown separately below): | | | | |
| Rental and management (including stock-based compensation expense of $202, $0, $399 and $0, respectively) | 165,060 | 144,330 | 328,784 | 272,189 |
| Network development services (including stock-based compensation expense of $240, $0, $504 and $0, respectively) | 7,324 | 6,747 | 14,585 | 14,216 |
| Depreciation, amortization and accretion | 172,072 | 138,558 | 321,727 | 269,789 |
| Selling, general, administrative and development expense (including stock-based compensation expense of $13,109, $11,687, $25,693 and $24,045, respectively) | 76,848 | 72,321 | 156,432 | 138,453 |
| Other operating expenses | 5,944 | 9,490 | 27,791 | 21,194 |
| Total operating expenses | 427,248 | 371,446 | 849,319 | 715,841 |
| OPERATING INCOME | 270,486 | 225,789 | 544,932 | 444,089 |
| OTHER INCOME (EXPENSE): | | | | |
| Interest income, TV Azteca, net of interest expense of $371, $356, $742 and $728, respectively | 3,586 | 3,590 | 7,129 | 7,089 |
| Interest income | 2,283 | 2,711 | 4,536 | 5,015 |
| Interest expense | (100,233) | (74,512) | (195,350) | (148,939) |
| Loss on retirement of long-term obligations | | | (398) | |
| Other (expense) income (including unrealized foreign currency (losses) gains of $(114,876), $27,460, $(59,038) and $43,638, respectively) | (118,623) | 21,459 | (65,762) | 35,166 |
| Total other expense | (212,987) | (46,752) | (249,845) | (101,669) |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INCOME ON EQUITY METHOD INVESTMENTS | 57,499 | 179,037 | 295,087 | 342,420 |
| Income tax provision | (23,815) | (65,877) | (51,063) | (137,300) |
| Income on equity method investments | 5 | 11 | 23 | 12 |
| NET INCOME | 33,689 | 113,171 | 244,047 | 205,132 |
| Net loss attributable to non-controlling interest | 14,520 | 2,040 | 25,468 | 1,921 |
| NET INCOME ATTRIBUTABLE TO AMERICAN TOWER CORPORATION | $ 48,209 | $ 115,211 | $ 269,515 | $ 207,053 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| NET INCOME PER COMMON SHARE AMOUNTS: | | | | | | | | |
| Basic net income attributable to American Tower Corporation | $ | 0.12 | $ | 0.29 | $ | 0.68 | $ | 0.52 |
| Diluted net income attributable to American Tower Corporation | $ | 0.12 | $ | 0.29 | $ | 0.68 | $ | 0.52 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | | | | | | |
| Basic | | 394,743 | | 396,599 | | 394,314 | | 397,180 |
| Diluted | | 398,811 | | 400,250 | | 398,750 | | 401,199 |
| DISTRIBUTIONS DECLARED PER SHARE | $ | 0.22 | $ | | $ | 0.43 | $ | |

See accompanying notes to unaudited condensed consolidated financial statements.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME Unaudited**

**(in thousands)**

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| Net income | $ 33,689 | $ 113,171 | $ 244,047 | $ 205,132 |
| Other comprehensive (loss) income: | | | | |
| Net change in fair value of cash flow hedges, net of tax | (1,145) | | (1,528) | 1,977 |
| Reclassification of unrealized losses on cash flow hedges to net income, net of tax | 150 | 30 | 198 | 166 |
| Net unrealized losses on available-for-sale securities, net of tax | | (20) | | (80) |
| Reclassification of unrealized losses on available-for-sale securities to net income | | | 495 | |
| Foreign currency translation adjustments | (112,048) | 8,044 | (75,139) | 22,354 |
| Other comprehensive (loss) income | (113,043) | 8,054 | (75,974) | 24,417 |
| Comprehensive (loss) income | (79,354) | 121,225 | 168,073 | 229,549 |
| Comprehensive loss attributable to non-controlling interest | 21,942 | 2,040 | 40,756 | 1,921 |
| Comprehensive (loss) income attributable to American Tower Corporation | $ (57,412) | $ 123,265 | $ 208,829 | $ 231,470 |

See accompanying notes to the unaudited condensed consolidated financial statements.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS Unaudited**

**(in thousands)**

| | Six Months Ended June 30, 2012 | 2011 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 244,047 | $ 205,132 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Stock-based compensation expense | 26,596 | 24,045 |
| Depreciation, amortization and accretion | 321,727 | 269,789 |
| Other non-cash items reflected in statements of operations | 112,660 | 101,783 |
| Increase in net deferred rent asset | (59,590) | (45,057) |
| Decrease in restricted cash | 4,083 | 272 |
| Decrease (increase) in assets | 33,478 | (26,913) |
| Increase in liabilities | 79,874 | 30,287 |
| Cash provided by operating activities | 762,875 | 559,338 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments for purchase of property and equipment and construction activities | (226,402) | (236,580) |
| Payments for acquisitions, net of cash acquired | (532,860) | (892,554) |
| Proceeds from sale of short-term investments, available-for-sale securities and other long-term assets | 192,977 | 60,882 |
| Payments for short-term investments | (198,174) | (14,158) |
| Deposits, restricted cash, investments and other | (2,450) | 25,123 |
| Cash used for investing activities | (766,909) | (1,057,287) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from short-term borrowings | 17,127 | 101,129 |
| Borrowings under credit facilities | 1,325,000 | 100,000 |
| Proceeds from issuance of senior notes | 698,670 | |
| Proceeds from term loan credit facility | 750,000 | |
| Proceeds from other long-term borrowings | 77,699 | 30,241 |
| Repayments of notes payable, credit facilities and capital leases | (2,652,458) | (127,559) |
| Contributions from non-controlling interest holders, net | 46,476 | |
| Purchases of common stock | (27,177) | (231,583) |
| Proceeds from stock options | 31,134 | 40,228 |
| Distributions | (82,881) | |
| Deferred financing costs and other financing activities | (13,300) | 30,164 |
| Cash provided by (used for) financing activities | 170,290 | (57,380) |
| Net effect of changes in foreign currency exchange rates on cash and cash equivalents | (14,510) | 3,908 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 151,746 | (551,421) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 330,191 | 883,963 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 481,937 | $ 332,542 |
| NET CASH PAID FOR INCOME TAXES | $ 12,776 | $ 28,295 |

| | | | | |
|---|---|---|---|---|
| CASH PAID FOR INTEREST | $ | 171,661 | $ | 121,420 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | | |
| DECREASE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES FOR PURCHASES OF PROPERTY AND EQUIPMENT AND CONSTRUCTION ACTIVITIES | $ | (6,978) | $ | (8,488) |
| PURCHASES OF PROPERTY, PLANT AND EQUIPMENT UNDER CAPITAL LEASES | $ | 6,021 | $ | 2,925 |

See accompanying notes to unaudited condensed consolidated financial statements.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY Unaudited**

**(in thousands, except share data)**

| | Common Stock | | Treasury Stock | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Issued Shares** | **Amount** | **Shares** | **Amount** | **Additional Paid-in Capital** | **Accumulated Other Comprehensive Income (Loss)** | **Earnings (Distributions) in Excess of Distributions (Earnings)** | **Non-controlling Interest** | **Total Equity** |
| BALANCE, JANUARY 1, 2011 | 486,056,952 | $ 4,860 | (87,379,718) | $ (3,381,966) | $ 8,577,093 | $ 38,053 | $ (1,736,596) | $ 3,114 | $ 3,504,558 |
| Stock-based compensation related activity | 1,639,588 | 16 | | | 51,795 | | | | 51,811 |
| Issuance of common stock-Stock Purchase Plan | 43,485 | 1 | | | 1,886 | | | | 1,887 |
| Treasury stock activity | | | (4,364,184) | (224,749) | | | | | (224,749) |
| Net change in fair value of cash flow hedges, net of tax | | | | | | 1,977 | | | 1,977 |
| Reclassification of unrealized losses on cash flow hedges to net income, net of tax | | | | | | 166 | | | 166 |
| Net unrealized losses on available-for-sale securities, net of tax | | | | | | (80) | | | (80) |
| Foreign currency translation adjustment | | | | | | 22,354 | | | 22,354 |
| Contributions from non-controlling interest | | | | | | | | 36,990 | 36,990 |
| Distributions to non-controlling interest | | | | | | | | (258) | (258) |
| Net income (loss) | | | | | | | 207,053 | (1,921) | 205,132 |
| BALANCE, JUNE 30, 2011 | 487,740,025 | $ 4,877 | (91,743,902) | $ (3,606,715) | $ 8,630,774 | $ 62,470 | $ (1,529,543) | $ 37,925 | $ 3,599,788 |
| BALANCE, JANUARY 1, 2012 | 393,642,079 | $ 3,936 | | $ | $ 4,903,800 | $ (142,617) | $ (1,477,899) | $ 122,922 | $ 3,410,142 |
| Stock-based compensation related activity | 1,515,284 | 15 | | | 40,093 | | | | 40,108 |
| Issuance of common stock Stock Purchase Plan | 47,424 | 1 | | | 2,362 | | | | 2,363 |
| Treasury stock activity | | | (169,527) | (10,838) | | | | | (10,838) |
| Net change in fair value of cash flow hedges | | | | | | (1,146) | | (382) | (1,528) |
| Reclassification of unrealized losses on cash flow hedges to net income | | | | | | 198 | | | 198 |
| Reclassification of unrealized losses on available-for-sale securities to net income | | | | | | 495 | | | 495 |
| Foreign currency translation adjustment | | | | | | (60,233) | | (14,906) | (75,139) |
| | | | | | | | | 46,781 | 46,781 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Contributions from non-controlling interest | | | | | | | | | |
| Distributions to non-controlling interest | | | | | | | | (305) | (305) |
| Dividends/distributions declared | | | | | | | (170,134) | | (170,134) |
| Net income (loss) | | | | | | | 269,515 | (25,468) | 244,047 |
| BALANCE, JUNE 30, 2012 | 395,204,787 | $ 3,952 | (169,527) | $ (10,838) | $ 4,946,255 | $ (203,303) | $ (1,378,518) | $ 128,642 | $ 3,486,190 |

See accompanying notes to unaudited condensed consolidated financial statements.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

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

American Tower Corporation is, through its various subsidiaries (collectively, ATC or the Company ), an independent owner, operator and developer of wireless and broadcast communications sites in the United States, Brazil, Chile, Colombia, Ghana, India, Mexico, Peru, South Africa and Uganda. The Company s primary business is the leasing of antenna space on multi-tenant communications sites to wireless service providers, radio and television broadcast companies, wireless data providers, government agencies and municipalities and tenants in a number of other industries. The Company also manages rooftop and tower sites for property owners, operates in-building and outdoor distributed antenna system ( DAS ) networks, holds property interests under communications sites and provides network development services that primarily support its rental and management operations and the addition of new tenants and equipment on its sites. The Company began operating as a real estate investment trust ( REIT ) for federal income tax purposes effective January 1, 2012.

ATC is a holding company that conducts its operations through its directly and indirectly owned subsidiaries and its joint ventures. ATC s principal domestic operating subsidiaries are American Towers LLC and SpectraSite Communications, LLC. ATC conducts its international operations through its subsidiary, American Tower International, Inc., which in turn conducts operations through its various international operating subsidiaries and joint ventures.

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ( SEC ). The financial information included herein is unaudited; however, the Company believes that all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the Company s financial position and results of operations for such periods have been included. Results of interim periods may not be indicative of results for the full year. Subsequent events have been evaluated up to the date of issuance of these financial statements. These condensed consolidated financial statements and related notes should be read in conjunction with the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

*REIT Conversion* In May 2011, the Company announced its intention to reorganize to qualify as a REIT for federal income tax purposes (the REIT Conversion ). Effective December 31, 2011, the Company completed the merger with its predecessor ( American Tower ) that was approved by the Company s stockholders in November 2011. At the time of the merger all outstanding shares of Class A common stock of American Tower were converted into a right to receive an equal number of shares of common stock of the surviving corporation. In addition, each share of Class A common stock of American Tower held in treasury at December 31, 2011 ceased to be outstanding, and a corresponding adjustment was recorded to additional paid-in capital and common stock.

The Company believes that since January 1, 2012, it has been organized and has operated in a manner that enables it to qualify, and intends to continue to operate in a manner that will allow it to continue to qualify, as a REIT for federal income tax purposes.

The Company holds and operates certain of its assets through one or more taxable REIT subsidiaries ( TRSs ). A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax. The Company s use of TRSs enables it to continue to engage in certain businesses while complying with REIT qualification requirements and also allows the Company to retain income generated by these businesses for reinvestment without the requirement of distributing those earnings. The non-REIT qualified businesses that the Company holds through TRSs include its network development services segment. In addition, the Company has included its international operations and DAS networks business within its TRSs. In the future, the Company may elect to

**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

reorganize and transfer certain assets or operations, such as its international operations, from its TRSs to other subsidiaries, including qualified REIT subsidiaries or other disregarded entities ( QRSs ).

As a REIT, the Company generally will not be subject to federal income taxes on its income and gains that the Company distributes to its stockholders, including the income derived from leasing towers. However, even as a REIT, the Company will remain obligated to pay income taxes on earnings from all of its TRS assets. In addition, the Company s international assets and operations continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted.

*Principles of Consolidation and Basis of Presentation* The accompanying condensed consolidated financial statements include the accounts of the Company and those entities in which it has a controlling interest. Investments in entities that the Company does not control are accounted for using the equity or cost method, depending upon the Company s ability to exercise significant influence over operating and financial policies. All intercompany accounts and transactions have been eliminated.

*Significant Accounting Policies and Use of Estimates* The preparation of financial statements in conformity with accounting principles generally accepted in the United States ( GAAP ) requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results may differ from those estimates, and such differences could be material to the accompanying condensed consolidated financial statements. The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued as additional evidence for certain estimates or to identify matters that require additional disclosure.

*Recently Adopted Accounting Standards* In May 2011, the Financial Accounting Standards Board ( FASB ) amended its guidance related to fair value measurement and disclosure. This guidance clarifies existing measurement and disclosure requirements and results in greater consistency between GAAP and International Financial Reporting Standards. This guidance became effective prospectively for interim and annual periods beginning on or after December 15, 2011. The implementation of this guidance did not have a material impact on the Company s condensed consolidated results of operations or financial position.

In September 2011, the FASB issued guidance on testing goodwill for impairment that became effective for the interim and annual periods beginning on or after December 15, 2011 (with early adoption permitted). Under the new guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the entity determines that it is more likely than not that the carrying value of a reporting unit is less than its fair value, then performing the two-step impairment test is unnecessary. The implementation of this guidance did not have an impact on the Company s condensed consolidated results of operations or financial position.

**2. Short-Term Investments and Available-For-Sale Securities**

As of June 30, 2012, short-term investments included investments with original maturities of three months or more of $29.5 million. As of December 31, 2011, short-term investments included investments with original maturities of three months or more of $22.3 million and available-for-sale securities of less than $0.1 million.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

### 3. Prepaid and Other Current Assets

Prepaid and other current assets consist of the following (in thousands):

| | As of June 30, 2012 | As of December 31, 2011 (1) |
|---|---|---|
| Prepaid assets | $ 85,336 | $ 59,312 |
| Prepaid operating ground leases | 57,551 | 54,756 |
| Value added tax and other consumption tax receivables | 38,518 | 81,277 |
| Other miscellaneous current assets | 59,248 | 59,405 |
| Balance | $ 240,653 | $ 254,750 |

(1) December 31, 2011 balances have been revised to reflect purchase accounting measurement period adjustments.

### 4. Goodwill and Other Intangible Assets

The changes in the carrying value of goodwill for the Company s business segments are as follows (in thousands):

| | Rental and Management | | Network Development Services | |
|---|---|---|---|---|
| | Domestic | International | | Total |
| Balance as of January 1, 2012 (1) | $ 2,244,612 | $ 423,730 | $ 2,000 | $ 2,670,342 |
| Additions | 1,374 | 55,438 | | 56,812 |
| Effect of foreign currency translation | | (12,436) | | (12,436) |
| Balance as of June 30, 2012 | $ 2,245,986 | $ 466,732 | $ 2,000 | $ 2,714,718 |

(1) Balances have been revised to reflect purchase accounting measurement period adjustments.

The Company s other intangible assets subject to amortization consist of the following ($ in thousands):

| | | As of June 30, 2012 | | | As of December 31, 2011 (3) | | |
|---|---|---|---|---|---|---|---|
| | Estimated Useful Lives (years) | Gross Carrying Value | Accumulated Amortization | Net Book Value | Gross Carrying Value | Accumulated Amortization | Net Book Value |
| Acquired network location (1) | Up to 20 | $ 1,669,593 | $ (692,091) | $ 977,502 | $ 1,543,066 | $ (654,137) | $ 888,929 |
| Acquired customer-related intangibles | 15-20 | 2,425,295 | (907,189) | 1,518,106 | 2,398,188 | (843,432) | 1,554,756 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Acquired licenses and other intangibles | 3-20 | 25,983 | (20,354) | 5,629 | 25,949 | (20,045) | 5,904 |
| Economic Rights, TV Azteca | 70 | 27,544 | (13,007) | 14,537 | 26,902 | (12,643) | 14,259 |
| Total | | 4,148,415 | (1,632,641) | 2,515,774 | 3,994,105 | (1,530,257) | 2,463,848 |
| Deferred financing costs, net (2) | N/A | | | 54,225 | | | 47,532 |
| Other intangible assets, net | | | | $ 2,569,999 | | | $ 2,511,380 |

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

(1) Acquired network location intangibles are amortized over a period of up to 20 years, as the Company considers these intangibles to be directly related to the tower assets.
(2) Deferred financing costs are amortized over the term of the respective debt instruments to which they relate using the effective interest method. This amortization is included in interest expense rather than in amortization expense.
(3) December 31, 2011 balances have been revised to reflect purchase accounting measurement period adjustments.

The acquired network location intangibles represent the value to the Company of the incremental revenue growth, which could potentially be obtained from leasing the excess capacity on acquired communications sites. The acquired customer-related intangibles typically represent the value to the Company of customer contracts and relationships in place at the time of an acquisition, including assumptions regarding estimated renewals. The acquired licenses and other intangibles consist primarily of non-competition agreements acquired from SpectraSite, Inc. and in other tower acquisitions.

The Company amortizes these intangibles on a straight-line basis over the estimated useful lives. As of June 30, 2012, the remaining weighted average amortization period of the Company s intangible assets, excluding the TV Azteca Economic Rights detailed in note 5 to the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011, was approximately 12 years. Amortization of intangible assets for the three and six months ended June 30, 2012 was approximately $55.7 million and $107.5 million (excluding amortization of deferred financing costs, which is included in interest expense), respectively. Amortization of intangible assets for the three and six months ended June 30, 2011 was approximately $45.1 million and $87.9 million (excluding amortization of deferred financing costs, which is included in interest expense), respectively. The Company expects to record amortization expense (excluding amortization of deferred financing costs) as follows over the next five years (in millions):

| **Fiscal Year** | |
|---|---|
| 2012 (remaining year) | $ 100.4 |
| 2013 | 193.9 |
| 2014 | 186.2 |
| 2015 | 173.3 |
| 2016 | 166.0 |
| 2017 | 164.4 |

**5. Financing Transactions**

*Revolving Credit Facility and Term Loan* On January 31, 2012, the Company repaid and terminated its $1.25 billion senior unsecured revolving credit facility and repaid $325.0 million of related term loan commitments, with proceeds from a $1.0 billion unsecured revolving credit facility entered into on April 8, 2011 (the 2011 Credit Facility ) and a new $1.0 billion unsecured revolving credit facility entered into on January 31, 2012 (the 2012 Credit Facility ).

*2011 Credit Facility* As of June 30, 2012, the Company did not have any amounts outstanding under the 2011 Credit Facility. The Company continues to maintain the ability to draw down and repay amounts under the 2011 Credit Facility in the ordinary course. The 2011 Credit Facility has a term of five years and matures on April 8, 2016.

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*2012 Credit Facility* On January 31, 2012, the Company entered into the 2012 Credit Facility, which has a term of five years and matures on January 31, 2017. Any outstanding principal and accrued but unpaid interest will be due and payable in full at maturity. The 2012 Credit Facility may be paid prior to maturity in whole or in part at the Company s option without penalty or premium.

The Company has the option of choosing either a defined base rate or the London Interbank Offered Rate ( LIBOR ) as the applicable base rate for borrowings under the 2012 Credit Facility. The interest rate ranges between 1.075% to 2.400% above LIBOR for LIBOR based borrowings or between 0.075% to 1.400% above the defined base rate for base rate borrowings, in each case based upon the Company s debt ratings. A quarterly commitment fee on the undrawn portion of the 2012 Credit Facility is required, ranging from 0.125% to 0.450% per annum, based upon the Company s debt ratings. The current margin over LIBOR that the Company would incur on borrowings is 1.625%, and the current commitment fee on the undrawn portion of the 2012 Credit Facility is 0.225%.

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

As of June 30, 2012, the Company did not have any amounts outstanding under the 2012 Credit Facility and had approximately $3.9 million of undrawn letters of credit. The Company continues to maintain the ability to draw down and repay amounts under the 2012 Credit Facility in the ordinary course.

*2012 Term Loan* On June 29, 2012, the Company entered into a $750.0 million unsecured term loan ( 2012 Term Loan ). The Company received net proceeds of approximately $746.4 million, of which $632.0 million were used to repay certain existing indebtedness under the 2012 Credit Facility.

The 2012 Term Loan has a term of five years and matures on June 29, 2017. Any outstanding principal and accrued but unpaid interest will be due and payable in full at maturity. The 2012 Term Loan may be paid prior to maturity in whole or in part at the Company s option without penalty or premium.

The Company has the option of choosing either a defined base rate or LIBOR as the applicable base rate. The interest rate ranges between 1.25% to 2.50% above LIBOR for LIBOR based borrowings or between 0.25% to 1.50% above the defined base rate for base rate borrowings, in each case based upon the Company s debt ratings. As of June 30, 2012, the interest under the 2012 Term Loan is LIBOR plus 1.75%.

The loan agreement contains certain reporting, information, financial and operating covenants and other restrictions (including limitations on additional debt, guaranties, sales of assets and liens) with which the Company must comply. Any failure to comply with the financial and operating covenants of the loan agreement would constitute a default, which could result in, among other things, the amounts outstanding, including all accrued interest and unpaid fees, becoming immediately due and payable.

As of June 30, 2012, the Company had $750.0 million outstanding under the 2012 Term Loan.

*Senior Notes Offering* On March 12, 2012, the Company completed a registered public offering of $700.0 million aggregate principal amount of its 4.70% senior notes due 2022 (the 4.70% Notes ). The net proceeds to

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the Company from the offering were approximately $693.0 million, after deducting commissions and expenses. The Company used the net proceeds to repay a portion of the outstanding indebtedness incurred under its 2011 Credit Facility and 2012 Credit Facility, which had been used to fund recent acquisitions.

The 4.70% Notes mature on March 15, 2022, and interest is payable semi-annually in arrears on March 15 and September 15, commencing on September 15, 2012. The Company may redeem the 4.70% Notes at any time at a redemption price equal to 100% of the principal amount, plus a make-whole premium, together with accrued interest to the redemption date. Interest on the notes will accrue from March 12, 2012 and be computed on the basis of a 360-day year comprised of twelve 30-day months.

If the Company undergoes a change of control and ratings decline, each as defined in supplemental indenture no. 5, dated March 12, 2012 (the Supplemental Indenture ) to the base indenture dated May 13, 2010, as amended and supplemented on December 30, 2011, the Company will be required to offer to repurchase all of the 4.70% Notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest up to but not including the repurchase date. The 4.70% Notes rank equally with all of the Company s other senior unsecured debt and are structurally subordinated to all existing and future indebtedness and other obligations of its subsidiaries. The Supplemental Indenture contains certain covenants that restrict the Company s ability to merge, consolidate or sell assets and its (together with its subsidiaries ) ability to incur liens. These covenants are subject to a number of exceptions, including that the Company and its subsidiaries may incur certain liens on assets, mortgages or other liens securing indebtedness, if the aggregate amount of such liens does not exceed 3.5x Adjusted EBITDA, as defined in the Supplemental Indenture.

*Colombian Short-Term Credit Facility* The Company s 141.1 billion Colombian Peso ( COP ) denominated short-term credit facility was executed on July 25, 2011 to refinance the credit facility entered into in connection with the purchase of the exclusive use rights for towers from Telefónica S.A. s Colombian subsidiary, Colombia Telecomunicaciones S.A. E.S.P. As of June 30, 2012, 141.1 billion COP (approximately $79.1 million) were outstanding under this credit facility. As of June 30, 2012, this facility accrued interest at 8.20% and was scheduled to mature on July 25, 2012. In July 2012, the Company repaid approximately 6.1 billion COP (approximately $3.4 million at the repayment date) under this credit facility and extended the maturity date to August 25, 2012, with a new interest rate of 8.18%.

*Colombian Bridge Loans* In connection with the acquisition of communications sites from Colombia Movil S.A. E.S.P., a subsidiary of the Company entered into a 51.9 billion COP denominated bridge loan in December 2011. As of June 30, 2012, this loan accrues interest at 7.95%. On February 22, 2012, this subsidiary borrowed an additional 30.7 billion COP under a new loan. As of June 30, 2012, this loan accrues interest at 7.95%. As of June 30, 2012, the aggregate principal amount outstanding under these combined loans was 82.6 billion COP (approximately $46.3 million) and the maturity dates were extended to September 22, 2012. In July 2012, the subsidiary borrowed an additional 6.9 billion COP (approximately $3.9 million at the date of the borrowings) under these loans.

*Colombian Loan* In connection with the establishment of the joint venture with Millicom International Cellular S.A. ( Millicom ) and the acquisition of communications sites in Colombia, ATC Colombia B.V., a 60% owned subsidiary of ATC, entered into a U.S. Dollar-denominated shareholder loan agreement (the Colombian Loan ), as the borrower, with a wholly owned subsidiary of the Company (the ATC Colombian Subsidiary ), and a wholly owned subsidiary of Millicom (the Millicom Subsidiary ), as the lenders. The Colombian Loan accrues interest at 8.30% and matures on February 22, 2022. The portion of the loans made by

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the ATC Colombian Subsidiary is eliminated in consolidation, and the portion of the loans made by the Millicom Subsidiary is reported as outstanding debt of ATC. As of June 30, 2012, an aggregate of $13.2 million was payable to the Millicom Subsidiary.

*South African Facility* The Company s 1.2 billion South African Rand ( ZAR ) credit facility (the South African Facility ) was executed in November 2011 to refinance the bridge loan entered into in connection with the acquisition of communications sites from Cell C (Pty) Limited ( Cell C ). As of June 30, 2012, the South African Facility accrues interest at 9.355% and matures on March 31, 2020. As of June 30, 2012, 687.0 million ZAR (approximately $84.1 million) was outstanding under the South African Facility.

*Ghana Loan* In connection with the establishment of the Company s joint venture with MTN Group Limited ( MTN Group ) and the acquisitions of communications sites in Ghana, Ghana Tower Interco B.V., a 51% owned subsidiary of ATC, entered into a U.S. Dollar-denominated shareholder loan agreement (the Ghana Loan ), as the borrower, with a wholly owned subsidiary of the Company (the ATC Ghana Subsidiary ), and Mobile Telephone Networks (Netherlands) B.V., a wholly owned subsidiary of MTN Group (the MTN Ghana Subsidiary ), as the lenders. The Ghana Loan accrues interest at 9.0% and matures on May 4, 2016. The portion of the Ghana Loan made by the ATC Ghana Subsidiary is eliminated in consolidation, and the portion of the Ghana Loan made by the MTN Ghana Subsidiary is reported as outstanding debt of the Company. As of June 30, 2012, an aggregate of $131.0 million was payable to the MTN Ghana Subsidiary.

*Uganda Loan* In connection with the establishment of the Company s joint venture with MTN Group and the acquisitions of communications sites in Uganda, Uganda Tower Interco B.V., a 51% owned subsidiary of ATC, entered into a U.S. Dollar-denominated shareholder loan agreement (the Uganda Loan ), as the borrower, with a wholly owned subsidiary of the Company (the ATC Uganda Subsidiary ), and a wholly owned subsidiary of MTN Group (the MTN Uganda Subsidiary ), as the lenders. The Uganda Loan matures on June 29, 2019 and accrues interest at 5.30% above LIBOR, reset annually, which as of June 30, 2012 was 6.368%. The portion of the Uganda Loan made by the ATC Uganda Subsidiary is eliminated in consolidation, and the portion of the Uganda Loan made by the MTN Uganda Subsidiary is reported as outstanding debt of the Company. As of June 30, 2012, an aggregate of $61.0 million was payable to the MTN Uganda Subsidiary.

## 6. Derivative Financial Instruments

The Company is exposed to certain risks related to its ongoing business operations. The primary risk managed through the use of derivative instruments is interest rate risk. From time to time, the Company enters into interest rate protection agreements to manage exposure to variability in cash flows relating to forecasted interest payments. Under these agreements, the Company is exposed to credit risk to the extent that a counterparty fails to meet the terms of a contract. The Company s credit risk exposure is limited to the current value of the contract at the time the counterparty fails to perform.

If a derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in accumulated other comprehensive income (loss) and are recognized in the results of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized immediately in the results of operations. For derivative instruments not designated as hedging instruments, changes in fair value are recognized in the results of operations in the period in which the change occurs.

On January 16, 2012, the Company entered into three interest rate swap agreements with an aggregate notional value of 350.0 million ZAR, all of which have been designated as cash flow hedges. The Company uses

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these interest rate swap agreements to manage its exposure to variability in interest rates on debt in South Africa that accrue interest based on the Johannesburg Interbank Agreed Rate ( JIBAR ). The interest rate swap agreements have fixed interest rates ranging from 7.21% to 7.25% and expire on March 31, 2020. No interest rate swap agreements were outstanding at December 31, 2011. As of June 30, 2012, the carrying amounts of the Company s derivative financial instruments, along with the estimated fair values of the related liabilities were as follows (in thousands):

| | Balance Sheet Location | Notional Amount (1) | Carrying Amount and Fair Value (1) |
|---|---|---|---|
| **Liabilities:** | | | |
| Interest rate swap agreements | Other long-term liabilities | ZAR 350,000 | ZAR 12,512 |

(1) The interest rate swap agreements are denominated in ZAR and have a notional amount and fair value of $42.9 million and $1.5 million, respectively, as of June 30, 2012.

There were no interest rate swap agreements held by the Company during the three months ended June 30, 2011. During the three months ended June 30, 2012, the interest rate swap agreements held by the Company had the following impact on other comprehensive income ( OCI ) included in the condensed consolidated balance sheets and in the condensed consolidated statements of operations (in thousands):

| Three Months Ended June 30, 2012 | | | | |
|---|---|---|---|---|
| Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion) | Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Location of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
| $ (1,315) | Interest expense | $ (170) | N/A | N/A |

During the six months ended June 30, 2012 and 2011, the interest rate swap agreements held by the Company had the following impact on OCI included in the consolidated balance sheets and in the condensed consolidated statements of operations (in thousands):

| Six Months Ended June 30, 2012 | | | | |
|---|---|---|---|---|
| Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion) | Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Location of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
| $ (1,850) | Interest expense | $ (322) | N/A | N/A |

| Six Months Ended June 30, 2011 | | | | |
|---|---|---|---|---|
| Amount of | Location of Gain/(Loss) | Amount of Gain/(Loss) | Location of Gain/(Loss) | Gain/(Loss) Recognized in |

| Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion) | Reclassified from Accumulated OCI into Income (Effective Portion) | Reclassified from Accumulated OCI into Income (Effective Portion) | Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
|---|---|---|---|---|
| $ (228) | Interest expense | $ (2,205) | N/A | N/A |

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**7. Fair Value Measurements**

The Company determines the fair values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Below are the three levels of inputs that may be used to measure fair value:

| | |
|---|---|
| Level 1 | Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. |

*Items Measured at Fair Value on a Recurring Basis* The fair value of the Company s financial assets and liabilities that are required to be measured on a recurring basis at fair value is as follows (in thousands):

| | June 30, 2012 Fair Value Measurements Using | | | Assets/Liabilities |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | at Fair Value |
| **Assets:** | | | | |
| Short-term investments (1) | $ 29,492 | | | $ 29,492 |
| **Liabilities:** | | | | |
| Interest rate swap agreements (2) | | $ 1,533 | | $ 1,533 |
| Acquisition-related contingent consideration | | | $ 29,897 | $ 29,897 |

| | December 31, 2011 Fair Value Measurements Using | | | Assets/Liabilities |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | at Fair Value |
| **Assets:** | | | | |
| Short-term investments and available-for-sale securities (3) | $ 22,270 | | | $ 22,270 |
| **Liabilities:** | | | | |
| Acquisition-related contingent consideration | | | $ 25,617 | $ 25,617 |

(1) Consists of certain short-term investments that are highly liquid and actively traded in over-the-counter markets.

(2) Consists of interest rate swap agreements based on the JIBAR whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data.

(3) Consists of available-for-sale securities traded on active markets as well as certain short-term investments that are highly liquid and actively traded in over-the-counter markets.

Cash and cash equivalents include short-term investments, including money market funds, with original maturities of three months or less whose fair value approximated cost at June 30, 2012 and December 31, 2011.

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The fair value of the Company s interest rate swap agreements recorded as liabilities is included in other long-term liabilities in the accompanying condensed consolidated balance sheets. Fair valuations of the Company s interest rate swap agreements reflect the value of the instrument including the values associated with counterparty risk and the Company s own credit standing. The Company includes in the valuation of the derivative instrument the value of the net credit differential between the counterparties to the derivative contract. There were no interest rate swap agreements outstanding at December 31, 2011.

The Company may be required to pay additional consideration under certain agreements for the acquisitions of communications sites in South Africa, Ghana and Colombia if specific conditions are met or events occur, such as (i) the collocation of certain wireless carriers subsequent to acquiring the communications sites or (ii) the conversion of certain barter agreements with other wireless carriers to cash paying master lease agreements.

Acquisition-related contingent consideration is initially measured and recorded at fair value as an element of consideration paid in connection with an acquisition with subsequent adjustments recognized in other operating expenses in the condensed consolidated statements of operations. The Company determines the fair value of acquisition-related contingent consideration, and any subsequent changes in fair value using a discounted probability-weighted approach. This approach takes into consideration Level 3 unobservable inputs including probability assessments of expected future cash flows over the period in which the obligation is expected to be settled and applies a discount factor that captures the uncertainties associated with the obligation. Changes in these unobservable inputs could significantly impact the fair value of the liabilities recorded in the accompanying condensed consolidated balance sheets and operating expenses in the condensed consolidated statements of operations.

As of June 30, 2012, the Company estimates that the value of all potential acquisition-related contingent consideration required payments to be between zero and $46.6 million. During the three months ended June 30, 2012, the fair value of the contingent consideration decreased as a result of changes in fair value of $1.8 million and changes due to foreign currency translation of $1.0 million, partially offset by additions of $0.3 million.

During the six months ended June 30, 2012, the fair value of the contingent consideration increased as a result of changes in fair value of $3.5 million, changes due to foreign currency translation of $0.9 million and additions of $0.3 million, partially offset by payments during the six months ended June 30, 2012 of $0.4 million.

*Items Measured at Fair Value on a Nonrecurring Basis* During the six months ended June 30, 2012, certain long-lived assets held and used with a carrying value of $292.7 million were written down to their net realizable value, resulting in an asset impairment charge of $10.7 million, which was recorded in other operating expenses in the accompanying condensed consolidated statements of operations. These adjustments were determined by comparing the estimated proceeds from sale of assets or the projected future discounted cash flows to be provided from the long-lived assets (calculated using Level 3 inputs) to the asset s carrying value.

*Fair Value of Financial Instruments* The carrying value of the Company s financial instruments, with the exception of long-term obligations, including the current portion, reasonably approximate the related fair values as of June 30, 2012 and December 31, 2011. The Company s estimates of fair value of its long-term obligations, including the current portion, are based primarily upon reported market values. For long-term debt not actively traded, fair values were estimated using a discounted cash flow analysis using rates for debt with similar terms and maturities. As of June 30, 2012, the carrying value and fair value of long-term obligations, including the current portion, were $7.5 billion and $7.9 billion, respectively, of which $4.7 billion was measured using Level 1 inputs and $3.2 billion was measured using Level 2 inputs. As of December 31, 2011, the carrying value and fair value of long-term obligations, including the current portion, were $7.2 billion and $7.5 billion, respectively, of which $3.8 billion was measured using Level 1 inputs and $3.7 billion was measured using Level 2 inputs.

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## 8. Income Taxes

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate for the full fiscal year. Cumulative adjustments to the Company s estimate are recorded in the interim period in which a change in the estimated annual effective rate is determined. As described in note 1, the Company began operating as a REIT for the taxable year commencing January 1, 2012. As a REIT, while the Company will continue to be subject to income taxes on the income of its TRSs, under the provisions of the Internal Revenue Code of 1986, as amended, the Company may deduct amounts distributed to stockholders against the income generated in its QRSs. Additionally, the Company is able to offset income in both its TRSs and QRSs by utilizing its net operating losses.

The Company provides valuation allowances if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. At June 30, 2012 and December 31, 2011, the Company has provided a valuation allowance of approximately $53.4 million and $5.8 million, respectively, which primarily relates to foreign items. During the six months ended June 30, 2012, the Company increased amounts recorded as valuation allowances by $47.6 million due to the uncertainty as to the timing and the Company s ability to recover net deferred tax assets in certain foreign operations in the foreseeable future. The amount of deferred tax assets considered realizable, however, could be adjusted if objective evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

As of June 30, 2012 and December 31, 2011, the total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, was approximately $34.9 million and $34.5 million, respectively. The increase in the amount of unrecognized tax benefits during the six months ended June 30, 2012 is primarily attributable to the additions to the Company s existing tax positions, partially offset by fluctuations in foreign currency exchange rates. The Company expects the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this timeframe, as described in note 12 to the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011. The impact of the amount of such changes to previously recorded uncertain tax positions could range from zero to $4.2 million.

The Company recorded penalties and tax-related interest expense during the three and six months ended June 30, 2012 of $1.2 million and $2.6 million, respectively, and during the three and six months ended June 30, 2011 of $1.5 million and $2.4 million, respectively. As of June 30, 2012 and December 31, 2011, the total amount of accrued income tax-related interest and penalties included in other long-term liabilities in the condensed consolidated balance sheets was $33.6 million and $31.5 million, respectively.

## 9. Stock-Based Compensation

The Company recognized stock-based compensation expense during the three and six months ended June 30, 2012 of $13.6 million and $26.6 million, respectively, and stock-based compensation expense during the three and six months ended June 30, 2011 of $11.7 million and $24.0 million, respectively. Stock-based compensation expense for the six months ended June 30, 2011 includes $2.7 million related to the modification of the vesting and exercise terms for a certain employee s equity awards. For the six months ended June 30, 2012, the Company capitalized $1.1 million of stock-based compensation expense as property and equipment.

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*Stock Options* The following table summarizes the Company s option activity for the six months ended June 30, 2012:

| | Number of Options |
|---|---|
| Outstanding as of January 1, 2012 | 6,376,244 |
| Granted | 1,215,872 |
| Exercised | (929,193) |
| Forfeited | (56,525) |
| Expired | (2,900) |
| Outstanding as of June 30, 2012 | 6,603,498 |

The Company estimates the fair value of each option grant on the date of grant using the Black-Scholes pricing model. The following assumptions were used to determine the grant date fair value for options granted during the six months ended June 30, 2012:

| | |
|---|---|
| Range of risk-free interest rate | 0.89% - 1.03% |
| Weighted average risk-free interest rate | 0.92% |
| Expected life of option grants | 4.4 years |
| Range of expected volatility of underlying stock price | 37.69% - 37.86% |
| Weighted average expected volatility of underlying stock price | 37.86% |
| Expected annual dividends | 1.50% |

The weighted average grant date fair value per share during the six months ended June 30, 2012 was $17.43. As of June 30, 2012, total unrecognized compensation expense related to unvested stock options was $39.5 million and is expected to be recognized over a weighted average period of approximately three years.

*Restricted Stock Units* The following table summarizes the Company s restricted stock unit activity during the six months ended June 30, 2012:

| | Number of Units |
|---|---|
| Outstanding as of January 1, 2012 | 2,197,460 |
| Granted | 812,381 |
| Vested | (847,206) |
| Forfeited | (48,368) |
| Outstanding as of June 30, 2012 | 2,114,267 |

As of June 30, 2012, total unrecognized compensation expense related to unvested restricted stock units was $89.4 million, and is expected to be recognized over a weighted average period of approximately three years. Distributions will accrue with each restricted stock unit award granted subsequent to January 1, 2012.

*Employee Stock Purchase Plan* The Company maintains an employee stock purchase plan (the ESPP ) for all eligible employees as described in note 13 to the Company s Annual Report on Form 10-K for the year ended December 31, 2011. Under the ESPP, shares of the Company s common stock may be purchased on the last day of each bi-annual offering period at 85% of the lower of the fair market value on the first or the last day of such offering period. The offering periods run from June 1 through November 30 and from December 1 through May 31 of each year. During the six months ended June 30, 2012, employees purchased 47,424 shares under the ESPP and the fair value per share was $13.13.

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Key assumptions used to apply the Black-Scholes pricing model for shares purchased through the ESPP during the six months ended June 30, 2012 are as follows:

| | |
|---|---|
| Approximate risk-free interest rate | 0.05% |
| Expected life of shares | 6 months |
| Expected volatility of underlying stock price | 33.86% |
| Expected annual dividends | 1.50% |

**10. Equity**

*Stock Repurchase Program* In March 2011, the Board of Directors approved a stock repurchase program, pursuant to which the Company is authorized to purchase up to $1.5 billion of its common stock ( 2011 Buyback ).

During the six months ended June 30, 2012, the Company repurchased 169,527 shares of its common stock for an aggregate of $10.8 million, including commissions and fees, pursuant to the 2011 Buyback. As of June 30, 2012, the Company had repurchased 3.6 million shares of its common stock under the 2011 Buyback for an aggregate of $192.1 million, including commissions and fees.

Between July 1, 2012 and July 20, 2012, the Company repurchased an additional 17,900 shares of its common stock for an aggregate of $1.3 million, including commissions and fees, pursuant to the 2011 Buyback. As of July 20, 2012, the Company had repurchased a total of approximately 3.6 million shares of its common stock under the 2011 Buyback for an aggregate of $193.3 million, including commissions and fees.

Under the 2011 Buyback, the Company is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices in accordance with securities laws and other legal requirements, and subject to market conditions and other factors. To facilitate repurchases, the Company makes purchases pursuant to trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, which allows the Company to repurchase shares during periods when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods.

In the near term, the Company expects to fund any further repurchases of its common stock through a combination of cash on hand, cash generated by operations and borrowings under its credit facilities. Purchases under the 2011 Buyback are subject to the Company having available cash to fund repurchases.

*Distributions* On March 22, 2012, the Company declared a cash distribution of $0.21 per share and on April 25, 2012 paid approximately $82.9 million to stockholders of record at the close of business on April 11, 2012. On June 20, 2012, the Company declared a cash distribution of $0.22 per share and on July 18, 2012 paid approximately $86.9 million to stockholders of record at the close of business on July 2, 2012. The Company will accrue distributions on unvested restricted stock unit awards granted subsequent to January 1, 2012, which will be payable upon vesting. As of June 30, 2012, the Company had accrued $0.3 million of distributions payable upon the vesting of restricted stock units.

To maintain its REIT status, the Company expects to continue paying regular distributions, the amount of which will be determined and be subject to adjustment by the Company s Board of Directors.

**11. Earnings per Common Share**

Basic net income per common share represents net income attributable to American Tower Corporation divided by the weighted average number of common shares outstanding during the period. Diluted net income

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per common share represents net income attributable to American Tower Corporation divided by the weighted average number of common shares outstanding during the period and any dilutive common share equivalents, including shares issuable upon exercise of stock options and share based awards as determined under the treasury stock method. Dilutive common share equivalents also include the dilutive impact of the ALLTEL transaction (see note 12).

The following table sets forth basic and diluted income from continuing operations per common share computational data for the three and six months ended June 30, 2012 and 2011 (in thousands, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Net income attributable to American Tower Corporation | $ 48,209 | $ 115,211 | $ 269,515 | $ 207,053 |
| Basic weighted average common shares outstanding | 394,743 | 396,599 | 394,314 | 397,180 |
| Dilutive securities | 4,068 | 3,651 | 4,436 | 4,019 |
| Diluted weighted average common shares outstanding | 398,811 | 400,250 | 398,750 | 401,199 |
| Basic net income attributable to American Tower Corporation per common share | $ 0.12 | $ 0.29 | $ 0.68 | $ 0.52 |
| Diluted net income attributable to American Tower Corporation per common share | $ 0.12 | $ 0.29 | $ 0.68 | $ 0.52 |

For the three and six months ended June 30, 2012, the diluted weighted average number of common shares outstanding excluded shares issuable upon exercise of the Company s stock options and share based awards of 1.4 million and 0.9 million, respectively, as the effect would be anti-dilutive. For the three and six months ended June 30, 2011, the diluted weighted average number of common shares outstanding excluded shares issuable upon exercise of the Company s stock options and share based awards of 0.2 million, as the effect would be anti-dilutive.

## 12. Commitments and Contingencies

*Litigation*

The Company periodically becomes involved in various claims, lawsuits and proceedings that are incidental to its business. In the opinion of Company management, after consultation with counsel, other than the legal proceedings discussed below, there are no matters currently pending that would, in the event of an adverse outcome, materially impact the Company s consolidated financial position, results of operations or liquidity.

*SEC Subpoena* On June 2, 2011, the Company received a subpoena from the SEC requesting certain documents from 2007 through the date of the subpoena, including in particular documents related to the Company s tax accounting and reporting. While the Company believes this investigation may in part relate to a former employee s complaints, which the Company previously investigated with the assistance of outside counsel and a forensic accounting firm, finding no material issues, the Company cannot at this time predict the scope or the outcome of this investigation. The Company understands that its independent registered public accounting firm and one of its consultants also received subpoenas primarily related to the Company s tax accounting and reporting during this period and its investigation into this complaint. The Company has cooperated and intends to continue to cooperate fully with the SEC with respect to its investigation.

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*Mexico Litigation* One of the Company s subsidiaries, SpectraSite Communications, Inc. ( SCI ), is involved in a lawsuit brought in Mexico against a former Mexican subsidiary of SCI (the subsidiary of SCI was sold in 2002, prior to the Company s merger with SCI s parent in 2005). The lawsuit concerns a terminated tower construction contract and related agreements with a wireless carrier in Mexico. The primary issue for the Company is whether SCI itself can be found liable to the Mexican carrier. The trial and lower appellate courts initially found that SCI had no such liability in part because Mexican courts do not have the necessary jurisdiction over SCI. In September 2010, following several decisions by Mexican appellate courts, including the Supreme Court of Mexico, and related appeals by both parties, an intermediate appellate court issued a new decision that would, if enforceable, reimpose liability on SCI. In its decision, the intermediate appellate court identified potential damages, in the form of potential statutory interest, of approximately $6.7 million as of that date. On October 14, 2010, the Company filed a new constitutional appeal to again dispute the decision, which was rejected on January 24, 2012. The case has been returned to the trial court to determine whether any actual damages should be awarded to the Mexican carrier by the primary defendant in the case or SCI. The Mexican carrier has asserted that it is entitled to approximately $7.9 million in damages. Any judgment of the court in Mexico against SCI would need to be enforced in the United States. As a result, at this stage of the proceeding, the Company is unable to determine whether the trial court in Mexico will assess damages against SCI and whether any such damages would be enforceable in the United States.

*Commitments*

*AT&T Transaction* The Company has an agreement with SBC Communications Inc., a predecessor entity to AT&T Inc. ( AT&T ), for the lease or sublease of approximately 2,500 towers from AT&T between December 2000 and August 2004. All of the towers are part of the Company s securitization transaction. The average term of the lease or sublease for all sites at the inception of the agreement was approximately 27 years, assuming renewals or extensions of the underlying ground leases for the sites. The Company has the option to purchase the sites subject to the applicable lease or sublease upon its expiration. Each tower is assigned to an annual tranche, ranging from 2013 to 2032, which represents the outside expiration date for the sublease rights to that tower. The purchase price for each site is a fixed amount stated in the sublease for that site plus the fair market value of certain alterations made to the related tower by AT&T. The aggregate purchase option price for the towers leased and subleased was approximately $520.3 million as of June 30, 2012, and will accrete at a rate of 10% per year to the applicable expiration of the lease or sublease of a site. For all such sites purchased by the Company prior to June 30, 2020, AT&T will continue to lease the reserved space at the then-current monthly fee which shall escalate in accordance with the standard master lease agreement for the remainder of AT&T s tenancy. Thereafter, AT&T shall have the right to renew such lease for up to four successive five-year terms. For all such sites purchased by the Company subsequent to June 30, 2020, AT&T has the right to continue to lease the reserved space for successive one-year terms at a rent equal to the lesser of the agreed upon market rate and the then current monthly fee, which is subject to an annual increase based on changes in the Consumer Price Index.

*ALLTEL Transaction* In December 2000, the Company entered into an agreement with ALLTEL (which completed its merger with Verizon Wireless in January 2009) to acquire towers from ALLTEL through a 15-year sublease agreement. Pursuant to the agreement with ALLTEL, as amended, the Company acquired rights to a total of approximately 1,800 towers in tranches between April 2001 and March 2002. The Company has the option to purchase each tower at the expiration of the applicable sublease, which will occur in tranches between April 2016 and March 2017 based on the original closing date for such tranche of towers. The purchase price per tower as of the original closing date was $27,500 and will accrete at a rate of 3% per annum through the expiration of the applicable sublease. The aggregate purchase option price for the subleased towers was approximately $68.1 million as of June 30, 2012. At ALLTEL s option, at the expiration of the sublease, the purchase price would be payable in cash or with 769 shares of the Company s common stock per tower, which at June 30, 2012 would be valued at approximately $95.5 million.

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### 13. Acquisitions and Other Transactions

All of the acquisitions described below are being accounted for as business combinations and are consistent with the Company s strategy to expand in selected geographic areas.

*South Africa Acquisition* On November 4, 2010, the Company entered into a definitive agreement with Cell C to purchase up to approximately 1,400 existing communications sites, and up to 1,800 additional communications sites that either are under construction or will be constructed, for an aggregate purchase price of up to approximately $430.0 million. On March 8, 2011, July 25, 2011, and December 14, 2011 the Company completed the purchase of 959, 329 and 76 existing communications sites through its local South African subsidiary for an aggregate purchase price of $214.5 million (including contingent consideration of $2.6 million and value added tax of $12.3 million), using cash on hand, local financing and funds contributed by South African investors who currently hold an approximate 25% non-controlling interest in the Company s South African subsidiary.

Under the terms of the purchase agreement, legal title to certain of the communications sites acquired on December 14, 2011 will be transferred upon fulfillment of certain conditions by Cell C. Prior to the fulfillment of these conditions, the Company will operate these communications sites and reflect all associated revenues and expenses in its consolidated results of operations.

The agreement with Cell C requires the Company to make a one-time payment based on the annualized rent for each collocation installed for a specific wireless carrier on the acquired communications sites occurring within a four-year period after the initial closing date. Based on current estimates, the Company estimates the value of potential contingent consideration payments required to be made under the agreement to be between zero and $11.2 million. The fair value of the contingent consideration, which had preliminarily been estimated at $2.6 million, is estimated to be $10.8 million using a probability-weighted average of the expected outcomes at June 30, 2012. During the three and six months ended June 30, 2012, the Company recorded changes in fair value of zero and $3.9 million, respectively, as other operating expenses in the condensed consolidated statement of operations.

The purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The allocation of the purchase price was finalized during the six months ended June 30, 2012.

The following table summarizes the allocation of the aggregate purchase consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Final Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Current assets | $ 12,262 | $ 12,262 |
| Property and equipment | 81,052 | 82,225 |
| Intangible assets (3) | 118,502 | 118,781 |
| Current liabilities | (74) | (74) |
| Other long-term liabilities | (31,418) | (32,908) |
| Fair value of net assets acquired | $ 180,324 | $ 180,286 |
| Goodwill (4) | 34,159 | 34,197 |

(1) Reflected in the condensed consolidated balance sheets herein.

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(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer-related intangibles of approximately $105.0 million and network location intangibles of approximately $13.5 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of up to 20 years.
(4) The Company expects that the goodwill recorded will not be deductible for tax purposes. The goodwill was allocated to the Company s international rental and management segment.

During July 2012, the Company purchased an additional 197 communications sites for an aggregate purchase price of $29.2 million.

*Brazil Acquisition* On March 1, 2011, the Company acquired 100% of the outstanding shares of a company that owned 627 communications sites in Brazil for $553.2 million, which was subsequently increased to $585.4 million as a result of acquiring 39 additional communications sites during the year ended December 31, 2011. During the six months ended June 30, 2012, the purchase price was reduced to $585.3 million after certain post-closing purchase price adjustments.

The purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The allocation of the purchase price was finalized during the six months ended June 30, 2012.

The following table summarizes the allocation of the aggregate purchase consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Final Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Current assets (3) | $ 9,922 | $ 9,922 |
| Non-current assets | 71,529 | 98,047 |
| Property and equipment | 83,539 | 86,062 |
| Intangible assets (4) | 368,000 | 288,000 |
| Current liabilities | (5,536) | (5,536) |
| Other long-term liabilities (5) | (38,519) | (38,519) |
| Fair value of net assets acquired | $ 488,935 | $ 437,976 |
| Goodwill (6) | 96,395 | 147,459 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Includes approximately $7.7 million of accounts receivable, which approximates the value due to the Company under certain contractual arrangements.
(4) Consists of customer-related intangibles of approximately $250.0 million and network location intangibles of approximately $118.0 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(5) Other long-term liabilities includes contingent amounts of approximately $30.0 million primarily related to uncertain tax positions related to the acquisition and non-current assets includes $24.0 million of the related indemnification asset.
(6) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

*Brazil Vivo Acquisition* On March 30, 2012, the Company entered into a definitive agreement to purchase up to 1,500 towers from Vivo S.A. ( Vivo ). Pursuant to the agreement, on March 30, 2012, the

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Company purchased 800 communications sites for an aggregate purchase price of $151.7 million. On June 30, 2012, the Company purchased the remaining 700 communications sites for an aggregate purchase consideration of $126.3 million, subject to post-closing adjustments, and payable to Vivo no later than July 31, 2012. In addition, the Company and Vivo amended the asset purchase agreement to allow for the acquisition of up to an additional 300 communications sites by the Company, subject to regulatory approval.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon the final settlement of the purchase price with the sellers and the subsequent completion of analyses of the fair value of the assets acquired and liabilities assumed.

The following table summarizes the allocation of the aggregate purchase price consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Preliminary Purchase Price Allocation |
|---|---|
| Non-current assets | $ 21,229 |
| Property and equipment | 115,415 |
| Intangible assets (1) | 116,375 |
| Other long-term liabilities | (16,257) |
| Fair value of net assets acquired | $ 236,762 |
| Goodwill (2) | 41,210 |

(1) Consists of customer-related intangibles of approximately $61.8 million and network location intangibles of approximately $54.6 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(2) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

*Ghana Acquisition* On December 6, 2010, the Company entered into a definitive agreement with MTN Group to establish a joint venture in Ghana. Pursuant to the agreement, on May 6, 2011, August 11, 2011 and December 23, 2011, the joint venture acquired 400, 770 and 686 communications sites, respectively, from MTN Group s operating subsidiary in Ghana for an aggregate purchase price of $515.6 million (including contingent consideration of $2.3 million and value added tax of $65.6 million). The aggregate purchase price was subsequently increased to $517.7 million (including contingent consideration of $2.3 million and value added tax of $65.6 million) after certain post-closing adjustments.

Under the terms of the purchase agreement, legal title to certain of the communications sites acquired on December 23, 2011 will be transferred upon fulfillment of certain conditions by MTN Group. Prior to the fulfillment of these conditions, the Company will operate these communications sites and reflect all associated revenues and expenses in its consolidated results of operations.

In December 2011, the Company signed an amendment to its agreement with MTN Group, which requires the Company to make additional payments upon the conversion of certain barter agreements with other wireless carriers to cash paying master lease agreements. Based on current estimates, the Company estimates the value of potential contingent consideration payments required to be made under the amended agreement to be between zero and $3.8 million. The fair value of the contingent consideration payable is estimated to be $3.8 million using

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a probability weighted average of the expected outcomes at June 30, 2012. During the three and six months ended June 30, 2012, the Company recorded changes in fair value of zero and $0.7 million, respectively, as other operating expenses in the condensed consolidated statements of operations.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The allocation of the purchase price was finalized during the six months ended June 30, 2012.

The following table summarizes the allocation of the aggregate purchase price consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Final Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Current assets | $ 6,969 | $ 69,147 |
| Non-current assets | 69,145 | 5,405 |
| Property and equipment | 319,641 | 304,478 |
| Intangible assets (3) | 112,025 | 82,217 |
| Other long-term liabilities | (11,477) | (13,356) |
| Fair value of net assets acquired | $ 496,303 | $ 447,891 |
| Goodwill (4) | 21,375 | 67,755 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer-related intangibles of approximately $58.0 million and network location intangibles of approximately $54.0 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of up to 20 years.
(4) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

*Mexico Acquisition* On November 3, 2011, the Company entered into a definitive agreement to purchase up to approximately 730 communications sites from Telefónica s Mexican subsidiary, Pegaso PCS, S.A. de C.V. ( Telefónica Mexico ). On December 15, 2011, the Company completed the purchase of 584 communications sites, for an aggregate purchase price of $121.9 million (including value added tax of $16.7 million). On December 7, 2011, the Company entered into a definitive agreement to purchase up to approximately 1,778 additional communications sites from Telefónica Mexico. On December 28, 2011, April 3, 2012 and June 29, 2012, the Company completed the purchase of 1,422, 55 and 74 communications sites, respectively, for aggregate purchase prices of $294.4 million (including value added tax of $40.7 million), $12.5 million (including value added tax of $1.7 million) and $15.7 million (including value added tax of $2.2 million), respectively. The acquisition is subject to a post-closing purchase price adjustment, following completion of the Company s post-closing due diligence of the acquired company s financial results.

The preliminary purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon the completion of analyses of the fair value of the assets acquired and liabilities assumed.

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The following table summarizes the allocation of the aggregate purchase consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Updated Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Current assets | $ 61,312 | $ 57,414 |
| Non-current assets | 16,326 | 26,845 |
| Property and equipment | 187,001 | 174,767 |
| Intangible assets (3) | 147,476 | 97,182 |
| Current liabilities | (148) | (148) |
| Other long-term liabilities | (9,436) | (8,836) |
| Fair value of net assets acquired | $ 402,531 | $ 347,224 |
| Goodwill (4) | 41,982 | 69,030 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer-related intangibles of approximately $74.9 million and network location intangibles of approximately $72.6 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(4) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

*Colombia Telefónica Moviles Acquisition* During the year ended December 31, 2011, the Company acquired 125 communications sites from Telefónica Moviles Colombia S.A. for an aggregate purchase price of $17.5 million.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. The allocation of the purchase price was finalized during the six months ended June 30, 2012.

The following table summarizes the aggregate purchase consideration paid and the amounts of assets acquired and liabilities assumed at the acquisition date (in thousands):

| | Final Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Non-current assets | $ 110 | $ 217 |
| Property and equipment | 13,526 | 12,456 |
| Intangible assets (3) | 4,008 | 4,675 |
| Other long-term liabilities | (341) | (341) |
| Fair value of net assets acquired | $ 17,303 | $ 17,007 |
| Goodwill (4) | 227 | 523 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer-related intangibles of approximately $1.5 million and network location intangibles of approximately $2.5 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(4) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

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*Colombia Colombia Movil Acquisition* On July 17, 2011, the Company entered into a definitive agreement with Colombia Movil S.A. E.S.P. ( Colombia Movil ), a subsidiary of Millicom, whereby ATC Sitios Infraco, S.A.S., a Colombian subsidiary of the Company ( ATC Infraco ), would purchase up to 2,126 communications sites from Colombia Movil for an aggregate purchase price of approximately $182.0 million.

On December 21, 2011 and May 31, 2012, ATC Infraco completed the purchase of 1,346 and 29 existing communications sites, respectively, for an aggregate purchase price of $122.0 million (including contingent consideration of $15.6 million) subject to post-closing adjustments. Through a Millicom subsidiary, Millicom exercised its option to acquire an indirect, substantial minority equity interest in ATC Infraco. As the Company has maintained a controlling financial interest in the Colombian subsidiary, the financial results have been consolidated in the Company s financial statements.

Under the terms of the agreement, the Company is required to make additional payments upon the conversion of certain barter agreements with other wireless carriers to cash paying lease agreements. Based on current estimates, the Company estimates the value of potential contingent consideration payments required to be made under the amended agreement to be between zero and $29.6 million. The fair value of the contingent consideration is estimated to be $14.7 million using a probability weighted average of the expected outcomes at June 30, 2012. During the three and six months ended June 30, 2012, the Company recorded a reduction in fair value of $2.2 million which is included in other operating expenses in the condensed consolidated statements of operations.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon the final settlement of the purchase price and the subsequent completion of analyses of the fair value of the assets acquired and liabilities assumed.

The following table summarizes the aggregate purchase consideration paid and the amounts of assets acquired and liabilities assumed at the acquisition date (in thousands):

| | Updated Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Non-current assets | $ 1,125 | $ 1,126 |
| Property and equipment | 97,212 | 95,052 |
| Intangible assets (3) | 26,699 | 26,132 |
| Current liabilities | (653) | (639) |
| Other long-term liabilities | (3,497) | (3,416) |
| Fair value of net assets acquired | $ 120,886 | $ 118,255 |
| Goodwill (4) | 1,149 | 1,067 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer-related intangibles of approximately $8.8 million and network location intangibles of approximately $17.9 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(4) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

During July 2012, the Company purchased an additional 55 communications sites for an aggregate purchase price of $4.6 million.

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*Chile Telefónica Moviles Acquisition* On December 30, 2011, the Company purchased 100% of the outstanding shares of a subsidiary of Telefónica Moviles Chile S.A. that owned 558 communications sites, for an aggregate purchase price of $94.9 million. The purchase price is subject to additional post-closing adjustments, following completion of the Company s post-closing due diligence of the communications sites acquired.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon the final settlement of the purchase price with the sellers and the subsequent completion of analyses of the fair value of the assets acquired and liabilities assumed.

The following table summarizes the allocation of the aggregate purchase price consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Updated Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Non-current assets | $ 1,559 | $ 2,772 |
| Property and equipment | 43,293 | 43,140 |
| Intangible assets (3) | 49,068 | 39,916 |
| Other long-term liabilities | (4,505) | (4,505) |
| Fair value of net assets acquired | $ 89,415 | $ 81,323 |
| Goodwill (4) | 5,445 | 13,537 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer-related intangibles of approximately $24.2 million and network location intangibles of approximately $24.9 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(4) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s international rental and management segment.

*Uganda Acquisition* On December 8, 2011, the Company entered into a definitive agreement with MTN Group to establish a joint venture in Uganda. The joint venture is controlled by a holding company of which the ATC Uganda Subsidiary holds a 51% interest and the MTN Uganda Subsidiary holds a 49% interest. The joint venture is managed by the Company and owns a tower operations company in Uganda. As the Company has a controlling financial interest in the joint venture, the financial results have been consolidated in the Company s financial statements.

Pursuant to the agreement, the joint venture agreed to purchase a total of up to 1,000 existing communications sites from MTN Group s operating subsidiary in Uganda, subject to customary closing conditions. On June 29, 2012, the joint venture acquired 962 communications sites for an aggregate purchase price of $171.5 million, subject to post-closing adjustments. Under the terms of the purchase agreement, legal title to certain of these communications sites will be transferred upon fulfillment of certain conditions by MTN Group. Prior to the fulfillment of these conditions, the Company will operate these communications sites and reflect all associated revenues and expenses in its consolidated results of operations.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon the final settlement of the purchase price with the sellers and the subsequent completion of analyses of the fair value of the asset acquired and liabilities assumed.

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The following table summarizes the allocation of the aggregate purchase price consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Preliminary Purchase Price Allocation |
|---|---|
| Non-current assets | $ 2,258 |
| Property and equipment | 104,063 |
| Intangible assets (1) | 61,194 |
| Other long-term liabilities | (7,528) |
| Fair value of net assets acquired | $ 159,987 |
| Goodwill (2) | 11,479 |

(1) Consists of customer-related intangibles of approximately $26.4 million and network location intangibles of approximately $34.8 million. The customer-related intangibles and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(2) The Company expects that the goodwill will not be deductible for tax purposes. The goodwill was allocated to the Company s international rental and management segment.

*U.S. Acquisitions* During the six months ended June 30, 2012, the Company acquired a total of 80 communications sites in the United States for $32.8 million.

The following table summarizes the preliminary allocation of the aggregate purchase consideration paid for acquisitions that closed during the six months ended June 30, 2012 and the amounts of assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition (in thousands):

| | Preliminary Purchase Price Allocation |
|---|---|
| Non-current assets | $ 153 |
| Property and equipment | 11,360 |
| Intangible assets (1) | 20,489 |
| Other long-term liabilities | (634) |
| Fair value of net assets acquired | $ 31,368 |
| Goodwill (2) | 1,420 |

(1) Consists of customer relationships of approximately $11.1 million and network location intangibles of approximately $9.4 million. The customer relationships and network location are being amortized on a straight-line basis over a period of 20 years.
(2) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s domestic rental and management segment.

During the six months ended June 30, 2012, the Company made certain purchase accounting measurement period adjustments to several U.S. acquisitions and retrospectively adjusted the fair value of the assets acquired and liabilities assumed in the condensed consolidated balance sheet for the year ended December 31, 2011. The allocation of the purchase price will be finalized upon completion of analyses of the fair value of the assets acquired and liabilities assumed.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

The following table summarizes the aggregate purchase consideration paid and the amounts of assets acquired and liabilities assumed at the acquisition date for acquisitions which closed during the year ended December 31, 2011 (in thousands):

| | Updated Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Non-current assets | $ 289 | $ |
| Property and equipment | 21,088 | 23,270 |
| Intangible assets (3) | 61,107 | 61,626 |
| Other long-term liabilities | (4,288) | (4,118) |
| Fair value of net assets acquired | $ 78,196 | $ 80,778 |
| Goodwill (4) | 4,604 | 2,022 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Consists of customer relationships of approximately $46.4 million and network location intangibles of approximately $14.7 million as of June 30, 2012. The customer relationships and network location intangibles are being amortized on a straight-line basis over a period of 20 years.
(4) The Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s domestic rental and management segment.

*U.S. Property Interests Unison Acquisition* On October 14, 2011, the Company acquired from Unison Holdings, LLC and Unison Site Management II, L.L.C. (collectively, Unison ) various limited liability companies holding a portfolio of approximately 12 communications sites and 1,910 property interests, including property interests that the Company leases to communications service providers and other third-party tower operators under 1,810 communications sites for an aggregate purchase price of $312.0 million and assumed $196.0 million in existing indebtedness (the fair value of which was $209.3 million at the acquisition date). The acquisition includes property interests (easements, prepaid operating ground leases, term easements and managed sites) under the Company s existing communications sites, as well as property interests under carrier tenant and other third-party communications sites, providing recurring cash flow and complementary leasing arrangements.

The deferred rent liability associated with the underlying ground leases for existing communications sites of the Company was approximately $2.6 million on the date of acquisition. As a result of the Company s acquisition of these property interests from Unison, the preexisting land leases were considered to be effectively settled. The terms of these land leases were determined to represent fair value at the acquisition date. As such, the Company did not record any gain or loss separately from the acquisition and the $2.6 million unamortized deferred rent liability was included as part of the acquisition-date fair value of consideration transferred.

The fair value of the consideration transferred consists of the following (in thousands):

| | |
|---|---|
| Cash consideration | $ 312,002 |
| Settlement of preexisting arrangement | (2,584) |
| Total consideration | $ 309,418 |

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon the subsequent completion of analyses of the fair value of the assets acquired and liabilities assumed.

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The following table summarizes the allocation of the aggregate purchase price consideration paid and the amounts of assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition (in thousands):

| | Updated Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Current assets (3)(4) | $ 15,985 | $ 16,203 |
| Non-current assets (4) | 154,769 | 154,817 |
| Property and equipment (5) | 340,474 | 340,602 |
| Intangible assets | 4,200 | 3,297 |
| Current liabilities | (7,093) | (7,703) |
| Long-term obligations | (209,321) | (209,321) |
| Other long-term liabilities | (773) | (1,508) |
| Fair value of net assets acquired | $ 298,241 | $ 296,387 |
| Goodwill (6) | 11,177 | 13,031 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Includes approximately $0.2 million of accounts receivable which approximates the value due to the Company under certain contractual arrangements.
(4) Includes prepaid operating leases, term easements and managed sites.
(5) Includes perpetual easements.
(6) With the exception of interests in land and perpetual easements, the Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s domestic rental and management segment.

*U.S. Property Interests-Other* On October 21, 2011, the Company acquired property interests under approximately 240 communications sites in the United States for an aggregate purchase price of $72.6 million.

The property interests acquired are located underneath existing communication sites owned or subleased by the Company. The deferred rent liability associated with the underlying ground leases was approximately $4.3 million on the date of acquisition. As a result of the Company s acquisition of these property interests, the preexisting land leases were considered to be effectively settled. The terms of these land leases were determined to represent fair value at the acquisition date. As such, the Company did not record any gain or loss separately from the acquisition and the $4.3 million unamortized deferred rent liability was included as part of the fair value of consideration transferred.

The fair value of the consideration transferred consists of the following (in thousands):

| | |
|---|---|
| Cash consideration | $ 72,595 |
| Settlement of preexisting arrangement | (4,256) |
| Total consideration | $ 68,339 |

The property interests acquired included perpetual easements, prepaid operating ground leases and term easements for land located under the Company s communications sites and sites owned by communications service providers and third-party tower operators.

The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition. The preliminary allocation of the purchase price will be finalized upon completion of analyses of the fair value of the assets acquired and liabilities assumed.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

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The following table summarizes the allocation of the aggregate purchase price consideration paid and the amounts of assets acquired based upon their estimated fair value at the date of acquisition (in thousands):

| | Updated Purchase Price Allocation (1) | Preliminary Purchase Price Allocation (2) |
|---|---|---|
| Current assets (3) | $ 359 | $ 363 |
| Non-current assets (3) | 13,357 | 13,394 |
| Property and equipment (4) | 47,898 | 47,898 |
| Intangible assets | 490 | 383 |
| Fair value of net assets acquired | $ 62,104 | $ 62,038 |
| Goodwill (5) | 6,235 | 6,301 |

(1) Reflected in the condensed consolidated balance sheets herein.
(2) Reflected in the consolidated balance sheets in the Form 10-K for the year ended December 31, 2011.
(3) Includes prepaid operating leases, term easements and managed sites.
(4) Includes perpetual easements.
(5) With the exception of interests in land and perpetual easements, the Company will receive a deduction for income tax purposes for an amount equal to the goodwill recorded. The goodwill was allocated to the Company s domestic rental and management segment.

**14. Business Segments**

The Company operates in three business segments: domestic rental and management, international rental and management and network development services. The domestic rental and management segment provides for the leasing of antenna space on multi-tenant communications sites primarily to wireless service providers and radio and television broadcast companies in the United States. The international rental and management segment provides for the leasing of antenna space on multi-tenant communications sites to wireless service providers and radio and television broadcast companies in Brazil, Chile, Colombia, Ghana, India, Mexico, Peru, South Africa and Uganda. Through its network development services segment, the Company offers tower-related services in the United States, including site acquisition, zoning and permitting services and structural analysis services, which primarily support the Company s site leasing business and the addition of new tenants and equipment on its sites.

The accounting policies applied in compiling segment information below are similar to those described in note 1 to the Company s Annual Report on Form 10-K for the year ended December 31, 2011. Among other factors, in evaluating financial performance in each business segment, management uses segment gross margin and segment operating profit. The Company defines segment gross margin as segment revenue less segment operating expenses excluding stock-based compensation expense recorded in costs of operations; depreciation, amortization and accretion; selling, general, administrative and development expense; and other operating expenses. The Company defines segment operating profit as segment gross margin less selling, general, administrative and development expense attributable to the segment, excluding stock-based compensation expense and corporate expenses. For reporting purposes, the international rental and management segment operating profit and segment gross margin also include interest income, TV Azteca, net. These measures of segment gross margin and segment operating profit are also before interest income, interest expense, loss on retirement of long-term obligations, other income (expense), net income attributable to non-controlling interest, income (loss) on equity method investments, income taxes and discontinued operations.

Summarized financial information concerning the Company s reportable segments for the three and six months ended June 30, 2012 and 2011 is shown in the tables below. The Other column represents amounts

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

excluded from specific segments, such as business development operations, stock-based compensation expense and corporate expenses included in selling, general, administrative and development expense; other operating expense; interest income; interest expense; loss on retirement of long-term obligations; and other income (expense), as well as reconciles segment operating profit to income from continuing operations before income taxes and income on equity method investments, as these amounts are not utilized in assessing each segment s performance.

| | Rental and Management | | | Network | | |
|---|---|---|---|---|---|---|
| **Three months ended June 30, 2012** | **Domestic** | **International** | **Total Rental and Management** | **Development Services** | **Other** | **Total** |
| | | | **(in thousands)** | | | |
| Segment revenues | $ 473,411 | $ 208,851 | $ 682,262 | $ 15,472 | | $ 697,734 |
| Segment operating expenses (1) | 88,113 | 76,745 | 164,858 | 7,084 | | 171,942 |
| Interest income, TV Azteca, net | | 3,586 | 3,586 | | | 3,586 |
| Segment gross margin | 385,298 | 135,692 | 520,990 | 8,388 | | 529,378 |
| Segment selling, general, administrative and development expense (1) | 21,097 | 19,481 | 40,578 | 1,925 | | 42,503 |
| Segment operating profit | $ 364,201 | $ 116,211 | $ 480,412 | $ 6,463 | | $ 486,875 |
| Stock-based compensation expense | | | | | $ 13,551 | 13,551 |
| Other selling, general, administrative and development expense | | | | | 21,236 | 21,236 |
| Depreciation, amortization and accretion | | | | | 172,072 | 172,072 |
| Other expense (principally interest expense and other (expense) income) | | | | | 222,517 | 222,517 |
| Income from continuing operations before income taxes and income on equity method investments | | | | | | $ 57,499 |

(1) Segment operating expenses and segment selling, general, administrative and development expenses exclude stock-based compensation expense of $0.4 million and $13.1 million, respectively.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

| Three months ended June 30, 2011 | Rental and Management Domestic | International | Total Rental and Management | Network Development Services | Other | Total |
|---|---|---|---|---|---|---|
| | | | (in thousands) | | | |
| Segment revenues | $ 424,906 | $ 158,933 | $ 583,839 | $ 13,396 | | $ 597,235 |
| Segment operating expenses | 87,598 | 56,732 | 144,330 | 6,747 | | 151,077 |
| Interest income, TV Azteca, net | | 3,590 | 3,590 | | | 3,590 |
| Segment gross margin | 337,308 | 105,791 | 443,099 | 6,649 | | 449,748 |
| Segment selling, general, administrative and development expense (1) | 17,833 | 21,517 | 39,350 | 1,549 | | 40,899 |
| Segment operating profit | $ 319,475 | $ 84,274 | $ 403,749 | $ 5,100 | | $ 408,849 |
| Stock-based compensation expense | | | | | $ 11,687 | 11,687 |
| Other selling, general, administrative and development expense | | | | | 19,735 | 19,735 |
| Depreciation, amortization and accretion | | | | | 138,558 | 138,558 |
| Other expense (principally interest expense) | | | | | 59,832 | 59,832 |
| Income from continuing operations before income taxes and income on equity method investments | | | | | | $ 179,037 |

(1) Segment selling, general, administrative and development expenses excludes stock-based compensation expense of $11.7 million.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

| Six months ended June 30, 2012 | Rental and Management Domestic | Rental and Management International | Total Rental and Management | Network Development Services | Other | Total |
|---|---|---|---|---|---|---|
| | | | (in thousands) | | | |
| Segment revenues | $ 960,473 | $ 405,779 | $ 1,366,252 | $ 27,999 | | $ 1,394,251 |
| Segment operating expenses (1) | 181,116 | 147,269 | 328,385 | 14,081 | | 342,466 |
| Interest income, TV Azteca, net | | 7,129 | 7,129 | | | 7,129 |
| Segment gross margin | 779,357 | 265,639 | 1,044,996 | 13,918 | | 1,058,914 |
| Segment selling, general, administrative and development expense (1) | 40,497 | 43,376 | 83,873 | 2,283 | | 86,156 |
| Segment operating profit | $ 738,860 | $ 222,263 | $ 961,123 | $ 11,635 | | $ 972,758 |
| Stock-based compensation expense | | | | | $ 26,596 | 26,596 |
| Other selling, general, administrative and development expense | | | | | 44,583 | 44,583 |
| Depreciation, amortization and accretion | | | | | 321,727 | 321,727 |
| Other expense (principally interest expense and other (expense) income) | | | | | 284,765 | 284,765 |
| Income from continuing operations before income taxes and income on equity method investments | | | | | | $ 295,087 |

(1) Segment operating expenses and segment selling, general, administrative and development expenses exclude stock-based compensation expense of $0.9 million and $25.7 million, respectively.

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**AMERICAN TOWER CORPORATION AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited**

| Six months ended June 30, 2011 | Rental and Management Domestic | Rental and Management International | Total Rental and Management | Network Development Services | Other | Total |
|---|---|---|---|---|---|---|
| | | | (in thousands) | | | |
| Segment revenues | $ 842,532 | $ 287,962 | $ 1,130,494 | $ 29,436 | | $ 1,159,930 |
| Segment operating expenses | 170,780 | 101,409 | 272,189 | 14,216 | | 286,405 |
| Interest income, TV Azteca, net | | 7,089 | 7,089 | | | 7,089 |
| Segment gross margin | 671,752 | 193,642 | 865,394 | 15,220 | | 880,614 |
| Segment selling, general, administrative and development expense (1) | 36,012 | 38,978 | 74,990 | 3,212 | | 78,202 |
| Segment operating profit | $ 635,740 | $ 154,664 | $ 790,404 | $ 12,008 | | 802,412 |
| Stock-based compensation expense | | | | | $ 24,045 | 24,045 |
| Other selling, general, administrative and development expense | | | | | 36,206 | 36,206 |
| Depreciation, amortization and accretion | | | | | 269,789 | 269,789 |
| Other expense (principally interest expense) | | | | | 129,952 | 129,952 |
| Income from continuing operations before income taxes and income on equity method investments | | | | | | $ 342,420 |

(1) Segment selling, general, administrative and development expenses excludes stock-based compensation expense of $24.0 million.

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

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

The discussion and analysis of our financial condition and results of operations that follow are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ( GAAP ). The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ significantly from these estimates under different assumptions or conditions. This discussion should be read in conjunction with our condensed consolidated financial statements herein and the accompanying notes thereto, information set forth under the caption Critical Accounting Policies and Estimates beginning on page 54 of our Annual Report on Form 10-K for the year ended December 31, 2011, and in particular, the information set forth therein under Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

**Overview**

We are a leading wireless and broadcast communications infrastructure company that owns, operates and develops communications sites. Our primary business is leasing antenna space on multi-tenant communications sites to wireless service providers, radio and television broadcast companies, wireless data providers, government agencies and municipalities and tenants in a number of other industries. In addition to the communications sites in our portfolio, we manage rooftop and tower sites for property owners under various contractual arrangements. We also hold property interests that we lease to communications service providers and third-party tower operators under approximately 1,810 communications sites. We refer to this business as our rental and management operations, which accounted for approximately 98% of our total revenues for the six months ended June 30, 2012 and include our domestic rental and management segment and our international rental and management segment. We began operating as a real estate investment trust ( REIT ) for federal income tax purposes effective January 1, 2012.

Our communications site portfolio of 49,468 sites, as of June 30, 2012, includes wireless and broadcast communications towers and distributed antenna system ( DAS ) networks, which provide seamless coverage solutions in certain in-building and outdoor wireless applications. Our portfolio consists of towers that we own and towers that we operate pursuant to long-term lease arrangements, including, as of June 30, 2012, approximately 21,592 towers domestically and approximately 27,611 towers internationally. In addition, our portfolio includes approximately 265 DAS networks that we operate in malls, casinos and other in-building applications, and select outdoor environments.

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The following table details the number of communications sites we own or operate in the countries in which we operate as of June 30, 2012:

| Country | Number of Owned Sites | Number of Operated Sites (1) |
|---|---|---|
| United States | 21,691 | 160 |
| International: | | |
| Brazil | 3,943 | 155 |
| Chile | 1,180 | |
| Colombia | 2,000 | 706 |
| Ghana | 1,895 | |
| India | 9,717 | |
| Mexico | 5,020 | 199 |
| Peru | 475 | |
| South Africa | 1,365 | |
| Uganda | 962 | |

(1) All of the sites the Company operates are held pursuant to long-term capital leases.

Our continuing operations are reported in three segments, domestic rental and management, international rental and management and network development services. Among other factors, management uses segment gross margin and segment operating profit in its assessment of operating performance in each business segment. We define segment gross margin as segment revenue less segment operating expenses excluding stock-based compensation expense recorded in costs of operations; depreciation, amortization and accretion; selling, general, administrative and development expense; and other operating 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 segment operating profit for the international rental and management segment also include interest income, TV Azteca, net (see note 14 to our condensed consolidated financial statements included herein). These measures of segment gross margin and segment operating profit are also before interest income, interest expense, loss on retirement of long-term obligations, other income (expense), net income attributable to non-controlling interest, income (loss) on equity method investments, income taxes and discontinued operations.

In the section that follows, we provide information regarding management s expectations of long-term drivers of demand for our communications sites, as well as our current quarter-to-date and year-to-date results of operations, financial position and sources and uses of liquidity. In addition, we highlight key trends, which management believes provide valuable insight into our operating and financial resource allocation decisions.

*Revenue Growth.* Our rental and management segments operate over 49,000 communications sites. Due to our diversified communications site portfolio, our tenant lease rates vary considerably depending upon various factors, including but not limited to, tower location, amount of tenant equipment on the tower, ground space required by the tenant and remaining tower capacity. We measure the remaining tower capacity by assessing several factors, including tower height, tower type, environmental conditions, existing equipment on the tower and zoning and permitting regulations in effect in the jurisdiction where the tower is located. In many instances, tower capacity can be increased through tower augmentation.

The primary sources of revenue growth for our domestic and international rental and management segments are:

Recurring revenues from tenant leases generated from sites which existed in our portfolio as of the beginning of the prior year period ( legacy sites );

Contractual rent escalations on existing tenant leases, net of cancellations;

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New revenue generated from leasing additional space on our legacy sites; and

New revenue generated from new sites acquired or constructed since the beginning of the prior year period (  new sites  ).

The majority of our tenant leases with wireless carriers are typically for an initial non-cancellable 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 operations during the six months ended June 30, 2012 is recurring revenue that we should continue to receive in future periods. Based upon foreign currency exchange rates and the tenant leases in place as of June 30, 2012, we will generate more than $17 billion of non-cancellable future tenant lease revenue, absent the impact of straight-line lease accounting. In addition, most of our tenant leases have provisions that periodically increase the rent due under the lease, typically annually based on a fixed percentage (on average approximately 3.5% in the U.S.), inflation or a fixed percentage plus inflation. Revenue lost from either cancellations of leases at the end of their terms or rent negotiations historically have not had a material adverse effect on the revenues generated by our rental and management operations. During the six months ended June 30, 2012, loss of revenue from tenant lease cancellations or renegotiations represented approximately 1.5% of the total revenue of our rental and management segments.

*Demand Drivers.* We continue to believe that our site leasing revenue is likely to increase due to the growing use of wireless communications services and our ability to meet that demand by adding new tenants and new equipment for existing tenants on our legacy sites, which increases the utilization and profitability of our sites. In addition, we believe the majority of our site leasing activity will continue to come from wireless service providers as they seek to increase the coverage and capacity of their networks as well as roll out next generation technologies. In addition, we intend to continue to supplement the organic growth on our legacy sites by selectively developing or acquiring new sites in our existing and new markets where we can achieve our return on investment criteria.

According to industry data, we believe the following key trends will provide opportunities for organic growth in our domestic rental and management segment:

Wireless subscribers continue to upgrade their traditional handsets to smartphones while also acquiring incremental connected devices such as tablets and wireless data cards.

Wireless service providers continue to invest in their third generation (3G) networks by adding new cell sites as well as additional equipment to their existing cell sites.

Wireless service providers continue to pursue new avenues for growth, such as deploying fourth generation (4G) technology based wireless networks to provide higher speed data services and enable fixed broadband substitution.

According to industry data, we believe the following key trends will provide opportunities for organic growth in our international rental and management segment:

In India, nationwide voice networks continue to be deployed as wireless service providers are beginning their initial investments in wireless data networks.

In Ghana and Uganda, wireless service providers continue to build their voice and data networks to satisfy increasing demand for wireless service.

In South Africa, carriers are beginning to deploy wireless data networks across spectrum made available through recent spectrum auctions.

In Mexico and Brazil, nationwide voice networks have been initially deployed and certain incumbent wireless service providers continue to invest in their wireless data networks. Recent spectrum auctions in both markets have enabled other incumbent wireless service providers and new market entrants to begin their initial investments in wireless data networks.

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In markets such as Chile, Colombia and Peru, recent or anticipated spectrum auctions are expected to drive investment in nationwide voice and wireless data networks.

*Direct Operating Expenses.* Direct operating expenses incurred by our domestic and international rental and management segments include direct site level expenses and consist primarily of ground rent, property taxes, repairs and maintenance and power and fuel costs, some of which may be passed through to our tenants. These segment direct operating 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 in our condensed consolidated statements of operations. In general, our domestic and international rental and management segments selling, general, administrative and development expenses do not significantly increase as a result of adding incremental tenants to our legacy sites and typically increase only modestly year-over-year. As a result, leasing additional space to new tenants on our legacy sites provides significant incremental cash flow. We may incur additional segment selling, general, administrative and development expenses as we increase our presence in geographic areas where we have recently launched operations or are focused on expanding our communications site footprint. Our profit margin growth is therefore positively impacted by the addition of new tenants to our legacy sites and can be temporarily diluted by our development activities.

As we continue to focus on growing our rental and management operations, we anticipate that our network development services revenue will continue to represent a small percentage of our total revenues. Through our network development services segment, we offer tower-related services, including site acquisition, zoning and permitting services and structural analysis services, which primarily support our site leasing business and the addition of new tenants and equipment on our sites.

*REIT Conversion.* Effective January 1, 2012, we reorganized our operations to qualify as a REIT for federal income tax purposes (the REIT Conversion ). The REIT tax rules require that we derive most of our income, other than income generated by a taxable REIT subsidiary ( TRS ), from investments in real estate, which for us will primarily consist of income from the leasing of our communications sites. Under the Internal Revenue Code of 1986, as amended (the Code ), maintaining REIT status generally requires that no more than 25% of the value of the REIT s assets be represented by securities of one or more TRSs and other non-qualifying assets.

A REIT must annually distribute to its stockholders an amount equal to at least 90% of its REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). On July 18, 2012, we made our second regular distribution of $0.22 per share of common stock, or approximately $86.9 million, to stockholders of record at the close of business on July 2, 2012. The amount, timing and frequency of future distributions will be at the sole discretion of our Board of Directors and will be declared based upon various factors, a number of which may be beyond our control, including, our financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, our ability to utilize net operating losses ( NOLs ) to offset, in whole or in part, our distribution requirements, limitations on our ability to fund distributions using cash generated through our TRSs and other factors that our Board of Directors may deem relevant.

For more information on the requirements to qualify as a REIT, see Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2011 under the caption Business Overview, and Item 1A of this Quarterly Report under the caption Risk Factors.

**Non-GAAP Financial Measures**

Included in our analysis of our results of operations are discussions regarding earnings before interest, taxes, depreciation, amortization and accretion, as adjusted ( Adjusted EBITDA ). We define Adjusted EBITDA as net

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income before: income (loss) on discontinued operations, net; income (loss) from equity method investments; income tax provision (benefit); other income (expense); loss on retirement of long-term obligations; interest expense; interest income; other operating expenses; depreciation, amortization and accretion; and stock-based compensation expense.

Adjusted EBITDA is not intended to replace net income or any other performance measures determined in accordance with GAAP. Rather, Adjusted EBITDA is presented as we believe it is a useful indicator of our current operating performance. We believe that Adjusted EBITDA is useful to an investor in evaluating our operating performance because (1) it is the primary measure used by our management team for purposes of decision making and for evaluating the performance of our operating segments; (2) it is a component of the calculation used by our lenders to determine compliance with certain debt covenants; (3) it is widely used in the tower industry to measure operating performance as depreciation, amortization and accretion may vary significantly among companies depending upon accounting methods and useful lives, particularly where acquisitions and non-operating factors are involved; (4) it provides investors with a meaningful measure for evaluating our period to period operating performance by eliminating items which are not operational in nature; and (5) it provides investors with a measure for comparing our results of operations to those of different companies by excluding the impact of long-term strategic decisions which can differ significantly from company to company, such as decisions with respect to capital structure, capital investments and the tax jurisdictions in which companies operate.

Our measurement of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. A reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure, has been included below.

**Results of Operations**

**Three Months Ended June 30, 2012 and 2011 (in thousands, except percentages)**

*Revenue*

| | **Three Months Ended June 30,** | | **Amount of Increase (Decrease)** | **Percent Increase (Decrease)** |
|---|---|---|---|---|
| | **2012** | **2011** | | |
| Rental and management | | | | |
| Domestic | $ 473,411 | $ 424,906 | $ 48,505 | 11% |
| International | 208,851 | 158,933 | 49,918 | 31 |
| Total rental and management | 682,262 | 583,839 | 98,423 | 17 |
| Network development services | 15,472 | 13,396 | 2,076 | 15 |
| Total revenues | $ 697,734 | $ 597,235 | $ 100,499 | 17% |

Total revenues for the three months ended June 30, 2012, increased 17% to $697.7 million. The increase was primarily attributable to an increase in both of our rental and management segments, including organic revenue growth attributable to our legacy sites, and revenue growth attributable to the approximately 12,240 new sites that we have constructed or acquired since April 1, 2011 and the reversal of $4.9 million of revenue reserves attributable to one of our tenants in Mexico.

Domestic rental and management segment revenue for the three months ended June 30, 2012 increased 11% to $473.4 million, which was comprised of:

Revenue growth from legacy sites of approximately 9%, which includes approximately 2% attributable to contractual rent escalations, net of tenant lease cancellations, approximately 5% due to incremental revenue primarily generated from new tenant leases and amendments to existing tenant leases on our legacy sites, and over 2% from straight-line lease accounting; and

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Revenue growth from new sites of over 2%, which was a result of the construction or acquisition of approximately 540 new domestic sites, as well as land interests under third-party sites since April 1, 2011.

International rental and management segment revenue for the three months ended June 30, 2012 increased 31% to $208.9 million. This growth was primarily due to:

Revenue growth from new sites of approximately 28%, which was a result of the construction or acquisition of approximately 11,700 new international sites since April 1, 2011; and

An organic revenue increase of approximately 3%, which was a result of revenue growth of approximately 2% attributable to contractual rent escalations, net of tenant lease cancellations and approximately 21% due to incremental revenue primarily generated from new tenant leases and amendments to existing tenant leases on our legacy sites and approximately 3% for the reversal of revenue reserves, offset by a negative impact of over 22% from foreign currency translation and a negative impact of approximately 1% from straight-line lease accounting.

Network development services segment revenue for the three months ended June 30, 2012 increased 15% to $15.5 million. The increase was primarily attributable to an increase in the structural analysis services provided during the three months ended June 30, 2012.

*Gross Margin*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Rental and management | | | | |
| Domestic | $ 385,298 | $ 337,308 | $ 47,990 | 14% |
| International | 135,692 | 105,791 | 29,901 | 28 |
| Total rental and management | 520,990 | 443,099 | 77,891 | 18 |
| Network development services | 8,388 | 6,649 | 1,739 | 26% |

Domestic rental and management segment gross margin for the three months ended June 30, 2012 increased 14% to $385.3 million, including over 11% attributable to our legacy sites and approximately 3% attributable to new sites. The growth was primarily attributable to the increase in revenue as described above, and was partially offset by a less than 1% increase in direct operating costs, of which approximately 1% was attributable to expense decreases on our legacy domestic sites, primarily related to cost management initiatives, which was offset by an increase of approximately 2% attributable to the incremental direct operating costs associated with the addition of approximately 540 new domestic sites since April 1, 2011.

International rental and management segment gross margin for the three months ended June 30, 2012 increased 28% to $135.7 million, including approximately 3% attributable to our legacy sites and approximately 25% attributable to new sites. The growth was primarily attributable to the increase in revenue as described above, and was partially offset by a 35% increase in direct operating costs, including pass-through expenses. Direct operating expenses increased 1% as a result of the incremental costs associated with our legacy international sites and approximately 34% as a result of the incremental costs associated with the addition of approximately 11,700 new international sites since April 1, 2011.

Network development services segment gross margin for the three months ended June 30, 2012 increased 26% to $8.4 million. The increase was primarily attributable to an increase in revenue partially offset by an increase in direct operating expenses as a result of an increase in structural analysis services provided during the three months ended June 30, 2012.

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*Selling, General, Administrative and Development Expense*

| | Three Months Ended June 30, 2012 | 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Rental and management | | | | |
| Domestic | $ 21,097 | $ 17,833 | $ 3,264 | 18% |
| International | 19,481 | 21,517 | (2,036) | (9) |
| Total rental and management | 40,578 | 39,350 | 1,228 | 3 |
| Network development services | 1,925 | 1,549 | 376 | 24 |
| Other | 34,345 | 31,422 | 2,923 | 9 |
| Total selling, general, administrative and development expense | $ 76,848 | $ 72,321 | $ 4,527 | 6% |

Total selling, general, administrative and development expense ( SG&A ) for the three months ended June 30, 2012 increased 6% to $76.8 million. The increase was primarily attributable to an increase in our Other SG&A as well as a net increase in our rental and management segments.

Domestic rental and management segment SG&A for the three months ended June 30, 2012 increased 18% to $21.1 million. The increase was primarily attributable to the impact of initiatives, which we launched in 2011, designed to drive growth and to support a growing portfolio, including increased staffing in field operations, sales and finance, and other functions supporting the expansion of our business.

International rental and management segment SG&A for the three months ended June 30, 2012 decreased 9% to $19.5 million. The decrease was primarily attributable to the reversal of approximately $3.8 million of bad debt expense in Mexico for amounts previously reserved.

Network development services segment SG&A for the three months ended June 30, 2012 increased 24% to $1.9 million. The increase was primarily attributable to costs incurred to support internal improvement initiatives.

Other SG&A for the three months ended June 30, 2012 increased 9% to $34.3 million. The increase was primarily due to a $1.5 million increase in corporate expenses and a $1.4 million increase in SG&A related stock-based compensation expense. The increase in corporate expenses was attributable to incremental employee costs of approximately $1.1 million associated with supporting a growing global organization.

*Operating Profit*

| | Three Months Ended June 30, 2012 | 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Rental and management | | | | |
| Domestic | $ 364,201 | $ 319,475 | $ 44,726 | 14% |
| International | 116,211 | 84,274 | 31,937 | 38 |
| Total rental and management | 480,412 | 403,749 | 76,663 | 19 |
| Network development services | 6,463 | 5,100 | 1,363 | 27% |

Domestic rental and management segment operating profit for the three months ended June 30, 2012 increased 14% to $364.2 million. The growth was primarily attributable to the increase in our domestic rental and management segment gross margin (14%), as described above, and was partially offset by an increase in our domestic rental and management segment SG&A (18%), as described above.

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International rental and management segment operating profit for the three months ended June 30, 2012 increased 38% to $116.2 million. The growth was primarily attributable to the increase in our international rental and management segment gross margin (28%), as described above, and a decrease in our international rental and management segment SG&A (9%), as described above.

Network development services segment operating profit for the three months ended June 30, 2012 increased 27% to $6.5 million. The increase was primarily attributable to the increase in network development services segment gross margin (26%), as described above, and was partially offset by an increase in our network development services segment SG&A (24%), as described above.

*Depreciation, Amortization and Accretion*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Depreciation, amortization and accretion | $ 172,072 | $ 138,558 | $ 33,514 | 24% |

Depreciation, amortization and accretion for the three months ended June 30, 2012 increased 24% to $172.1 million. The increase was primarily attributable to the depreciation, amortization and accretion associated with the acquisition or construction of approximately 12,240 sites since April 1, 2011, which resulted in an increase in property and equipment.

*Other Operating Expenses*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Other operating expenses | $ 5,944 | $ 9,490 | $ (3,546) | (37)% |

Other operating expenses for the three months ended June 30, 2012 decreased 37% to $5.9 million. This decrease was primarily attributable to a decrease of approximately $5.0 million in acquisition related costs, including contingent consideration, and non-recurring consulting and legal costs incurred in 2011 associated with our REIT Conversion, partially offset by an increase of approximately $1.5 million in impairments and net loss on sales or disposals of assets.

*Interest Expense*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Interest expense | $ 100,233 | $ 74,512 | $ 25,721 | 35% |

Interest expense for the three months ended June 30, 2012 increased 35% to $100.2 million. The increase was attributable to an increase in our average debt outstanding of approximately $1.6 billion, primarily attributable to our recent acquisitions, and an increase in our annualized weighted average cost of borrowing from 5.27% to 5.43%.

*Other (Expense) Income*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Other (expense) income | $ (118,623) | $ 21,459 | $ (140,082) | (653)% |

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During the three months ended June 30, 2012, we recorded unrealized foreign currency losses resulting primarily from fluctuations in the foreign currency exchange rates associated with our intercompany notes and similar unaffiliated balances denominated in a currency other than the subsidiaries functional currencies of approximately $114.9 million, and other expenses of approximately $3.7 million. During the three months ended June 30, 2011, we recorded unrealized foreign currency gains of approximately $27.5 million, partially offset by miscellaneous expenses of approximately $6.0 million.

*Income Tax Provision*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Income tax provision | $ 23,815 | $ 65,877 | $ (42,062) | (64)% |
| Effective tax rate | 41.4% | 36.8% | | |

The income tax provision for the three months ended June 30, 2012 decreased 64% to $23.8 million. The effective tax rate ( ETR ) for the three months ended June 30, 2012 increased to 41.4% from 36.8%. The increase in ETR was primarily attributable to unrealized foreign currency losses, described above, which had an impact of reducing income from continuing operations before income taxes and income from equity method investments by approximately $114.9 million and our recording of valuation allowance on certain deferred tax assets of approximately $47.6 million. The deferred tax assets arose primarily as a result of purchase accounting and existing NOLs, which were generated partly from interest on intercompany debt. This increase in ETR was partially offset by our REIT conversion. As a REIT, while we will continue to be subject to income taxes on the income of our TRSs, under the provisions of the Code, we may deduct amounts distributed to stockholders against the income generated in our qualified REIT subsidiaries or other REIT disregarded entities ( QRSs ). Additionally, we are able to offset income in both our TRSs and QRSs by utilizing our NOLs.

The ETR on income from continuing operations for the three months ended June 30, 2012 differs from the federal statutory rate primarily due to our expected election to be taxed as a REIT commencing January 1, 2012 and to adjustments for foreign items. The ETR on income from continuing operations for the three months ended June 30, 2011 differs from the federal statutory rate due primarily to adjustments for foreign items, non-deductible stock-based compensation expense, tax reserves and state taxes. The adjustments for foreign items during the three months ended June 30, 2012 and 2011 primarily relate to the difference in the U.S. statutory tax rate of 35% and ETR in our international markets.

*Net Income/Adjusted EBITDA*

| | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Net income | $ 33,689 | $ 113,171 | $ (79,482) | (70)% |
| Income from equity method investments | (5) | (11) | (6) | (55) |
| Income tax provision | 23,815 | 65,877 | (42,062) | (64) |
| Other expense (income) | 118,623 | (21,459) | (140,082) | (653) |
| Interest expense | 100,233 | 74,512 | 25,721 | 35 |
| Interest income | (2,283) | (2,711) | (428) | (16) |
| Other operating expenses | 5,944 | 9,490 | (3,546) | (37) |
| Depreciation, amortization and accretion | 172,072 | 138,558 | 33,514 | 24 |
| Stock-based compensation expense | 13,551 | 11,687 | 1,864 | 16 |
| Adjusted EBITDA | $ 465,639 | $ 389,114 | $ 76,525 | 20 % |

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Net income for the three months ended June 30, 2012 decreased 70% to $33.7 million. The decrease was primarily attributable to an increase in other expense, interest expense and depreciation, amortization and accretion, partially offset by an increase in the operating profit of our rental and management segments, as described above, and a decrease in our income tax provision.

Adjusted EBITDA for the three months ended June 30, 2012 increased 20% to $465.6 million. Adjusted EBITDA growth was primarily attributable to the increase in our rental and management segments gross margin, and was partially offset by an increase in SG&A, excluding stock-based compensation expense.

**Results of Operations**

**Six Months Ended June 30, 2012 and 2011 (in thousands, except percentages)**

*Revenue*

| | Six Months Ended June 30, | | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| | 2012 | 2011 | | |
| Rental and management | | | | |
| Domestic | $ 960,473 | $ 842,532 | $ 117,941 | 14% |
| International | 405,779 | 287,962 | 117,817 | 41 |
| Total rental and management | 1,366,252 | 1,130,494 | 235,758 | 21 |
| Network development services | 27,999 | 29,436 | (1,437) | (5) |
| Total revenues | $ 1,394,251 | $ 1,159,930 | $ 234,321 | 20% |

Total revenues for the six months ended June 30, 2012, increased 20% to $1,394.3 million. The increase was primarily attributable to an increase in both of our rental and management segments, including organic revenue growth attributable to our legacy sites and revenue growth attributable to the approximately 14,360 new sites that we have constructed or acquired since January 1, 2011.

Domestic rental and management segment revenue for the six months ended June 30, 2012 increased 14% to $960.5 million, which was comprised of:

- Revenue growth from legacy sites of over 11%, which includes approximately 2% attributable to contractual rent escalations, net of tenant lease cancellations, over 2% from straight-line lease accounting, over 7% due to incremental revenue primarily generated from new tenant leases and amendments to existing tenant leases on our legacy sites, which includes the impact of approximately 2% due to a customer billing settlement during the first quarter of 2012; and

- Revenue growth from new sites of approximately 3%, which was a result of the construction or acquisition of approximately 640 new domestic sites, as well as land interests under third-party sites since January 1, 2011.

International rental and management segment revenue for the six months ended June 30, 2012 increased 41% to $405.8 million. This growth was comprised of:

- Revenue growth from new sites of over 41%, which was a result of the construction or acquisition of approximately 13,720 new international sites since January 1, 2011; and

Organic revenue was flat from the prior year period, which was a result of a negative impact of over 16% from foreign currency translation and a negative impact of over 1% from straight-line lease accounting. This was offset by revenue growth of over 2% attributable to contractual rent escalations, net of tenant lease cancellations over 13% due to incremental revenue primarily generated from new tenant leases and amendments to existing tenant leases on our legacy sites and approximately 2% for the reversal of revenue reserves.

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Network development services segment revenue for the six months ended June 30, 2012 decreased 5% to $28.0 million. The decrease was primarily attributable to a favorable one-time item recognized during the six months ended June 30, 2011, partially offset by an increase in structural analysis services provided during the six months ended June 30, 2012.

*Gross Margin*

| | Six Months Ended June 30, 2012 | 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Rental and management | | | | |
| Domestic | $ 779,357 | $ 671,752 | $ 107,605 | 16% |
| International | 265,639 | 193,642 | 71,997 | 37 |
| Total rental and management | 1,044,996 | 865,394 | 179,602 | 21 |
| Network development services | 13,918 | 15,220 | (1,302) | (9) |

Domestic rental and management segment gross margin for the six months ended June 30, 2012 increased 16% to $779.4 million, including approximately 13% attributable to our legacy sites and over 3% attributable to new sites. The growth was primarily attributable to the increase in revenue as described above, and was partially offset by an increase in direct operating costs of over 6%, of which 4% was attributable to expense increases on our legacy domestic sites, primarily from increased straight-line rent expense and higher than normal repairs and maintenance activity, and approximately 2% was attributable to the incremental direct operating costs associated with the addition of approximately 640 new domestic sites since January 1, 2011.

International rental and management segment gross margin for the six months ended June 30, 2012 increased over 37% to $265.6 million, was primarily attributable to new sites. The growth was primarily attributable to the increase in revenue as described above, and was partially offset by a 45% increase in direct operating costs, including pass-through expenses. Direct operating expenses increased approximately 49% as a result of the incremental costs associated with the addition of approximately 13,720 new international sites since January 1, 2011. The increase was partially reduced by a 4% decrease in expenses on our legacy international sites, primarily attributable to changes in foreign currency exchange rates.

Network development services segment gross margin for the six months ended June 30, 2012 decreased 9% to $13.9 million. The decrease was primarily attributable to the favorable one-time item recognized during the six months ended June 30, 2011, described above, and an increase in direct operating expenses to support the increase in structural analysis services provided during the six months ended June 30, 2012.

*Selling, General, Administrative and Development Expense*

| | Six Months Ended June 30, 2012 | 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Rental and management | | | | |
| Domestic | $ 40,497 | $ 36,012 | $ 4,485 | 12% |
| International | 43,376 | 38,978 | 4,398 | 11 |
| Total rental and management | 83,873 | 74,990 | 8,883 | 12 |
| Network development services | 2,283 | 3,212 | (929) | (29) |
| Other | 70,276 | 60,251 | 10,025 | 17 |
| Total selling, general, administrative and development expense | $ 156,432 | $ 138,453 | $ 17,979 | 13% |

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Total SG&A for the six months ended June 30, 2012 increased 13% to $156.4 million. The increase was attributable to an increase in our Other SG&A, as well as an increase in both of our rental and management segments.

Domestic rental and management segment SG&A for the six months ended June 30, 2012 increased 12% to $40.5 million. The increase was primarily attributable to the impact of initiatives, which we launched in 2011, designed to drive growth and to support a growing portfolio, including increased staffing in field operations, sales and finance and other functions supporting the expansion of our business.

International rental and management segment SG&A for the six months ended June 30, 2012 increased 11% to $43.4 million. The increase was primarily attributable to our new markets as well as continued international expansion initiatives in foreign operations, partially offset by the reversal of approximately $3.8 million of bad debt expense in Mexico for amounts previously reserved.

Network development services segment SG&A for the six months ended June 30, 2012 decreased 29% to $2.3 million. The decrease was primarily attributable to the reversal of bad debt expense upon the receipt of a customer payment for amounts previously reserved, partially offset by costs incurred to support internal improvement initiatives.

Other SG&A for the six months ended June 30, 2012 increased 17% to $70.3 million. The increase was primarily due to an $8.4 million increase in corporate expenses and a $1.6 million increase in SG&A related stock-based compensation expense. The increase in corporate expenses was primarily attributable to a $3.7 million non-recurring state tax expense and incremental employee costs of approximately $3.2 million associated with supporting a growing global organization.

*Operating Profit*

| | Six Months Ended June 30, | | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| | 2012 | 2011 | | |
| Rental and management | | | | |
| Domestic | $ 738,860 | $ 635,740 | $ 103,120 | 16% |
| International | 222,263 | 154,664 | 67,599 | 44 |
| Total rental and management | 961,123 | 790,404 | 170,719 | 22 |
| Network development services | 11,635 | 12,008 | (373) | (3) |

Domestic rental and management segment operating profit for the six months ended June 30, 2012 increased 16% to $738.9 million. The growth was primarily attributable to the increase in our domestic rental and management segment gross margin (16%) as described above, and was partially offset by an increase in our domestic rental and management segment SG&A (12%), as described above.

International rental and management segment operating profit for the six months ended June 30, 2012 increased 44% to $222.3 million. The growth was primarily attributable to the increase in our international rental and management segment gross margin (37%) as described above, and was partially offset by an increase in our international rental and management segment SG&A (11%), as described above.

Network development services segment operating profit for the six months ended June 30, 2012 decreased 3% to $11.6 million. The decrease was primarily related to the decrease in our network development services segment gross margin (9%) as described above, and was partially offset by a decrease in our network development services segment SG&A (29%), also described above.

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*Depreciation, Amortization and Accretion*

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Depreciation, amortization and accretion | $ 321,727 | $ 269,789 | $ 51,938 | 19% |

Depreciation, amortization and accretion for the six months ended June 30, 2012 increased 19% to $321.7 million. The increase was primarily attributable to the depreciation, amortization and accretion associated with the acquisition or construction of approximately 14,360 sites since January 1, 2011, which resulted in an increase in property and equipment.

*Other Operating Expenses*

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Other operating expenses | $ 27,791 | $ 21,194 | $ 6,597 | 31% |

Other operating expenses for the six months ended June 30, 2012 increased 31% to $27.8 million. The increase was primarily attributable to an increase of approximately $10.3 million in impairments, which included the impairment of one of our outdoor DAS networks upon the termination of a tenant lease during the six months ended June 30, 2012, and an increase of $5.1 million in losses on sale or disposal of assets, partially offset by a decrease of approximately $8.7 million in acquisition related costs, including contingent consideration, and non-recurring consulting and legal costs incurred in 2011 associated with our REIT Conversion.

*Interest Expense*

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Interest expense | $ 195,350 | $ 148,939 | $ 46,411 | 31% |

Interest expense for the six months ended June 30, 2012 increased 31% to $195.4 million. The increase was primarily attributable to an increase in our average debt outstanding of approximately $1.7 billion, primarily attributable to our recent acquisitions, and an increase in our annualized weighted average cost of borrowing from 5.34% to 5.44%.

*Other (Expense) Income*

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Other (expense) income | $ (65,762) | $ 35,166 | $ (100,928) | (287)% |

During the six months ended June 30, 2012, we recorded unrealized foreign currency losses resulting primarily from fluctuations in the foreign currency exchange rates associated with our intercompany notes and similar unaffiliated balances denominated in a currency other than the subsidiaries functional currencies of approximately $59.0 million and other expenses of approximately $6.7 million. During the six months ended June 30, 2011, we recorded unrealized foreign currency gains of approximately $43.6 million, partially offset by miscellaneous expenses of approximately $8.4 million.

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*Income Tax Provision*

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Income tax provision | $ 51,063 | $ 137,300 | $ (86,237) | (63)% |
| Effective tax rate | 17.3% | 40.1% | | |

The income tax provision for the six months ended June 30, 2012 decreased 63% to $51.1 million. The ETR for the six months ended June 30, 2012 decreased to 17.3% from 40.1%. This decrease was primarily attributable to our REIT Conversion, partially offset by an increase in valuation allowance on certain deferred tax assets of approximately $47.6 million. The deferred tax assets arose primarily as a result of purchase accounting and existing NOLs, which were generated partly from interest on intercompany debt. As a REIT, we may deduct amounts distributed to stockholders against the income generated in our QRSs and we are able to offset income in both our TRSs and QRSs by utilizing our NOLs.

The ETR on income from continuing operations for the six months ended June 30, 2012 differs from the federal statutory rate primarily due to our expected election to be taxed as a REIT commencing January 1, 2012 and to adjustments for foreign items. The ETR on income from continuing operations for the six months ended June 30, 2011 differs from the federal statutory rate due primarily to adjustments for foreign items, non-deductible stock-based compensation expense, tax reserves and state taxes. The discrete items during the six months ended June 30, 2011 primarily related to the implementation of restructuring activities in Latin America as well as the net benefit related to the recognition of previously reserved net operating losses.

*Net Income/Adjusted EBITDA*

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|---|---|---|---|
| Net income | $ 244,047 | $ 205,132 | $ 38,915 | 19% |
| Income from equity method investments | (23) | (12) | 11 | 92 |
| Income tax provision | 51,063 | 137,300 | (86,237) | (63) |
| Other expense (income) | 65,762 | (35,166) | 100,928 | 287 |
| Loss on retirement of long-term obligations | 398 | | 398 | N/A |
| Interest expense | 195,350 | 148,939 | 46,411 | 31 |
| Interest income | (4,536) | (5,015) | (479) | (10) |
| Other operating expenses | 27,791 | 21,194 | 6,597 | 31 |
| Depreciation, amortization and accretion | 321,727 | 269,789 | 51,938 | 19 |
| Stock-based compensation expense | 26,596 | 24,045 | 2,551 | 11 |
| Adjusted EBITDA | $ 928,175 | $ 766,206 | $ 161,969 | 21% |

Net income for the six months ended June 30, 2012 increased 19% to $244.0 million. The increase was primarily attributable to an increase in the operating profit of our rental and management segments, as described above, partially offset by an increase in other expenses and other SG&A.

Adjusted EBITDA for the six months ended June 30, 2012 increased 21% to $928.2 million. Adjusted EBITDA growth was primarily attributable to the increase in our rental and management segments gross margin, and was partially offset by an increase in SG&A.

**Liquidity and Capital Resources**

The information in this section updates as of June 30, 2012 the Liquidity and Capital Resources section of our Annual Report on Form 10-K for the year ended December 31, 2011 and should be read in conjunction with that report.

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***Overview***

As a holding company, our cash flows are derived primarily from the operations of, and distributions from, our operating subsidiaries or funds raised through borrowings under our credit facilities and debt and equity offerings. As of June 30, 2012, we had approximately $2,478.0 million of total liquidity, comprised of approximately $481.9 million in cash and cash equivalents and the ability to borrow up to $1,996.1 million, net of any outstanding letters of credit, under our unsecured revolving credit facilities. Summary cash flow information for the six months ended June 30, 2012 and 2011 is set forth below (in thousands).

| | Six Months Ended June 30, | |
|---|---|---|
| | **2012** | **2011** |
| Net cash provided by (used for): | | |
| Operating activities | $ 762,875 | $ 559,338 |
| Investing activities | (766,909) | (1,057,287) |
| Financing activities | 170,290 | (57,380) |
| Net effect of changes in exchange rates on cash and cash equivalents | (14,510) | 3,908 |
| Net increase (decrease) in cash and cash equivalents | $ 151,746 | $ (551,421) |

We use our cash flows to fund our operations and investments in our business, including tower maintenance and improvements, tower construction and DAS network installations, and tower and land acquisitions. Additionally, we use our cash flows to make distributions of our REIT taxable income in order to maintain our REIT qualification under the Code, as well as fund refinancings and repurchases of our outstanding indebtedness and our stock repurchase program.

As of June 30, 2012, we had total outstanding indebtedness of approximately $7.5 billion. During the six months ended June 30, 2012 and the year ended December 31, 2011, we generated sufficient cash flow from operations to fund our capital expenditures and cash interest obligations. We believe the cash generated by operations during the next 12 months will be sufficient to fund our capital expenditures and our cash debt service (interest and principal repayments) obligations for the next 12 months. If our acquisitions, capital expenditures or debt repayments exceed the cash generated by our operations, we have sufficient borrowing capacity under our credit facilities. As of June 30, 2012, we had approximately $188.0 million of cash and cash equivalents held by our foreign subsidiaries. Historically, it has not been our practice to repatriate cash from our foreign subsidiaries primarily due to our ongoing expansion efforts and related capital needs. However, in the event that we do repatriate any funds, we would be required to accrue and pay taxes.

As a REIT, we are subject to a number of organizational and operational requirements, including a requirement that we distribute to our stockholders an amount equal to at least 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). Generally, we expect to distribute all or substantially all of our REIT taxable income so as not to be subject to the income or excise tax on undistributed REIT taxable income. On July 18, 2012, we made our second regular distribution of $0.22 per share of common stock, or approximately $86.9 million, to stockholders of record at the close of business on July 2, 2012. The amount, timing and frequency of future distributions will be at the sole discretion of our Board of Directors and will be based upon various factors. See Item 5 of our Annual Report on Form 10-K for the year ended December 31, 2011 under the caption Dividends.

***Cash Flows from Operating Activities***

For the six months ended June 30, 2012, cash provided by operating activities was $762.9 million, an increase of $203.5 million as compared to the six months ended June 30, 2011. This increase was primarily due to an increase in the operating profit of our rental and management segments and an increase in cash provided by working capital, including the accelerated recovery of value added tax in our international rental and management segment. This increase was partially offset by an increase in cash paid for interest during the six months ended June 30, 2012.

Our domestic and international rental and management segments and network development services segment are expected to generate sufficient cash flows from operations during 2012 to meet their cash needs for operations and expenditures for tower construction and improvements.

***Cash Flows from Investing Activities***

For the six months ended June 30, 2012, cash used for investing activities was $766.9 million, a decrease of $290.4 million as compared to the six months ended June 30, 2011. This decrease was primarily attributable to a decrease in acquisition-related activity during the six months ended June 30, 2012.

During the six months ended June 30, 2012, we spent $32.8 million to acquire approximately 80 communications sites in the United States, $351.7 million to acquire 1,920 communications sites in Brazil, Colombia, Mexico and Uganda and $148.4 million for the payment of amounts previously recognized in accounts payable or accrued expenses in the condensed consolidated balance sheets for communications sites we acquired in Chile, Colombia, Ghana and South Africa during the year ended December 31, 2011. We also acquired 700 communications sites in Brazil on June 30, 2012, the purchase price for which was paid in July 2012.

During the six months ended June 30, 2012, payments for purchases of property and equipment and construction activities totaled $226.4 million, including $113.3 million of capital expenditures for discretionary capital projects, such as completion of the construction of approximately 1,180 communications sites and the installation of approximately 200 shared generators domestically, $27.2 million spent to acquire land under our towers that was subject to ground agreements (including leases), $45.0 million of capital expenditures related to capital improvements and corporate capital expenditures primarily attributable to information technology improvements and $40.9 million for the redevelopment of existing sites to accommodate new tenant equipment.

We plan to continue to allocate our available capital after our REIT distribution requirements among investment alternatives that meet our return on investment criteria. Accordingly, we may continue to acquire communications sites, acquire land under our towers, build or install new communications sites and redevelop or improve existing communications sites when the expected returns on such investments meet our return on investment criteria. We expect that our 2012 total capital expenditures will be between approximately $500 million and $600 million, including between $90 million and $100 million for capital improvements and corporate capital expenditures, between $75 million and $85 million for the redevelopment of existing communications sites, between $70 million and $80 million for ground lease purchases and between $265 million and $335 million for other discretionary capital projects, including the construction of approximately 1,800 to 2,200 new communications sites.

***Cash Flows from Financing Activities***

For the six months ended June 30, 2012, cash provided by financing activities was $170.3 million, as compared to cash used for financing activities of $57.4 million during the six months ended June 30, 2011.

Cash provided by financing activities during the six months ended June 30, 2012 is primarily due to (i) borrowings under our $1.0 billion unsecured credit facility entered into in April 2011 (the 2011 Credit Facility ) and our $1.0 billion unsecured credit facility entered into in January 2012 (the 2012 Credit Facility ) of $1.3 billion, (ii) proceeds from our $750.0 million unsecured term loan (the 2012 Term Loan ) of $746.4 million, (iii) proceeds from our registered offering of $700.0 million aggregate principle amount of our 4.70% senior notes due 2022 (the 4.70% Notes ) of $693.0 million, (iv) proceeds from other long-term borrowings of $77.7 million, (v) net contributions from non-controlling interest holders of $46.5 million, (vi) proceeds from stock options of $31.1 million and (vii) proceeds from short-term borrowings of $17.1 million.

These borrowings were partially offset by repayment of (i) $1.0 billion under our $1.25 billion senior unsecured revolving credit facility (the Revolving Credit Facility ), (ii) $325.0 million of term loan commitments (the 2008 Term Loan ), (iii) $625.0 million under the 2011 Credit Facility and (iv) $700.0 million under the 2012 Credit Facility. In addition, we made a distribution to our stockholders of $82.9 million and we paid $27.2 million for the repurchase of our common stock, which consisted of $16.4 million of amounts surrendered for the satisfaction of employee tax obligations in connection with the vesting of restricted stock units and $10.8 million of repurchases under our stock repurchase program.

*Revolving Credit Facility and 2008 Term Loan.* On January 31, 2012, we repaid and terminated our Revolving Credit Facility and repaid our 2008 Term Loan with proceeds from the 2011 Credit Facility and 2012 Credit Facility.

*2011 Credit Facility*. As of June 30, 2012, we did not have any amounts outstanding under the 2011 Credit Facility. We continue to maintain the ability to draw down and repay amounts under the 2011 Credit Facility in the ordinary course. The 2011 Credit Facility has a term of five years and matures on April 8, 2016.

*2012 Credit Facility*. On January 31, 2012, we entered into the 2012 Credit Facility. The 2012 Credit Facility has a term of five years and matures on January 31, 2017. Any outstanding principal and accrued but unpaid interest will be due and payable in full at maturity. The 2012 Credit Facility may be paid prior to maturity in whole or in part at our option without penalty or premium.

We have the option of choosing either a defined base rate or London Interbank Offered Rate ( LIBOR ) as the applicable base rate for borrowings under the 2012 Credit Facility. The interest rate ranges between 1.075% to 2.400% above LIBOR for LIBOR based borrowings or between 0.075% to 1.400% above the defined base rate for base rate borrowings, in each case based upon our debt ratings. A quarterly commitment fee on the undrawn portion of the 2012 Credit Facility is required, ranging from 0.125% to 0.450% per annum, based upon our debt ratings. The current margin over LIBOR that we would incur on borrowings is 1.625% and the current commitment fee on the undrawn portion of the 2012 Credit Facility is 0.225%.

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

As of June 30, 2012, we did not have any amounts outstanding under the 2012 Credit Facility and had approximately $3.9 million of undrawn letters of credit. We continue to maintain the ability to draw down and repay amounts under our 2012 Credit Facility in the ordinary course.

*2012 Term Loan*. On June 29, 2012, we entered into the 2012 Term Loan. We received net proceeds of approximately $746.4 million, of which $632.0 million were used to repay certain existing indebtedness under the 2012 Credit Facility.

The 2012 Term Loan has a term of five years and matures on June 29, 2017. Any outstanding principal and accrued but unpaid interest will be due and payable in full at maturity. The 2012 Term Loan may be paid prior to maturity in whole or in part at our option without penalty or premium.

We have the option of choosing either a defined base rate or LIBOR as the applicable base rate. The interest rate ranges between 1.25% to 2.50% above LIBOR for LIBOR based borrowings or between 0.25% to 1.50% above the defined base rate for base rate borrowings, in each case based upon our debt ratings. As of June 30, 2012, the interest rate under the 2012 Term Loan is LIBOR plus 1.75%.

The loan agreement contains certain reporting, information, financial and operating covenants and other restrictions (including limitations on additional debt, guaranties, sales of assets and liens) with which we must comply. Any failure to comply with the financial and operating covenants of the loan agreement would constitute a default, which could result in, among other things, the amounts outstanding, including all accrued interest and unpaid fees, becoming immediately due and payable.

As of June 30, 2012, we had $750.0 million outstanding under the 2012 Term Loan.

*Senior Notes Offering*. On March 12, 2012, we completed a registered public offering of $700.0 million aggregate principal amount of our 4.70% Notes. The net proceeds to us from the offering were approximately $693.0 million, after deducting commissions and expenses. We used the net proceeds to repay a portion of the outstanding indebtedness incurred under our 2011 Credit Facility and 2012 Credit Facility which had been used to fund recent acquisitions.

The 4.70% Notes mature on March 15, 2022, and interest is payable semi-annually in arrears on March 15 and September 15, commencing on September 15, 2012. We may redeem the 4.70% Notes at any time at a redemption price equal to 100% of the principal amount, plus a make-whole premium, together with accrued interest to the redemption date. Interest on the notes will accrue from March 12, 2012 and be computed on the basis of a 360-day year comprised of twelve 30-day months.

If we undergo a change of control and ratings decline, each as defined in supplemental indenture no. 5, dated March 12, 2012 (the Supplemental Indenture ) to the base indenture dated May 13, 2010, as amended and supplemented on December 30, 2011, we will be required to offer to repurchase all of the 4.70% Notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest up to but not including the repurchase date. The 4.70% Notes rank equally with all of our other senior unsecured debt and are structurally subordinated to all existing and future indebtedness and other obligations of our subsidiaries. The Supplemental Indenture contains certain covenants that restrict our ability to merge, consolidate or sell assets and our (together with our subsidiaries ) ability to incur liens. These covenants are subject to a number of exceptions, including that we and our subsidiaries may incur certain liens on assets, mortgages or other liens securing indebtedness, if the aggregate amount of such liens does not exceed 3.5x Adjusted EBITDA, as defined in the Supplemental Indenture.

*Colombian Short-Term Credit Facility*. Our 141.1 billion Colombian Peso ( COP ) denominated short-term credit facility was executed on July 25, 2011 to refinance the credit facility entered into in connection with the purchase of the exclusive use rights for towers from Telefónica S.A. s Colombian Subsidiary, Colombia Telecomunicaciones S.A. E.S.P. ( Coltel ). As of June 30, 2012, 141.1 billion COP (approximately $79.1 million) were outstanding under this credit facility. As of June 30, 2012, this facility accrued interest at 8.20% and was scheduled to mature on July 25, 2012. In July 2012, we repaid approximately 6.1 billion COP (approximately $3.4 million at the repayment date) under this credit facility and extended the maturity date to August 25, 2012, with a new interest rate of 8.18%.

*Colombian Bridge Loans*. In connection with the acquisition of communications sites from Colombia Movil S.A. E.S.P. ( Colombia Movil ), one of our subsidiaries entered into a 51.9 billion COP denominated bridge loan in December 2011. As of June 30, 2012, this loan accrues interest at 7.95%. On February 22, 2012, this subsidiary borrowed an additional 30.7 billion COP under a new loan. As of June 30, 2012, this loan accrues interest at 7.95%. As of June 30, 2012, the aggregate principal amount outstanding under these combined loans was 82.6 billion COP (approximately $46.3 million) and the maturity dates were extended to September 22, 2012. In July 2012, the subsidiary borrowed an additional 6.9 billion COP (approximately $3.9 million at the date of the borrowings) under these loans.

*Colombian Loan.* In connection with the establishment of our joint venture with Millicom International Cellular S.A. ( Millicom ) and the acquisition of communications sites in Colombia, ATC Colombia B.V., a 60% owned subsidiary of ATC, entered into a U.S. Dollar-denominated shareholder loan agreement (the Colombian Loan ), as the borrower, with our wholly owned subsidiary (the ATC Colombian Subsidiary ), and a wholly owned subsidiary of Millicom (the Millicom Subsidiary ), as the lenders. The Colombian Loan accrues interest at 8.30% and matures on February 22, 2022. The portion of the loans made by the ATC Colombian Subsidiary is eliminated in consolidation, and the portion of the loans made by the Millicom Subsidiary is reported as outstanding debt of ATC. As of June 30, 2012, an aggregate of $13.2 million was payable to the Millicom Subsidiary.

*South African Facility*. Our 1.2 billion South African Rand ( ZAR ) credit facility ( South African Facility ) was executed in November 2011 to refinance the bridge loan entered into in connection with the acquisition of communications sites from Cell C (Pty) Limited by our local South African subsidiary. As of June 30, 2012, the South African Facility accrues interest at 9.355% and matures on March 31, 2020. As of June 30, 2012, 687.0 million ZAR (approximately $84.1 million) was outstanding under the South African Facility.

*Ghana Loan.* In connection with the establishment of our joint venture with MTN Group Limited ( MTN Group ) and the acquisitions of communications sites in Ghana, Ghana Tower Interco B.V., a 51% owned subsidiary of ATC, entered into a U.S. Dollar-denominated shareholder loan agreement (the Ghana Loan ), as the borrower, with our wholly owned subsidiary (the ATC Ghana Subsidiary ), and Mobile Telephone Networks (Netherlands) B.V., a wholly owned subsidiary of MTN Group (the MTN Ghana Subsidiary ), as the lenders. The Ghana Loan accrues interest at 9.0% and matures on May 4, 2016. The portion of the Ghana Loan made by the ATC Ghana Subsidiary is eliminated in consolidation, and the portion of the Ghana Loan made by the MTN Ghana Subsidiary is reported as outstanding debt of American Tower Corporation. As of June 30, 2012, an aggregate of $131.0 million was payable to the MTN Ghana Subsidiary.

*Uganda Loan* In connection with the establishment of our joint venture with MTN Group and the acquisitions of communications sites in Uganda, Uganda Tower Interco B.V., a 51% owned subsidiary of ATC, entered into a U.S. Dollar-denominated shareholder loan agreement (the Uganda Loan ), as the borrower, with our wholly owned subsidiary (the ATC Uganda Subsidiary ), and a wholly owned subsidiary of MTN Group (the MTN Uganda Subsidiary ), as the lenders. The Uganda Loan matures on June 29, 2019 and accrues interest at 5.30% above LIBOR, reset annually, which as of June 30, 2012 was 6.368%. The portion of the Uganda Loan made by the ATC Uganda Subsidiary is eliminated in consolidation, and the portion of the Uganda Loan made by the MTN Uganda Subsidiary is reported as outstanding debt of American Tower Corporation. As of June 30, 2012, an aggregate of $61.0 million was payable to the MTN Uganda Subsidiary.

*Stock Repurchase Program.* In March 2011, the Board of Directors approved a stock repurchase program, pursuant to which we are authorized to purchase up to $1.5 billion of our common stock (the 2011 Buyback ).

During the six months ended June 30, 2012, we repurchased 169,527 shares of our common stock for an aggregate of $10.8 million, including commissions and fees, pursuant to the 2011 Buyback. As of June 30, 2012, we had repurchased 3.6 million shares of our common stock under the 2011 Buyback for an aggregate of $192.1 million, including commissions and fees.

Between July 1, 2012 and July 20, 2012, we repurchased an additional 17,900 shares of our common stock for an aggregate of $1.3 million, including commissions and fees, pursuant to the 2011 Buyback. As of July 20, 2012, we had repurchased a total of approximately 3.6 million shares of our common stock under the 2011 Buyback for an aggregate of $193.3 million, including commissions and fees.

Under the 2011 Buyback, we are authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices in accordance with securities laws and other legal requirements, and subject to market conditions and other factors. To facilitate repurchases, we make

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purchases pursuant to trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, which allows us to repurchase shares during periods when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods.

We expect to continue managing the pacing of the remaining $1.3 billion under the 2011 Buyback in response to general market conditions and other relevant factors. In the near term, we expect to fund any further repurchases of our common stock through a combination of cash on hand, cash generated by operations and borrowings under our credit facilities. Purchases under the 2011 Buyback are subject to us having available cash to fund repurchases.

*Sales of Equity Securities.* We receive proceeds from sales of our equity securities pursuant to our employee stock purchase plan, upon the exercise of stock options granted under our equity incentive plans and upon the exercise of warrants to purchase our equity securities. For the six months ended June 30, 2012, we received an aggregate of approximately $31.1 million in proceeds upon exercises of stock options.

*Distributions.* As a REIT, we must annually distribute to our stockholders an amount equal to at least 90% of our REIT taxable income (determined before the deduction for distributions paid and excluding any net capital gain). Generally, we expect to distribute all or substantially all of our REIT taxable income so as to not be subject to income tax or excise tax on undistributed REIT taxable income. The amount, timing and frequency of future distributions, however, will be at the sole discretion of our Board of Directors and will be declared based upon various factors, a number of which may be beyond our control, including, our financial condition and operating cash flows, the amount required to maintain REIT status and reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, our ability to utilize NOLs to offset our distribution requirements, limitations on our ability to fund distributions using cash generated through our TRSs and other factors that our Board of Directors may deem relevant.

On March 22, 2012, we declared a cash distribution of $0.21 per share and on April 25, 2012 paid approximately $82.9 million to stockholders of record at the close of business on April 11, 2012. On June 20, 2012, we declared a cash distribution of $0.22 per share and on July 18, 2012 paid approximately $86.9 million to stockholders of record at the close of business on July 2, 2012. We will accrue distributions on unvested restricted stock unit awards granted subsequent to January 1, 2012, which will be payable upon vesting. As of June 30, 2012, we had accrued $0.3 million of distributions payable upon the vesting of restricted stock units.

*Contractual Obligations*. Our contractual obligations relate primarily to the Commercial Mortgage Pass-Through Certificates, Series 2007-1 issued in our May 2007 securitization transaction (the Securitization ), borrowings under our 2011 Credit Facility, 2012 Credit Facility, 2012 Term Loan and our outstanding notes.

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The following table summarizes our borrowings under our 2011 Credit Facility, 2012 Credit Facility, 2012 Term Loan and the balance outstanding under our notes and the certificates issued in the Securitization and certain other debt, as of June 30, 2012 (in thousands):

| Indebtedness | Balance Outstanding | Maturity Date |
|---|---|---|
| Commercial Mortgage Pass-Through Certificates, Series 2007-1 | $ 1,750,000 | April 15, 2014(1) |
| 2011 Credit Facility | | April 8, 2016 |
| 2012 Credit Facility | | January 31, 2017 |
| 2012 Term Loan | 750,000 | June 29, 2017 |
| Unison Notes, Series 2010-1 Class C, Series 2010-2 Class C and Series 2010-2 Class F notes (2) | 208,065 | April 15, 2017 |
| 4.70% senior notes | 698,706 | March 15, 2022 |
| 5.90% senior notes | 499,329 | November 1, 2021 |
| 4.50% senior notes | 999,363 | January 15, 2018 |
| 5.05% senior notes | 699,295 | September 1, 2020 |
| 4.625% senior notes | 599,563 | April 1, 2015 |
| 7.00% senior notes | 500,000 | October 15, 2017 |
| 7.25% senior notes | 296,047 | May 15, 2019 |
| Ghana Loan (3) | 130,951 | May 4, 2016 |
| Uganda Loan (4) | 61,023 | June 29, 2019 |
| South African Facility (5) | 84,148 | March 31, 2020 |
| Colombian Short-Term Credit Facility (6) | 79,090 | July 25, 2012 |
| Colombian Bridge Loans (7) | 46,320 | September 22, 2012 |
| Colombian Loan (8) | 13,192 | February 22, 2022 |
| Other debt, including capital leases | 50,327 | |
| Total | $ 7,465,419 | |

(1) Anticipated repayment date; final legal maturity date is April 2037.

(2) The Unison Notes, Series 2010-1 Class C, Series 2010-2 Class C and Series 2010-2 Class F notes were assumed by us in connection with the acquisition of certain legal entities holding a portfolio of property interests from Unison Holdings, LLC and Unison Site Management II, L.L.C., (the Unison Acquisition ) and have anticipated repayment dates of April 15, 2017, April 15, 2020 and April 15, 2020, respectively, and a final maturity date of April 15, 2040.

(3) The Ghana Loan is denominated in U.S. Dollars and was entered into in connection with the establishment of our joint venture and subsequent acquisitions of towers in Ghana.

(4) The Uganda Loan is denominated in U.S. Dollars and was entered into in connection with the establishment of our joint venture and subsequent acquisitions of towers in Uganda.

(5) The South African Facility is denominated in South African Rand and amortizes through March 31, 2020.

(6) The Colombian Short-Term Credit Facility is denominated in Colombian Pesos and was entered into in connection with the purchase of the exclusive use rights for towers from Coltel. In July 2012, the maturity date of the facility was extended to August 25, 2012.

(7) The Colombian Bridge Loans are denominated in Colombian Pesos and were entered into in connection with the purchase of towers from Colombia Movil.

(8) The Colombian Loan is denominated in U.S. Dollars and was entered into in connection with the establishment of our joint venture and acquisitions in Colombia.

A description of our contractual debt obligations is set forth under the caption Quantitative and Qualitative Disclosures about Market Risk in Part I, Item 3 of this Quarterly Report on Form 10-Q. We classify uncertain tax positions as non-current income tax liabilities. We expect the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this timeframe. However, based on the status of these items and the amount of uncertainty associated with the outcome and timing of audit settlements, we are currently unable to estimate the impact of the amount of such

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changes, if any, to previously recorded uncertain tax positions and have classified approximately $38.6 million as other long-term liabilities in the condensed consolidated balance sheet as of June 30, 2012. We also classified approximately $33.6 million of accrued income tax related interest and penalties as other long-term liabilities in the condensed consolidated balance sheet as of June 30, 2012.

***Factors Affecting Sources of Liquidity***

As discussed in the Liquidity and Capital Resources section of our Annual Report on Form 10-K for the year ended December 31, 2011, our liquidity is dependent on our ability to generate cash flow from operating activities, borrow funds under our credit facilities and maintain compliance with the contractual agreements governing our indebtedness. As discussed below, the loan agreements relating to the Securitization and to the 2011 Credit Facility, 2012 Credit Facility and 2012 Term Loan contain certain financial and operating covenants and other restrictions that could impact our liquidity. We believe that the foregoing debt agreements and indentures represent those of our material debt agreements that incorporate covenants, the compliance with which would be material to an investor s understanding of our financial results and the impact of those results on our liquidity.

*Restrictions Under Loan Agreements Relating to the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan.* The loan agreements for the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan contain certain financial and operating covenants and other restrictions applicable to us and all of our subsidiaries designated as restricted subsidiaries on a consolidated basis. These include limitations on additional debt, distributions and dividends, guaranties, sales of assets and liens. The loan agreements also contain covenants that establish three financial tests with which we and our restricted subsidiaries must comply related to total leverage, senior secured leverage and interest coverage, as set forth below. Where we designate certain of our subsidiaries as unrestricted subsidiaries in accordance with the respective agreements, those subsidiaries are excluded for purposes of the covenant calculations. As of June 30, 2012, we were in compliance with each of these covenants.

Consolidated Total Leverage Ratio: This ratio requires that we not exceed a ratio of Total Debt to Adjusted EBITDA (each as defined in the loan agreements) of 6.00 to 1.00. Based on our financial performance for the 12 months ended June 30, 2012, we could incur approximately $3.0 billion of additional indebtedness and still remain in compliance with this ratio. In addition, if we maintain our existing debt levels and our expenses do not change materially from current levels, our revenues could decrease by approximately $504 million and we would still remain in compliance with this ratio.

Consolidated Senior Secured Leverage Ratio: This ratio requires that we not exceed a ratio of Senior Secured Debt (as defined in the loan agreements) to Adjusted EBITDA of 3.00 to 1.00. Based on our financial performance for the 12 months ended June 30, 2012, we could incur approximately $3.2 billion of additional Senior Secured Debt and still remain in compliance with this ratio. In addition, if we maintain our existing Senior Secured Debt levels and our expenses do not change materially from current levels, our revenues could decrease by approximately $1.1 billion and we would still remain in compliance with this ratio.

Interest Coverage Ratio: This ratio requires that we maintain a ratio of Adjusted EBITDA to Interest Expense (as defined in the loan agreements) of not less than 2.50 to 1.00. Based on our financial performance for the 12 months ended June 30, 2012, our interest expense, which was $347 million for that period, could increase by approximately $351 million and we would still remain in compliance with this ratio. In addition, if our interest expense does not change materially from current levels, our revenues could decrease by approximately $878 million and we would still remain in compliance with this ratio.

The loan agreements also contain reporting and information covenants that require us to provide financial and operating information within certain time periods. If we are unable to provide the required information on a timely basis, we would be in breach of these covenants.

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Any failure to comply with the financial maintenance tests and operating covenants of the loan agreements for our credit facilities would not only prevent us from being able to borrow additional funds under the 2011 Credit Facility and the 2012 Credit Facility, but would constitute a default under the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan, which could result in, among other things, the amounts outstanding, including all accrued interest and unpaid fees, becoming immediately due and payable. If this were to occur, we would not have sufficient cash on hand to repay such indebtedness. The key factors affecting our ability to comply with the debt covenants described above are our financial performance relative to the financial maintenance tests defined in the loan agreements for the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan and our ability to fund our debt service obligations. Based upon our current expectations, we believe our operating results during the next twelve months will be sufficient to comply with these covenants.

*Restrictions Under Loan Agreement Relating to Securitization.* The loan agreement for the Securitization involves assets related to 5,295 broadcast and wireless communications towers owned by two special purpose subsidiaries of the Company (the Borrowers ), through a private offering of $1.75 billion of Commercial Mortgage Pass-Through Certificates, Series 2007-1 (the Certificates ). As of June 30, 2012, 5,280 broadcast and communications towers are owned by the two special purpose subsidiaries.

The Securitization loan agreement includes certain financial ratios and operating covenants and other restrictions customary for loans subject to rated securitizations. Among other things, the Borrowers are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets. The Borrowers organizational documents contain provisions consistent with rating agency securitization criteria for special purpose entities, including the requirement that the Borrowers maintain at least two independent directors. The Securitization loan agreement also contains certain covenants that require the Borrowers to provide the trustee with regular financial reports and operating budgets, promptly notify the trustee of events of default and material breaches under the Securitization loan agreement and other agreements related to the towers subject to the Securitization, and allow the trustee reasonable access to the towers, including the right to conduct site investigations.

Under the terms of the Securitization loan agreement, the loan will be paid solely from the cash flows generated by the towers subject to the Securitization, which must be deposited, and thereafter distributed, solely pursuant to the terms of the Securitization loan. The Borrowers are required to make monthly payments of interest on the Securitization loan. On a monthly basis, all cash flow in excess of amounts required to make debt service payments, to fund required reserves, to pay management fees and budgeted operating expenses and to make other payments required under the Securitization loan, referred to as excess cash flow, is to be released to the Borrowers for distribution to us. During the six months ended June 30, 2012, the Borrowers distributed excess cash to us of approximately $291.3 million.

In order to distribute this excess cash flow to us, the Borrowers must maintain several specified ratios with respect to their debt service coverage ( DSCR ). For this purpose, DSCR is tested as of the last day of each calendar quarter and is generally defined as four times the Borrowers net cash flow for that quarter divided by the amount of interest, servicing fees and trustee fees that the Borrowers must pay over the succeeding 12 months on the Securitization loan. Pursuant to one such test, if the DSCR as of the end of any calendar quarter were:

1.30x or less, during the five-year period commencing on the closing date of the Securitization in May 2007, or

1.75x or less, thereafter, (1.30x or 1.75x as applicable, the Cash Trap DSCR ),

then all excess cash flow would be placed in a reserve account and would not be released to the Borrowers for distribution to us until the DSCR exceeded the Cash Trap DSCR for two consecutive calendar quarters.

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Additionally, while we do not anticipate commencing principal payments with respect to any component of the Securitization loan until April 2014, excess cash flow would be applied to principal during an Amortization Period under the Securitization loan until April 2014. An Amortization Period would commence under the Securitization loan if the DSCR as of the end of any calendar quarter fell below:

- 1.15x, during the five-year period commencing on the closing date of the Securitization in May 2007, or
- 1.45x thereafter (1.15x or 1.45x as applicable, the Minimum DSCR ).

In such a case, all excess cash flow and any amounts then in the reserve account because the Cash Trap DSCR was not met would be applied to pay principal of the Securitization loan on each monthly payment date until the DSCR exceeded the Minimum DSCR for two consecutive calendar quarters, and so would not be available for distribution to us.

Consequently, a failure to comply with the covenants in the Securitization loan agreement could prevent the Borrowers from taking certain actions with respect to the towers. Additionally, a failure to meet the noted DSCR tests could prevent the Borrowers from distributing excess cash flow to us, which could affect our ability to fund our discretionary expenditures, including tower construction and acquisitions, pay REIT distribution requirements and fund our stock repurchase program. In addition, if the Borrowers were to default on the loan related to the Securitization, the trustee could seek to foreclose upon or otherwise convert the ownership of the towers subject to the Securitization, in which case we could lose the towers and the revenue associated with the towers.

As of June 30, 2012, the Borrowers DSCR was 3.87x. Based on the Borrowers net cash flow for the calendar quarter ended June 30, 2012 and the amount of interest, servicing fees and trustee fees payable over the succeeding 12 months on the Securitization loan, the Borrowers could endure a reduction of approximately $209.6 million in net cash flow before triggering a Cash Trap DSCR, and approximately $239.2 million in net cash flow before triggering an Amortization Period.

As discussed above, we use our available liquidity and seek new sources of liquidity to refinance and repurchase our outstanding indebtedness. In addition, in order to fund capital expenditures, future growth and expansion initiatives, satisfy our REIT distribution requirements and fund our stock repurchase program, we may need to raise additional capital through financing activities. If we determine that it is desirable or necessary to raise additional capital, we may be unable to do so, or such additional financing may be prohibitively expensive or restricted by the terms of our outstanding indebtedness. If we are unable to raise capital when our needs arise, we may not be able to fund capital expenditures, future growth and expansion initiatives, satisfy our REIT distribution requirements, refinance our existing indebtedness or fund our stock repurchase program.

In addition, our liquidity depends on our ability to generate cash flow from operating activities. As set forth under the caption Risk Factors in Part II, Item 1A. of this Quarterly Report on Form 10-Q, we derive a substantial portion of our revenues from a small number of tenants and, consequently, a failure by a significant tenant to perform its contractual obligations to us could adversely affect our cash flow and liquidity.

For more information regarding the terms of our outstanding indebtedness, please see note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011.

**Critical Accounting Policies and Estimates**

Management s discussion and analysis of financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. 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 impairment of assets, asset retirement obligations, accounting for acquisitions, revenue recognition, rent expense, stock-based compensation and income taxes, which we discussed in our Annual Report on Form 10-K for the year ended December 31, 2011. Management bases its estimates on historical experience and other various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have reviewed our policies and estimates to determine our critical accounting policies for the six months ended June 30, 2012. We have made no material changes to the critical accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2011.

**Recently Adopted Accounting Standards**

In May 2011, the FASB amended its guidance related to fair value measurement and disclosure. This guidance clarifies existing measurement and disclosure requirements and results in greater consistency between GAAP and International Financial Reporting Standards. This guidance became effective prospectively for interim and annual periods beginning on or after December 15, 2011. The implementation of this guidance did not have a material impact on our condensed consolidated results of operations or financial position.

In September 2011, the FASB issued guidance on testing goodwill for impairment that became effective for the interim and annual periods beginning on or after December 15, 2011 (with early adoption permitted). Under the new guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the entity determines that it is more likely than not that the carrying value of a reporting unit is less than its fair value, then performing the two-step impairment test is unnecessary. The implementation of this guidance had no impact on our condensed consolidated results of operations or financial position.

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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The following tables provide information as of June 30, 2012 about our market risk exposure associated with changing interest rates. For long-term debt obligations, the table presents principal cash flows by maturity date and average interest rates related to outstanding obligations.

**As of June 30, 2012**

**Principal Payments and Interest Rate Detail by Contractual Maturity Dates**

**(In thousands, except percentages)**

| Long-Term Debt | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total | Fair Value |
|---|---|---|---|---|---|---|---|---|
| Fixed Rate Debt (a) | $ 127,867 | $ 2,542 | $ 1,751,709 | $ 600,765 | $ 131,602 | $ 3,951,395 | $ 6,565,880 | $ 7,039,591 |
| Average Interest Rate (a) | 8.03% | 5.36% | 5.61% | 4.63% | 9.00% | 5.50% | | |
| Variable Rate Debt (a) | | $ 2,104 | $ 5,091 | $ 9,677 | $ 13,464 | $ 864,835 | $ 895,171 | $ 906,848 |

**Aggregate Notional Amounts Associated with Interest Rate Swaps in Place**

**As of June 30, 2012 and Interest Rate Detail by Contractual Maturity Dates**

**(In thousands, except percentages)**

| Interest Rate SWAPS | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total | Fair Value |
|---|---|---|---|---|---|---|---|---|
| Notional Amount (b) | | | | | | ZAR 350,000 | ZAR 350,000 | ZAR 12,512 |

(a) As of June 30, 2012, variable rate debt consisted of our 2012 Term Loan ($750.0 million), which matures on June 29, 2017, $84.1 million of indebtedness outstanding under our South African Facility, which amortizes through March 31, 2020 and $61.0 of indebtedness under our Uganda Loan, which matures on June 29, 2019. As of June 30, 2012, fixed rate debt consisted of: the Certificates issued in the Securitization ($1.75 billion); Unison Notes, acquired in connection with Unison Acquisition ($196.0 principal amount due at maturity, the balance as of June 30, 2012 was $208.1 million); the 7.25% senior notes due 2019 ($300.0 million principal amount due at maturity, the balance as of June 30, 2012 was $296.0 million); the 7.00% senior notes due 2017 ($500.0 million principal due at maturity); the 4.625% senior notes due 2015 ($600.0 million principal amount due at maturity, the balance as of June 30, 2012 was $599.6 million); the 5.05% senior notes due 2020 ($700.0 million principal amount due at maturity, the balance as of June 30, 2012 was $699.3 million); the 4.50% Notes due 2018 ($1.0 billion principal amount due at maturity, the balance as of June 30, 2012 was $999.4 million); the 5.90% senior notes due 2021 ($500.0 million principal amount due at maturity, the balance as of June 30, 2012 was $499.3 million); the 4.70% Notes due 2022 ($700.0 million principal amount due at maturity, the balance as of June 30, 2012 was $698.7 million); and other debt of $319.9 million (including the Colombian Bridge Loans, Colombian Short-Term Credit Facility, Colombian Loan, Ghana Loan and other debt including capital leases). Interest on the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan is payable in accordance with the applicable 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 June 30, 2012 for the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan was 2.00%. For the six months ended June 30, 2012, the weighted average interest rate under the 2011 Credit Facility, the 2012 Credit Facility and the 2012 Term Loan was 1.71%. Interest on the South African Facility is payable in accordance with the applicable JIBAR agreement and accrues at JIBAR plus margin (as defined). The weighted average interest rate at June 30, 2012, after giving effect to our interest rate swap agreements in South Africa, was 10.18%. Interest on the Uganda Loan is payable in accordance with the applicable LIBOR plus margin (as defined). The Uganda Loan accrued interest at 6.368% at June 30, 2012.

(b) The interest rate swaps are denominated in ZAR. On June 30, 2012, the notional amount and the fair value were $42.9 million and $1.5 million, respectively.

Changes in interest rates can cause interest charges to fluctuate on our variable rate debt. Variable rate debt as of June 30, 2012, was comprised of $750.0 million under the 2012 Term Loan, $61.0 million under the Uganda Loan and $41.3 million under the South African Facility after giving effect to our interest rate swap agreements in South Africa. A 10% increase in current interest rates would have caused an immaterial additional pre-tax charge to our net income and an immaterial increase in our cash outflows for the six months ended June 30, 2012.

We are exposed to market risk from changes in foreign currency exchange rates primarily in connection with our foreign subsidiaries and joint ventures internationally. Any transaction denominated in a currency other than the U.S. Dollar is reported in U.S. Dollars at the applicable exchange rate. All assets and liabilities are translated into U.S. Dollars at exchange rates in effect at the end of the applicable fiscal reporting period and all revenues and expenses are translated at average rates for the period. The cumulative translation effect is included in equity and as a component of comprehensive income.

For the six months ended June 30, 2012, approximately 29% of our revenues and approximately 38% of our total operating expenses were denominated in foreign currencies, as compared to 25% and 31%, respectively, during the same period in 2011.

We have performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign currency exchange rates from the quoted foreign currency exchange rates at June 30, 2012 used to translate our financial results to U.S. Dollars. As of June 30, 2012, the analysis indicated that such an adverse movement would cause our revenues, operating results and cash flows to fluctuate by less than 8%.

As of June 30, 2012, we have a substantial amount of additional intercompany debt, which is not considered to be permanently reinvested, and similar unaffiliated balances that are denominated in a currency other than the functional currency of the subsidiary in which it is recorded. As this debt has not been designated as being of long-term investment in nature, any changes in the foreign currency exchange rates will result in unrealized gains or losses, which will be included in our determination of net income. An adverse change of 10% in the underlying exchange rates of our unsettled intercompany debt and similar unaffiliated balances would result in approximately $175 million of unrealized gains or losses that would be included in other income in our condensed consolidated statement of operations for the six months ended June 30, 2012.

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## ITEM 4. CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

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

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that these disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

### Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting during the three months ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We periodically become involved in various claims and lawsuits that are incidental to our business. In our Annual Report on Form 10-K for the year ended December 31, 2011, we reported our material legal proceedings. Since the filing of our Annual Report, other than the legal proceedings discussed above and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, there have been no material developments with respect to any material legal proceedings to which we are a party.

### ITEM 1A. RISK FACTORS

***Decrease in demand for our communications sites would materially and adversely affect our operating results and we cannot control that demand.***

Factors affecting the demand for our communications sites, and to a lesser extent our network development services, could materially and adversely affect our operating results. Those factors include:

- mergers or consolidations among wireless service providers;
- increased use of network sharing, roaming or resale arrangements by wireless service providers;
- technological changes;
- delays or changes in the deployment of next generation wireless technologies;
- 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 on network infrastructure;
- the growth rate of wireless communications or of a particular wireless segment;
- governmental licensing of spectrum or restricting or revoking spectrum licenses;
- the imposition by local governments of significant license surcharges; and
- zoning, environmental, health or other government regulations or changes in the application and enforcement thereof.

Any downturn in the economy or disruption in the financial and credit markets could impact consumer demand for wireless services. If wireless service subscribers significantly reduce their minutes of use, or fail to widely adopt and use wireless data applications, our wireless service provider tenants could experience a decrease in demand for their services. As a result, they may scale back their business plans or otherwise reduce their spending, which could materially and adversely affect leasing demand for our communications sites and our network development services business, which could have a material adverse effect on our business, results of operations or financial condition.

Furthermore, the demand for broadcast space in the United States and Mexico depends on the needs of television and radio broadcasters. Among other things, technological advances, including the development of satellite-delivered radio and video services, may reduce the need for tower-based broadcast transmission. In addition, any significant increase in attrition rate or decrease in overall demand for broadcast space could have a material adverse effect on our business, results of operations or financial condition.

***If our tenants consolidate, merge or share site infrastructure with each other to a significant degree, our growth, revenue and ability to generate positive cash flows could be materially and adversely affected.***

Significant consolidation among our tenants may result in the decommissioning of certain existing communications sites, because certain portions of these tenants networks may be redundant. For example, in the

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U.S., recently combined companies have either rationalized or announced plans to rationalize duplicative parts of their networks, which may result in the decommissioning of certain equipment on our communications sites. We would expect a similar outcome in India if the anticipated consolidation of certain tenants occurs. In addition, certain combined companies have undergone or are currently undergoing a modernization of their networks, and these and other tenants could determine not to renew leases with us as a result. Our ongoing contractual revenues and our future results may be negatively impacted if a significant number of these leases are not renewed. Similar consequences might occur if wireless service providers engage in extensive sharing of site infrastructure, roaming or resale arrangements as an alternative to leasing our communications sites.

***New technologies or changes in a tenant s business model could make our tower leasing business less desirable and result in decreasing revenues.***

The development and implementation of new technologies designed to enhance the efficiency of wireless networks or changes in a tenant s business model could reduce the need for tower-based wireless services, decrease demand for tower space or reduce obtainable lease rates. Examples of these technologies include spectrally efficient technologies which could relieve a portion of our tenants network capacity needs and as a result, could reduce the demand for tower-based antenna space. Additionally, certain small cell complementary network technologies, such as picocells, femtocells and WiFi, could offload a portion of our tenants network traffic away from the traditional tower-based networks, which could also reduce the need for carriers to add more equipment at certain communications sites. Moreover, the emergence of alternative technologies could reduce the need for tower-based broadcast services transmission and reception. For example, the growth in delivery of wireless communication, radio and video services by direct broadcast satellites could materially and adversely affect demand for our tower space. In addition, a tenant may decide to no longer outsource tower infrastructure or otherwise change its business model which would result in a decrease in our revenue. The development and implementation of any of these and similar technologies to any significant degree or changes in a tenant s business model could have a material adverse effect on our business, results of operations or financial condition.

***Our expansion initiatives may disrupt our operations or expose us to additional risk if we are not able to successfully integrate operations, assets and personnel.***

As we continue to acquire communications sites in our existing markets and expand into new markets, we are subject to a number of risks and uncertainties, including not meeting our return on investment criteria and financial objectives, increased costs, assumed liabilities and the diversion of managerial attention due to acquisitions. Achieving the benefits of acquisitions depends in part on integrating operations, communications tower portfolios and personnel in a timely and efficient manner. Integration may be difficult and unpredictable for many reasons, including, among other things, differing systems and processes, potential cultural differences, customary business practices and conflicting policies, procedures and operations. In addition, the integration of businesses may significantly burden management and internal resources, including the potential loss or unavailability of key personnel.

Furthermore, our international expansion initiatives are subject to additional risks such as complex laws, regulations and business practices that may require additional resources and personnel, and the other risks described below in Our foreign operations are subject to economic, political and other risks that could materially and adversely affect our revenues or financial position, including risks associated with fluctuations in foreign currency exchange rates. As a result, our foreign operations and expansion initiatives may not succeed and may materially and adversely affect our business, results of operations or financial condition.

***If we fail to qualify as a REIT or fail to remain qualified as a REIT, we would be subject to tax at corporate income tax rates, which would substantially reduce funds available.***

We began operating as a REIT for federal income tax purposes, effective for the taxable year beginning January 1, 2012. If we fail to qualify as a REIT, we will be taxed at corporate income tax rates unless certain

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relief provisions apply. We believe that we are organized and will qualify as a REIT upon timely filing our federal income tax return for 2012, and we intend to operate in a manner that will allow us to continue to qualify as a REIT. However, we cannot guarantee that we will qualify or remain so qualified, including if our Board of Directors determines it is no longer in our interests to be a REIT. This is because REIT qualification involves the application of highly technical and complex provisions of the Code, which provisions may change from time to time, to our operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of the Code provisions.

If, in any taxable year, we fail to qualify for taxation as a REIT, and are not entitled to relief under the Code:

- we will not be allowed a deduction for distributions to stockholders in computing our taxable income;

- we will be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate tax rates; and

- we would be disqualified from REIT tax treatment for the four taxable years following the year during which we were so disqualified.

Any corporate tax liability could be substantial and would reduce the amount of cash available for other purposes. If we fail to qualify for taxation as a REIT, we may need to borrow additional funds or liquidate some investments to pay any additional tax liability. Accordingly, funds available for investment would be reduced.

***We could suffer adverse tax or other financial consequences if taxing authorities do not agree with our tax positions.***

We are periodically subject to examinations by taxing authorities in the states and countries where we do business, and we expect that we will continue to be subject to tax examinations in the future. Moreover, the Internal Revenue Service ( IRS ) and any state or local tax authority may successfully assert liabilities against us for corporate income taxes for taxable years prior to the time we qualified as a REIT, or with respect to our TRSs, in which case either we will owe these taxes plus applicable interest and penalties, if any, or we will offset additional income as determined by a tax authority with our NOLs. If we offset such additional income with our NOLs, our required distributions to maintain our qualification and taxation as a REIT will increase and we may be required to pay deficiency dividends and an associated interest charge if our prior REIT distributions were insufficient in light of the reduced available NOLs.

In addition, domestic and international tax laws and regulations are extremely complex and subject to varying interpretations. We recognize tax benefits of uncertain tax positions when we believe the positions are more likely than not to be sustained upon a challenge by the relevant tax authority. We believe our judgments in this area are reasonable and correct, but there is no guarantee that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge. If there are tax benefits that are challenged successfully by a taxing authority, we may be required to pay additional taxes or use our NOLs or we may seek to enter into settlements with the taxing authorities, all of which could require significant payments or otherwise have a material adverse effect on our business, results of operations or financial condition.

***Failure to make required distributions would subject us to additional federal corporate income tax, and we may be limited in our ability to fund these distributions using cash generated through our TRSs.***

We began declaring regular distributions in the first quarter of 2012, the amounts of which will be determined, and are subject to adjustment, by our Board of Directors. If our cash available for distribution falls short of our estimates, we may be unable to maintain distributions that approximate our REIT taxable income, and may fail to qualify for taxation as a REIT, which generally requires distribution of an amount equal to at least 90% of REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments.

To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders for a calendar year is less than the minimum amount specified under the Code.

Our ability to receive distributions from our TRSs is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from real estate, which principally includes gross income from the leasing of our communications sites and rental-related services. Consequently, no more than 25% of our gross income may consist of dividend income from our TRSs and other non-qualifying types of income. Thus, our ability to receive distributions from our TRSs may be limited, and may impact our ability to fund distributions to our stockholders. Specifically, if our TRSs become highly profitable, we might become limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability.

In addition, the majority of our income and cash flows from our TRSs are generated from our international operations. In many cases, there are local withholding taxes and currency controls that may impact our ability or willingness to repatriate funds to the United States to help satisfy REIT distribution requirements.

***Certain of our business activities may be subject to corporate level income tax and foreign taxes, which reduce our cash flows, and will have potential deferred and contingent tax liabilities.***

We may be subject to certain federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT. Any of these taxes would decrease our earnings and our available cash.

Our TRS assets and operations will continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on the gain recognized from a sale of assets occurring within a specified period (generally, ten years) after the REIT Conversion, up to the amount of the built-in gain that existed on January 1, 2012, which is based on the fair market value of those assets in excess of our tax basis as of January 1, 2012. Gain from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot, however, assure you that we will not change our plans in this regard.

***Complying with REIT requirements may limit our flexibility or cause us to forego otherwise attractive opportunities.***

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the concentration of ownership of our stock. Compliance with these tests will require us to refrain from certain activities and may hinder our ability to make certain attractive investments, including the purchase of non-qualifying assets, the expansion of non-real estate activities, and investments in the businesses to

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be conducted by our TRSs, and to that extent limit our opportunities and our flexibility to change our business strategy. We could also be required to liquidate otherwise attractive investments, and could be limited in our ability to hedge liabilities and risks. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require the target company to comply with some REIT requirements prior to closing. In addition, we may receive pressure from investors not to pursue growth opportunities that are not immediately accretive.

Under the Code, no more than 25% of the value of the assets of a REIT may be represented by securities of one or more TRSs and other non-qualifying assets. This limitation may affect our ability to make additional investments in our DAS networks business or network development services segment as currently structured and operated, in other non-REIT qualifying operations or assets, or in international operations through TRSs. To meet our annual distribution requirements, we may be required to distribute amounts that may otherwise be used for our operations, including amounts that may otherwise be invested in future acquisitions, capital expenditures or repayment of debt, and it is possible that we might be required to borrow funds, sell assets or raise equity to fund these distributions, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings.

***Our extensive use of TRSs, in particular for our international operations, may cause us to fail to qualify as a REIT.***

The net income of our TRSs is not required to be distributed to us, and such undistributed TRS income is generally not subject to our REIT distribution requirements. However, if the accumulation of cash or reinvestment of significant earnings in our TRSs causes the fair market value of our securities in those entities, taken together with other non-qualifying assets, to exceed 25% of the fair market value of our assets, in each case as determined for REIT asset testing purposes, we would, absent timely responsive action, fail to qualify as a REIT.

***Our foreign operations are subject to economic, political and other risks that could materially and adversely affect our revenues or financial position, including risks associated with fluctuations in foreign currency exchange rates.***

Our international business operations and our expansion into new markets in the future could result in adverse financial consequences and operational problems not typically experienced in the United States. For the six months ended June 30, 2012 approximately 29% of our consolidated revenue was generated by our international operations, compared to 25% for the six months ended June 30, 2011. We anticipate that our revenues from our international operations will 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 tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- changes to existing or new tax laws or fees directed specifically at the ownership and operation of communications sites or our international acquisitions, which may be applied and enforced retroactively;
- changes to zoning regulations or construction laws, which could retroactively be applied to our existing communications sites;
- expropriation or governmental regulation restricting foreign ownership or requiring divestiture;
- restricting or revoking spectrum licenses or suspending business under prior licenses;
- imposing significant license surcharges;

- possible failure to comply with anti-bribery laws such as the Foreign Corrupt Practices Act and similar local anti-bribery laws; and

- uncertainties regarding legal or judicial systems, including inconsistencies between and within laws, regulations and decrees, and judicial application thereof, which may be enforced retroactively, and delays in the judicial process.

In our international operations, many of our tenants are subsidiaries of global telecommunications companies. These subsidiaries may not have the explicit or implied financial support of their parent entities.

In addition, as we continue to invest in joint venture opportunities internationally, our partners may have business or economic goals that are inconsistent with ours, be in positions to take action or withhold consents contrary to our requests or become unable or unwilling to fulfill their commitments, which could require us to assume and fulfill the obligations of that joint venture.

We also face risks associated with changes in foreign currency exchange rates, including those arising from our operations, investments and financing transactions related to our international business. Volatility in foreign currency exchange rates can also affect our ability to plan, forecast and budget for our international operations and expansion efforts. Our revenues earned from our international operations are primarily denominated in their respective local currencies. We have not historically engaged in significant currency hedging activities relating to our non-U.S. Dollar operations, and a weakening of these foreign currencies against the U.S. Dollar would have a negative impact on our reported revenues, operating profits and income.

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

Our business and that of our tenants are subject to federal, state, local and foreign regulations. In certain jurisdictions, these regulations could be applied or enforced retroactively. Local zoning authorities and community organizations are often opposed to construction of communications sites 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 tenant demands and requirements. In addition, in certain foreign jurisdictions, we are required to pay annual license fees, and these fees may be subject to substantial increases by the government. Foreign jurisdictions in which we operate and currently are not required to pay license fees may enact license fees, which may apply retroactively. In certain foreign jurisdictions, there may be changes to zoning regulations or construction laws based on site location which may result in increased costs to modify certain of our existing towers or decreased revenue due to the removal of certain towers to ensure compliance with such changes. Existing regulatory policies may materially and adversely affect the associated timing or cost of such projects and additional regulations may be adopted that increase delays or result in additional costs to us, or that prevent such projects in certain locations. Furthermore, the tax laws, regulations and interpretations governing REITs may change at any time. These factors could materially and adversely affect our business, results of operations or financial condition.

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

A substantial portion of our total operating revenues is derived from a small number of tenants. For the six months ended June 30, 2012, four tenants accounted for approximately 74% of our domestic rental and management segment revenue; and five tenants accounted for approximately 54% of our international rental and management segment revenue. If any of these tenants is unwilling or unable to perform their obligations under our agreements with them, our revenues, results of operations, financial condition and liquidity could be materially and adversely affected. In the ordinary course of our business, we do occasionally experience disputes with our tenants, generally regarding the interpretation of terms in our leases. We have historically resolved these disputes in a manner that did not have a material adverse effect on us or our tenant relationships. However, it is possible that such disputes could lead to a termination of our leases with tenants or a material modification of the terms of those leases, either of which could have a material adverse effect on our business, results of operations or financial condition. If we are forced to resolve any of these disputes through litigation, our relationship with the applicable tenant 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 or financial condition.

***Due to the long-term expectations of revenue growth from tenant leases, we are sensitive to changes in the creditworthiness and financial strength of our tenants.***

Due to the long-term nature of our tenant leases, we depend on the continued financial strength of our tenants. Many wireless service providers operate with substantial leverage. In the past, we have had tenants that have filed for bankruptcy. In addition, many of our tenants and potential tenants rely on capital raising activities to fund their operations and capital expenditures. Downturns in the economy and disruptions in the financial and credit markets have periodically made it more difficult and more expensive to raise capital. If our tenants or potential tenants are unable to raise adequate capital to fund their business plans, they may reduce their spending, which could materially and adversely affect demand for our communications sites and our network development services business. If, as a result of a prolonged economic downturn or otherwise, one or more of our significant tenants experienced financial difficulties or filed for bankruptcy, it could result in uncollectable accounts receivable and an impairment of our deferred rent asset, tower asset, network location intangible asset or customer-related intangible asset. In addition, it could result in the loss of significant tenants and all or a portion of our anticipated lease revenues from certain tenants, all of which could have a material adverse effect on our business, results of operations or financial condition.

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

Our real property interests relating to our towers consist primarily of leasehold and sub-leasehold interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular tower site may interfere with our ability to operate a tower and generate revenues. For various reasons, we may not always have the ability to access, analyze and verify all information regarding titles and other issues prior to completing an acquisition of communications sites, which can affect our rights to access and operate a site. From time to time we also experience disputes with landowners regarding the terms of ground agreements for land under a tower, which can affect our ability to access and operate a tower site. Further, for various reasons, landowners may not want to renew their ground agreements with us, they may lose their rights to the land, or they may transfer their land interests to third parties, including ground lease aggregators, which could affect our ability to renew ground agreements on commercially viable terms. Approximately 87% of the communications sites in our portfolio as of June 30, 2012 are located on land we lease pursuant to operating leases. Approximately 76% of the ground leases for these sites have a final expiration date of 2022 and beyond. Further, for various reasons, title to property interests in some of the foreign jurisdictions in which we operate may not be as certain as title to our property interests in the United States. Our inability to protect our rights to the land under our towers may have a material adverse effect on our business, results of operations or financial condition.

***We may need additional financing to fund capital expenditures, future growth and expansion initiatives and to satisfy our REIT distribution requirements.***

To fund capital expenditures, future growth and expansion initiatives and to satisfy our REIT distribution requirements, we may need to raise additional capital through financing activities, sell assets or raise equity. We believe our cash provided by operations for the year ending December 31, 2012 will sufficiently fund our cash needs for operations, capital expenditures, required distribution payments and cash debt service (interest and principal repayments) obligations through 2012. However, we anticipate that we may need to obtain additional sources of capital in the future to fund capital expenditures, future growth and expansion initiatives and satisfy our REIT distribution requirements. Depending on market conditions, we may seek to raise capital through credit facilities or debt or equity offerings. Additionally, a downgrade of our credit rating below investment grade could negatively impact our ability to access credit markets or preclude us from obtaining funds on investment grade terms and conditions. Further, certain of our current debt instruments limit the amount of indebtedness we and our subsidiaries may incur. Additional financing, therefore, may be unavailable, more expensive or restricted by the terms of our outstanding indebtedness. If we are unable to raise capital when our needs arise, we may not be able to fund our capital expenditures, future growth and expansion initiatives or satisfy our REIT distribution requirements.

***Our leverage and debt service obligations may materially and adversely affect us.***

In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings. Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt, to sell assets or to offer equity securities. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our total leverage.

As of June 30, 2012, we had approximately $7.5 billion of consolidated debt and the ability to borrow additional amounts of approximately $2.0 billion under our credit facilities. Our leverage could render us unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to our indebtedness. We are also permitted, subject to certain restrictions under our existing indebtedness, to draw down on our credit facilities and obtain additional long-term debt and working capital lines of credit to meet future financing needs.

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

- impairing our ability to meet one or more of the financial ratio covenants contained in our debt agreements or to generate cash sufficient to pay interest or principal due under those agreements, which could result in an acceleration of some or all of our outstanding debt and the loss of towers subject to our Securitization if an uncured default occurs;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional debt or equity financing;
- increasing our borrowing costs if our current investment grade debt ratings decline;
- 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 or REIT distributions;
- 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 markets in which we compete;
- limiting our ability to repurchase our common stock or make distributions to our stockholders; and
- placing us at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources.

***Restrictive covenants in the loan agreements related to our Securitization, the loan agreements for our credit facilities and the indentures governing our debt securities could materially and adversely affect our business by limiting flexibility.***

The loan agreement related to our Securitization includes operating covenants and other restrictions customary for loans subject to rated securitizations. Among other things, the borrowers under the loan agreement

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for the Securitization are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets. A failure to comply with the covenants in the loan agreement could prevent the borrowers from taking certain actions with respect to the towers subject to the Securitization and could prevent the borrowers from distributing any excess cash from the operation of such towers to us. If the borrowers were to default on the loan, the servicer on the loan could seek to foreclose upon or otherwise convert the ownership of the towers subject to the Securitization, in which case we could lose such towers and the excess cash flow associated with such towers.

The loan agreements for our credit facilities contain restrictive covenants, as well as requirements to comply with certain leverage and other financial maintenance tests, and could thus limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness or making distributions to stockholders, and engaging in various types of transactions, including mergers, acquisitions and sales of assets. Additionally, our indentures restrict our and our subsidiaries ability to incur liens securing our or their indebtedness. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, mergers and acquisitions or other opportunities. Further, if these limits prevent us from satisfying our REIT distribution requirements, we could fail to qualify for taxation as a REIT. If these limits do not jeopardize our qualification for taxation as a REIT but nevertheless prevent us from distributing 100% of our REIT taxable income, we would be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts.

In addition, reporting and information covenants in our loan agreements and indentures require that we provide financial and operating information within certain time periods. If we are unable to timely provide the required information, we would be in breach of these covenants. For more information regarding the covenants and requirements discussed above, please see Item 7 of our Annual Report for the year ended December 31, 2011 under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Factors Affecting Sources of Liquidity and note 7 to our consolidated financial statements included in our Annual Report.

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

Our industry is highly competitive and our tenants have numerous alternatives in leasing antenna space. Some of our competitors, such as wireless carriers that allow collocation on their towers, are larger and may have greater financial resources than we do, while other competitors may have lower return on investment criteria than we do.

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

***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. We may not have the required available capital to exercise our right to purchase leased or subleased towers at the end of the applicable period. Even if we do have available capital, we may choose not to exercise our right to purchase such towers for business or other reasons. In the event that we do not exercise these purchase rights or are otherwise unable to acquire an interest that would allow us to continue to operate these towers after the applicable period, we would lose the cash flows derived from such towers. In the event that we decide to exercise these purchase rights, the benefits of the acquisitions of a significant number of towers may not exceed the associated acquisition, compliance and integration costs, which could have a material adverse effect on our business, results of operations or financial condition.

***We may incur goodwill and other intangible impairment charges which may require us to record a significant charge to earnings.***

In accordance with GAAP, we are required to assess our goodwill and indefinite-lived intangibles annually to determine if they are impaired or more frequently in the event of circumstances indicating potential impairment. These circumstances could include a decline in our actual or expected future cash flows or income, a significant adverse change in the business climate, a decline in market capitalization, or slower growth rates in our industry, among others. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets and the implied fair value of the goodwill or other intangible assets in the period the determination is made.

While we did not record any impairment charges during the six months ended June 30, 2012, it is possible that in the future, we may be required to record impairment charges for our goodwill for our reporting units or for other intangible assets. These charges could be significant, which could have a material adverse effect on our business, results of operations or financial condition.

***We have limited experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations.***

We have only been operating as a REIT since January 1, 2012. Accordingly, the experience of our senior management operating a REIT is limited. Our pre-REIT operating experience may not be sufficient to operate successfully as a REIT. Failure to maintain REIT status could adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations.

***Distributions payable by REITs generally do not qualify for reduced tax rates.***

Certain distributions payable by corporations to individuals, trusts and estates that are U.S. stockholders are currently eligible for federal income tax at a minimum rate of 15% and are scheduled to be taxed at ordinary income rates for taxable years beginning after December 31, 2012. Distributions payable by REITs, in contrast, generally are not eligible for the current reduced rates. The more favorable rates applicable to regular corporate distributions could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay distributions, which could reduce the demand and market price of shares of our common stock.

***We could have liability under environmental and occupational safety and health laws.***

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various federal, state, local and foreign environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. As the owner, lessee or operator of real property and facilities, we may be liable for substantial costs of investigation, removal or remediation of 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. We may also be liable for certain costs of remediating contamination at third party sites to which we sent waste for disposal, even if the original disposal may have complied with all legal requirements at the time. Many of these laws and regulations contain information reporting and record keeping requirements. We cannot assure you that we are at all times in

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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 requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. In certain jurisdictions these laws and regulations could be applied or enforced retroactively. 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, results of operations or financial condition.

***Our towers or data centers may be affected by natural disasters and other unforeseen events 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 events. Any damage or destruction to our towers or data centers, or certain unforeseen events, may impact our ability to provide services to our tenants. While we maintain insurance coverage for natural disasters, we may not have adequate insurance to cover the associated costs of repair or reconstruction for a major future event. Further, we carry business interruption insurance, but such 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 tenants, it could lead to tenant loss, resulting in a corresponding material adverse effect on our business, results of operations or 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 technology 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 or environmental 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 pose health risks to consumers, it could negatively impact our tenants and the market for wireless services, which could materially and adversely affect our business, results of operations or financial condition. We do not maintain any significant insurance with respect to these matters.

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

**Issuer Purchases of Equity Securities**

During the three months ended June 30, 2012, we repurchased a total of 90,527 shares of our common stock for an aggregate of $5.9 million, including commissions and fees, pursuant to our publicly announced 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 | Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in millions) |
|---|---|---|---|---|
| April 2012 | 27,800 | $ 63.15 | 27,800 | $ 1,312.1 |
| May 2012 | 31,550 | 66.25 | 31,550 | 1,310.0 |
| June 2012 | 31,177 | 66.29 | 31,177 | 1,307.9 |
| Total Second Quarter | 90,527 | $ 65.31 | 90,527 | $ 1,307.9 |

(1) Repurchases made pursuant to the 2011 Buyback. Under this program, our management is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors. To facilitate repurchases, we make purchases pursuant to a trading plan under Rule 10b5-1 of the Exchange Act, which allows us to repurchase shares during periods when we otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. This program may be discontinued at any time.

Since June 30, 2012, we have continued to repurchase shares of our common stock pursuant to our 2011 Buyback, originally announced on March 10, 2011. Between July 1, 2012 and July 20, 2012, we repurchased an additional 17,900 shares of our common stock for an aggregate of $1.3 million, including commissions and fees, pursuant to the 2011 Buyback. As a result, as of July 20, 2012, we had repurchased a total of 3.6 million shares of our common stock under the 2011 Buyback for an aggregate of $193.3 million, including commissions and fees. We expect to continue to manage the pacing of the remaining $1.3 billion under the 2011 Buyback in response to general market conditions and other relevant factors.

**ITEM 6. EXHIBITS**

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

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## SIGNATURES

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

| | |
|---|---|
| | AMERICAN TOWER CORPORATION |
| Date: August 2, 2012 | By: /s/ THOMAS A. BARTLETT |
| | Thomas A. Bartlett |
| | Executive Vice President, Chief Financial Officer and Treasurer |
| | (Duly Authorized Officer and Principal Financial Officer) |

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## EXHIBIT INDEX

| Exhibit No. | Description |
|---|---|
| 10.1 | Term Loan Agreement, dated as of June 29, 2012, among the Company, as Borrower, The Royal Bank of Scotland plc, as Administrative Agent, Royal Bank of Canada and TD Securities (USA) LLC, as Co-Syndication Agents, JPMorgan Chase Bank, N.A. and Morgan Stanley MUFG Loan Partners, LLC, as Co-Documentation Agents, RBS Securities Inc., RBC Capital Markets, LLC and TD Securities (USA) LLC, as Joint Lead Arrangers and Joint Bookrunners, J.P. Morgan Securities LLC and Morgan Stanley MUFG Loan Partners, LLC, as Joint Bookrunners, and lenders that are signatories thereto. |
| 12.1 | Computation of Ratio of Earnings to Fixed Charges |
| 31.1 | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition |