

AMERICAN TOWER CORP /MA/

Form 10-Q/A

March 30, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

(Mark One):

- x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. For the quarterly period ended March 31, 2004.**
- “ **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
(State or other jurisdiction of

Incorporation or Organization)

65-0723837
(I.R.S. Employer

Identification No.)

116 Huntington Avenue

Boston, Massachusetts 02116

(Address of principal executive offices)

Telephone Number (617) 375-7500

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): Yes x No "

As of May 6, 2004, 223,464,927 shares of Class A Common Stock were outstanding.

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EXPLANATORY NOTE

American Tower Corporation (the Company) is filing this amendment (this Amendment) to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (the Original Filing) to reflect the restatement of its condensed consolidated financial statements as of March 31, 2004 and for the three month periods ended March 31, 2004 and 2003, and certain corresponding changes described below.

As disclosed in a Current Report on Form 8-K dated February 22, 2005, the Company undertook a review of its lease accounting practices as a result of changes in lease accounting announced by other public companies in January and February of 2005 and guidance provided by the Securities and Exchange Commission in its February 7, 2005 letter to the accounting industry. As a result of this review, the Company determined that it should change the periods used to calculate depreciation and amortization expense and straight-line rent expense relating to certain of its tower assets and underlying ground leases. The primary effect of this accounting correction is to accelerate to earlier periods non-cash rent expense and depreciation and amortization expense with respect to certain of the Company's tower sites, resulting in an increase in non-cash expenses compared to what has previously been reported. A discussion of the restatement is set forth in note 2 to the condensed consolidated financial statements included in this Amendment.

Changes also have been made to the following items in this Amendment as a result of the restatement:

- Part I
 - Item 1. Unaudited Condensed Consolidated Financial Statements
 - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
 - Item 4. Controls and Procedures
- Part II
 - Item 6. Exhibits

For ease of reference, this Amendment sets forth the Original Filing in its entirety. However, this Amendment does not reflect events that have occurred after the May 10, 2004 filing date of the Original Filing or modify or update the disclosures presented in the Original Filing, except to reflect the corrections described above. Information with respect to those events has been or will be set forth, as appropriate, in the Company's subsequent periodic filings. Any reference to facts and circumstances at a current date refer to such facts and circumstances as of the filing date of the Original Filing. Concurrently with the filing of this Quarterly Report on Form 10-Q/A, the Company is also filing a Quarterly Report on Form 10-Q/A for the quarterly periods ended June 30, 2004 and September 30, 2004 and an Annual Report on Form 10-K/A for the year ended December 31, 2003 to restate its consolidated financial statements included therein.

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(in thousands, except share data)

	March 31, 2004	December 31, 2003
	(as restated, see note 2)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 98,698	\$ 105,465
Restricted cash and investments	119,137	170,036
Accounts receivable, net of allowances of \$15,106 and \$17,445, respectively	46,310	57,735
Prepaid and other current assets	37,287	34,105
Costs and earnings in excess of billings on uncompleted contracts and unbilled receivables	15,381	19,933
Deferred income taxes	14,122	14,122
Assets held for sale	3,439	10,119
	334,374	411,515
Total current assets		
PROPERTY AND EQUIPMENT, net	2,422,001	2,488,350
OTHER INTANGIBLE ASSETS, net	1,005,154	1,019,861
GOODWILL, net	592,683	592,683
DEFERRED INCOME TAXES	517,164	502,737
NOTES RECEIVABLE AND OTHER LONG-TERM ASSETS	282,552	275,508
	5,153,928	5,290,654
TOTAL		
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 100,877	\$ 107,557
Accrued interest	33,525	59,734
Current portion of long-term obligations	82,619	77,622
Billings in excess of costs on uncompleted contracts and unearned revenue	37,371	41,449
Liabilities held for sale		8,416
	254,392	294,778
Total current liabilities		
LONG-TERM OBLIGATIONS	3,216,627	3,283,603
OTHER LONG-TERM LIABILITIES	91,779	83,496
	3,562,798	3,661,877
Total liabilities		

COMMITMENTS AND CONTINGENCIES

MINORITY INTEREST IN SUBSIDIARIES 25,806 18,599

STOCKHOLDERS EQUITY:

Preferred Stock: \$.01 par value; 20,000,000 shares authorized; no shares issued or outstanding

Class A Common Stock: \$.01 par value; 500,000,000 shares authorized; 221,239,313 and 211,855,658 shares issued, 221,094,092 and 211,710,437 shares outstanding, respectively 2,212 2,119

Class B Common Stock: \$.01 par value; 50,000,000 shares authorized; 0 and 6,969,529 shares issued and outstanding, respectively 70

Class C Common Stock: \$.01 par value; 10,000,000 shares authorized; 0 and 1,224,914 shares issued and outstanding, respectively 12

Additional paid-in capital 3,914,252 3,910,879

Accumulated deficit (2,340,054) (2,291,816)

Note receivable (6,720) (6,720)

Treasury stock (145,221 shares at cost) (4,366) (4,366)

Total stockholders equity 1,565,324 1,610,178

TOTAL \$ 5,153,928 \$ 5,290,654

See notes to condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS Unaudited

(in thousands, except per share data)

	Three Months Ended March 31,	
	2004	2003
	(as restated, see note 2)	(as restated, see note 2)
REVENUES:		
Rental and management	\$ 164,576	\$ 146,462
Network development services	21,603	15,005
Total operating revenues	186,179	161,467
OPERATING EXPENSES:		
Rental and management	58,876	58,476
Network development services	20,814	14,712
Depreciation and amortization	82,058	84,063
Corporate general, administrative and development expense	6,879	6,648
Impairments and net loss on sale of long-lived assets	3,914	3,696
Total operating expenses	172,541	167,595
OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	13,638	(6,128)
OTHER INCOME (EXPENSE):		
Interest income, TV Azteca, net of interest expense of \$376 and \$376, respectively	3,540	3,502
Interest income	1,114	926
Interest expense	(69,172)	(71,742)
Loss on retirement of long-term obligations	(8,053)	(8,491)
Other expense	(204)	(5,886)
Total other expense	(72,775)	(81,691)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST AND LOSS ON EQUITY METHOD INVESTMENTS	(59,137)	(87,819)
Income tax benefit	13,226	22,080
Minority interest in net earnings of subsidiaries	(1,423)	(570)
Loss on equity method investments	(618)	(19,313)
LOSS FROM CONTINUING OPERATIONS	(47,952)	(85,622)
LOSS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX BENEFIT OF \$155 AND \$2,847, RESPECTIVELY	(286)	(11,385)
NET LOSS	\$ (48,238)	\$ (97,007)

	<u> </u>	<u> </u>
BASIC AND DILUTED LOSS PER COMMON SHARE AMOUNTS:		
Loss from continuing operations	\$ (0.22)	\$ (0.44)
Loss from discontinued operations		(0.06)
	<u> </u>	<u> </u>
NET LOSS PER COMMON SHARE	\$ (0.22)	\$ (0.50)
	<u> </u>	<u> </u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	220,408	195,703
	<u> </u>	<u> </u>

See notes to condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS Unaudited

(in thousands)

	Three Months Ended March 31,	
	2004	2003
	(as restated, see note 2)	(as restated, see note 2)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (48,238)	\$ (97,007)
Other non-cash items reflected in statements of operations	102,720	113,887
Decrease in assets	10,829	14,874
Decrease in liabilities	(33,595)	(24,695)
Cash provided by operating activities	<u>31,716</u>	<u>7,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property and equipment and construction activities	(10,832)	(18,821)
Payments for acquisitions	(13,373)	(30,521)
Proceeds from sale of businesses and other long-term assets	20,818	72,154
Deposits and investments	(2,586)	1,205
Cash (used for) provided by investing activities	<u>(5,973)</u>	<u>24,017</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt securities	225,000	419,884
Net proceeds from stock options	4,271	
Restricted cash and investments	50,899	(217,059)
Repayment of notes payable, credit facilities and capital leases	(307,704)	(240,595)
Deferred financing costs and other financing activities	(4,976)	(19,187)
Cash used for financing activities	<u>(32,510)</u>	<u>(56,957)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,767)	(25,881)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>105,465</u>	<u>127,292</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 98,698</u>	<u>\$ 101,411</u>
CASH PAID FOR INCOME TAXES	<u>\$ 279</u>	<u>\$ 276</u>
CASH PAID FOR INTEREST	<u>\$ 75,149</u>	<u>\$ 91,572</u>
NON-CASH TRANSACTIONS:		

Change in fair value of cash flow hedges (net of tax)

\$ 3,058
