AMERICAN TOWER CORP /MA/
Form 10-Q
October 29, 2015

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 September 30, 2015.
¨	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 Incorporation or Organization)	(I.R.S. Employer Identification No.)

116 Huntington Avenue
Boston, Massachusetts 02116
(Address of principal executive offices)
Telephone Number (617) 375-7500
(Registrant's telephone number, including area code)

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 October 22, 2015, there were 423,570,172 shares of common stock outstanding.

AMERICAN TOWER CORPORATION
INDEX
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

PART I. FINANCIAL INFORMATION
ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AMERICAN TOWER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$287,404	$313,492
Restricted cash	137,926	160,206
Short-term investments	14,485	6,302
Accounts receivable, net	206,154	199,074
Prepaid and other current assets	282,068	264,793
Deferred income taxes	12,318	14,000
Total current assets	940,355	957,867
PROPERTY AND EQUIPMENT, net	9,806,190	7,590,112
GOODWILL	4,055,171	4,032,174
OTHER INTANGIBLE ASSETS, net	10,012,397	6,900,162
DEFERRED INCOME TAXES	200,885	253,186
DEFERRED RENT ASSET	1,123,009	1,030,707
NOTES RECEIVABLE AND OTHER NON-CURRENT ASSETS	788,781	567,724
TOTAL	$26,926,788	$21,331,932
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$99,590	$90,366
Accrued expenses	743,256	417,836
Distributions payable	196,833	159,864
Accrued interest	80,682	130,265
Current portion of long-term obligations	45,852	897,624
Unearned revenue	203,295	233,819
Total current liabilities	1,369,508	1,929,774
LONG-TERM OBLIGATIONS	16,981,556	13,711,084
ASSET RETIREMENT OBLIGATIONS	811,620	609,035
OTHER NON-CURRENT LIABILITIES	1,079,902	1,028,687
Total liabilities	20,242,586	17,278,580
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Preferred stock: $.01 par value; 20,000,000 shares authorized;		
5.25%, Series A, 6,000,000 shares issued and outstanding; aggregate liquidation value of $600,000	60	60
5.50%, Series B, 1,375,000 and no shares issued and outstanding, respectively; aggregate liquidation value of $1,375,000	14	—
Common stock: $.01 par value; 1,000,000,000 shares authorized; 426,307,336 and 399,508,751 shares issued; and 423,497,310 and 396,698,725 shares outstanding, respectively	4,263	3,995
Additional paid-in capital	9,650,129	5,788,786
Distributions in excess of earnings	(995,932)	(837,320)
Accumulated other comprehensive loss	(1,832,903)	(794,221)

Treasury stock (2,810,026 shares at cost)	(207,740)	(207,740)
Total American Tower Corporation equity	6,617,891	3,953,560
Noncontrolling interest	66,311	99,792
Total equity	6,684,202	4,053,352
TOTAL	$26,926,788	$21,331,932

See accompanying notes to unaudited condensed consolidated financial statements.

1

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
REVENUES:				
Rental and management	$1,212,849	$1,011,119	$3,429,264	$2,977,000
Network development services	25,061	27,069	62,211	76,734
Total operating revenues	1,237,910	1,038,188	3,491,475	3,053,734
OPERATING EXPENSES:				
Costs of operations (exclusive of items shown separately below):				
Rental and management (including stock-based compensation expense of $396, $344, $1,218 and $1,059, respectively)	356,082	272,355	929,624	786,374
Network development services (including stock-based compensation expense of $99, $101, $336 and $343, respectively)	9,307	11,847	22,863	30,872
Depreciation, amortization and accretion	341,096	249,066	932,972	740,256
Selling, general, administrative and development expense (including stock-based compensation expense of $17,850, $17,824, $70,697 and $60,306, respectively)	114,832	108,909	354,460	317,437
Other operating expenses	15,668	11,204	40,891	37,852
Total operating expenses	836,985	653,381	2,280,810	1,912,791
OPERATING INCOME	400,925	384,807	1,210,665	1,140,943
OTHER INCOME (EXPENSE):				
Interest income, TV Azteca, net of interest expense of $40, $371, $780 and $1,112, respectively	2,993	2,661	8,251	7,918
Interest income	4,503	3,850	11,871	8,149
Interest expense	(149,787)	(143,212)	(446,228)	(432,753)
Gain (loss) on retirement of long-term obligations	—	2,969	(78,793)	1,447
Other expense (including unrealized foreign currency losses of $77,864, $36,998, $107,871 and $62,556, respectively)	(66,659)	(34,019)	(123,291)	(54,225)
Total other expense	(208,950)	(167,751)	(628,190)	(469,464)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	191,975	217,056	582,475	671,479
Income tax provision	(94,235)	(10,426)	(132,063)	(49,877)
NET INCOME	97,740	206,630	450,412	621,602
Net loss attributable to noncontrolling interest	5,259	963	1,960	22,921
NET INCOME ATTRIBUTABLE TO AMERICAN TOWER CORPORATION STOCKHOLDERS	102,999	207,593	452,372	644,523
Dividends on preferred stock	(26,781)	(7,700)	(63,382)	(12,075)
NET INCOME ATTRIBUTABLE TO AMERICAN TOWER CORPORATION COMMON STOCKHOLDERS	$76,218	$199,893	$388,990	$632,448
NET INCOME PER COMMON SHARE AMOUNTS:				
Basic net income attributable to American Tower Corporation common stockholders	$0.18	$0.50	$0.93	$1.60

Diluted net income attributable to American Tower Corporation common stockholders	$0.18	$0.50	$0.92	$1.58
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	423,375	396,243	417,280	395,758
Diluted	427,227	400,397	421,352	399,806
DISTRIBUTIONS DECLARED PER COMMON SHARE	$0.46	$0.36	$1.32	$1.02

See accompanying notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$97,740	$206,630	$450,412	$621,602
Other comprehensive (loss) income:				
Changes in fair value of cash flow hedges, net of taxes of ($9), ($7), ($18) and ($31), respectively	710	(519)	365	(856)
Reclassification of unrealized losses on cash flow hedges to net income, net of taxes of $20, $36, $66 and $132, respectively	158	542	2,771	2,085
Foreign currency translation adjustments, net of taxes of $(12,863), $(7,969), $(25,275) and $(8,333), respectively	(600,798)	(254,239)	(1,077,788)	(234,851)
Other comprehensive loss	(599,930)	(254,216)	(1,074,652)	(233,622)
Comprehensive (loss) income	(502,190)	(47,586)	(624,240)	387,980
Comprehensive loss attributable to noncontrolling interest	807	1,760	37,930	63,424
Comprehensive (loss) income attributable to American Tower Corporation stockholders	$(501,383)	$(45,826)	$(586,310)	$451,404

See accompanying notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$450,412	$621,602
Adjustments to reconcile net income to cash provided by operating activities:		
Stock-based compensation expense	72,251	61,708
Depreciation, amortization and accretion	932,972	740,256
Loss (gain) on early retirement of long-term obligations	78,793	(1,447)
Other non-cash items reflected in statements of operations	143,412	73,825
Increase in net deferred rent asset	(69,019)	(65,460)
Decrease in restricted cash	19,971	23,560
Increase in assets	(106,535)	(42,931)
Increase in liabilities	21,358	158,493
Cash provided by operating activities	1,543,615	1,569,606
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property and equipment and construction activities	(518,018)	(723,353)
Payments for acquisitions, net of cash acquired	(1,616,205)	(324,936)
Payment for Verizon transaction	(5,058,895)	—
Proceeds from sale of assets, net of cash	—	15,464
Proceeds from sale of short-term investments and other non-current assets	1,002,214	453,396
Payments for short-term investments	(1,011,320)	(460,686)
Deposits, restricted cash and other	(2,053)	(63,295)
Cash used for investing activities	(7,204,277)	(1,103,410)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net	8,282	—
Borrowings under credit facilities	5,727,831	785,000
Proceeds from issuance of senior notes, net	1,492,298	1,415,844
Proceeds from term loan	500,000	—
Proceeds from other long-term borrowings	—	3,033
Proceeds from issuance of securities in securitization transaction	875,000	—
Repayments of notes payable, credit facilities, senior notes and capital leases	(6,092,710)	(2,928,434)
Contributions from noncontrolling interest holders, net	4,449	5,446
Proceeds from stock options and stock purchase plan	29,324	47,938
Proceeds from the issuance of common stock, net	2,440,327	—
Proceeds from the issuance of preferred stock, net	1,337,946	583,105
Payment for early retirement of long-term obligations	(86,107)	(6,767)
Deferred financing costs and other financing activities	(30,314)	(32,129)
Purchase of noncontrolling interest	—	(64,822)
Distributions paid on common stock	(516,012)	(261,913)
Distributions paid on preferred stock	(57,866)	(8,138)
Cash provided by (used for) financing activities	5,632,448	(461,837)
Net effect of changes in foreign currency exchange rates on cash and cash equivalents	2,126	(2,322)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,088)	2,037
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	313,492	293,576
CASH AND CASH EQUIVALENTS, END OF PERIOD	$287,404	$295,613

CASH PAID FOR INCOME TAXES (NET OF REFUNDS OF $5,206 AND $6,642, RESPECTIVELY)	$130,231	$52,379
CASH PAID FOR INTEREST	$472,079	$438,404
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
(DECREASE) INCREASE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES FOR PURCHASES OF PROPERTY AND EQUIPMENT AND CONSTRUCTION ACTIVITIES	$(6,703)	$16,070
PURCHASES OF PROPERTY AND EQUIPMENT UNDER CAPITAL LEASES	$19,870	$24,002
SETTLEMENT OF ACCOUNTS RECEIVABLE RELATED TO ACQUISITIONS	$735	$31,849
CONVERSION OF THIRD-PARTY DEBT TO EQUITY	$—	$7,750

See accompanying notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share data)

	Preferred Stock - Series A		Preferred Stock - Series B		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Dis in E Ear
	Issued Shares	Amount	Issued Shares	Amount	Issued Shares	Amount	Shares	Amount			
BALANCE, JANUARY 1, 2014	—	$—	—	$—	397,674,350	$3,976	(2,810,026)	$(207,740)	$5,130,616	$(311,220)	$(1
Stock-based compensation related activity	—	—	—	—	1,489,577	15	—	—	90,982	—	—
Issuance of common stock- stock purchase plan	—	—	—	—	43,589	1	—	—	2,898	—	—
Issuance of preferred stock	6,000,000	60	—	—	—	—	—	—	582,599	—	—
Changes in fair value of cash flow hedges, net of tax	—	—	—	—	—	—	—	—	—	(969)	—
Reclassification of unrealized losses on cash flow hedges to net income, net of tax	—	—	—	—	—	—	—	—	—	1,941	—
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	—	—	—	(194,091)	—
Contributions from noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	(49,862)	—	—
Common stock distributions declared	—	—	—	—	—	—	—	—	—	—	(40
Preferred stock dividends	—	—	—	—	—	—	—	—	—	—	(12

declared											
Net income (loss)	—	—	—	—	—	—	—	—	—	—	644
BALANCE, SEPTEMBER 30, 2014	6,000,000	$60	—	$—	399,207,516	$3,992	(2,810,026)	$(207,740)	$5,757,233	$(504,339)	$(8
BALANCE, JANUARY 1, 2015	6,000,000	$60	—	$—	399,508,751	$3,995	(2,810,026)	$(207,740)	$5,788,786	$(794,221)	$(8
Stock-based compensation related activity	—	—	—	—	904,645	9	—	—	79,878	—	—
Issuance of common stock-stock purchase plan	—	—	—	—	43,940	—	—	—	3,465	—	—
Issuance of common stock					25,850,000	259			2,440,068		
Issuance of preferred stock	—	—	1,375,000	14	—	—	—	—	1,337,932	—	—
Changes in fair value of cash flow hedges, net of tax	—	—	—	—	—	—	—	—	—	377	—
Reclassification of unrealized losses on cash flow hedges to net income, net of tax	—	—	—	—	—	—	—	—	—	2,728	—
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	—	—	—	(1,041,787)	—
Contributions from noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—
Common stock distributions declared	—	—	—	—	—	—	—	—	—	—	(56
Preferred stock dividends declared	—	—	—	—	—	—	—	—	—	—	(49
Net income (loss)	—	—	—	—	—	—	—	—	—	—	452

BALANCE, SEPTEMBER 30, 2015	6,000,000	$60	1,375,000	$14	426,307,336	$4,263	(2,810,026)	$(207,740)	$9,650,129	$(1,832,903)	$(9

See accompanying notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Business—American Tower Corporation is, through its various subsidiaries (collectively, “ATC” or the “Company”), one of the largest global real estate investment trusts and a leading independent owner, operator and developer of multitenant communications real estate. The Company’s primary business is the leasing of space on multitenant 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 third-party communications sites and provides network development services that primarily support its rental and management operations.

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 primarily through its subsidiary, American Tower International, Inc., which in turn conducts operations through its various international holding and operating subsidiaries and joint ventures.

The Company operates as a real estate investment trust for U.S. federal income tax purposes (“REIT”) and, therefore, is generally not subject to U.S. federal income taxes in that it receives a dividends paid deduction for distributions to stockholders that generally offsets the Company’s income and gains, including the income derived from leasing space on its towers. However, the Company remains obligated to pay income taxes on earnings from its taxable REIT subsidiaries (“TRSs”). In addition, the Company’s international assets and operations, including those designated as direct or indirect qualified REIT subsidiaries or other disregarded entities of a REIT (collectively, “QRSs”), continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted. As of September 30, 2015, the Company’s QRSs included its domestic tower leasing business, most of its operations in Costa Rica, Germany and Mexico and a majority of its network development services segment and indoor DAS networks business.

On March 27, 2015, the Company significantly expanded its domestic portfolio by obtaining the exclusive right to lease, acquire or otherwise operate and manage 11,448 wireless communications sites from Verizon Communications Inc. (“Verizon”) in the United States (the “Verizon Transaction”). On July 1, 2015, the Company expanded into a new country by acquiring 4,699 communications sites in Nigeria.

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. The financial information included herein is unaudited; however, the Company believes that all adjustments (consisting primarily of normal recurring adjustments) considered necessary for a fair presentation of its financial position and results of operations for such periods have been included. 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, 2014 (the “2014 Form 10-K”).

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 significant estimates in the accompanying condensed consolidated financial statements include impairment of long-lived assets (including goodwill), asset retirement obligations, revenue recognition, rent expense, stock-based compensation, income taxes and accounting for business combinations and acquisitions of assets. 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.

Accounting Standards Updates—In May 2014, the Financial Accounting Standards Board (the "FASB") issued new revenue recognition guidance, which requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of promised goods or services to customers. The standard will replace most existing revenue recognition guidance in GAAP and will become effective for the Company on January 1,

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2018. Early adoption is permitted for fiscal years, and interim periods within those years, beginning after December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method and leases are not included in the scope of this standard. The Company is evaluating the impact this standard will have on its financial statements.

In June 2014, the FASB issued stock-based compensation guidance, which requires a performance target that could be achieved after the requisite service period be treated as a performance condition that affects vesting, rather than a condition that affects the grant-date fair value. The Company early adopted this guidance on a prospective basis during the nine months ended September 30, 2015, and it did not have a material effect on the Company's financial statements.

In April 2015, the FASB issued new guidance on the presentation of debt issuance costs. The guidance requires debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts and premiums. In August 2015, the FASB clarified that debt issuance costs associated with line of credit arrangements may continue to be presented as an asset, regardless of whether there are any outstanding borrowings on the line of credit arrangement. The update requires retrospective application and the update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

In September 2015, the FASB issued new guidance on the accounting for measurement-period adjustments. The guidance requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined rather than retrospectively. The effect on earnings as a result of the change to the provisional amounts is calculated as if the accounting had been completed as of the acquisition date. The update requires prospective application and the update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

2. Prepaid and Other Current Assets

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

	September 30, 2015	December 31, 2014 (1)
Prepaid operating ground leases	$112,965	$88,053
Prepaid assets	41,294	23,848
Prepaid income tax	34,332	34,512
Unbilled receivables	31,878	25,352
Value added tax and other consumption tax receivables	20,727	23,228
Other miscellaneous current assets	40,872	69,800
Balance	$282,068	$264,793

(1) December 31, 2014 balances have been revised to reflect purchase accounting measurement period adjustments.

3. Goodwill and Other Intangible Assets

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

	Rental and Management		Network	Total
	Domestic	International	Development	

			Services	
Balance as of January 1, 2015 (1)	$3,356,096	$674,090	$1,988	$4,032,174
Additions	19,677	145,431	—	165,108
Effect of foreign currency translation	—	(142,111)	—	(142,111)
Balance as of September 30, 2015	$3,375,773	$677,410	$1,988	$4,055,171

(1) January 1, 2015 balances have been revised to reflect purchase accounting measurement period adjustments.

The Company’s other intangible assets subject to amortization consisted of the following as of (in thousands):

7

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

		September 30, 2015			December 31, 2014 (1)		
	Estimated Useful Lives (years)	Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Acquired network location intangibles (2)	Up to 20	$3,952,072	$(1,000,656)	$2,951,416	$2,513,788	$(901,903)	$1,611,885
Acquired customer-related intangibles	15-20	8,606,612	(1,666,473)	6,940,139	6,594,469	(1,429,572)	5,164,897
Acquired licenses and other intangibles	3-20	28,267	(5,333)	22,934	38,443	(3,514)	34,929
Economic Rights, TV Azteca	70	22,021	(11,331)	10,690	25,522	(12,960)	12,562
Total		$12,608,972	$(2,683,793)	$9,925,179	$9,172,222	$(2,347,949)	$6,824,273
Deferred financing costs, net (3)	N/A			87,218			75,889
Other intangible assets, net				$10,012,397			$6,900,162

(1) December 31, 2014 balances have been revised to reflect purchase accounting measurement period adjustments.

(2) Acquired network location intangibles are amortized over the shorter of the term of the corresponding ground lease taking into consideration lease renewal options and residual value or up to 20 years, as the Company considers these intangibles to be directly related to the tower assets.

(3) 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 Depreciation, amortization and accretion expense.

The acquired network location intangibles represent the value to the Company of the incremental revenue growth that 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 Company amortizes its acquired network location intangibles and customer-related intangibles on a straight-line basis over their estimated useful lives. As of September 30, 2015, the remaining weighted average amortization period of the Company’s intangible assets, excluding deferred financing costs and the TV Azteca Economic Rights detailed in note 5 to the Company’s consolidated financial statements included in the 2014 Form 10-K, was approximately 16 years. Amortization of intangible assets for the three and nine months ended September 30, 2015 was approximately $154.4 million and $412.5 million, respectively, and amortization of intangible assets for the three and nine months ended September 30, 2014 was approximately $103.3 million and $307.5 million, respectively. Amortization expense excludes amortization of deferred financing costs, which is included in Interest expense on the condensed consolidated statements of operations. Based on current exchange rates, the Company expects to record amortization expense (excluding amortization of deferred financing costs) as follows over the remaining current year and the five subsequent years (in millions):

Fiscal Year	
2015 (remaining year)	$149.5
2016	594.7

2017	593.2
2018	592.0
2019	589.7
2020	572.0

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Accrued Expenses
Accrued expenses consisted of the following as of (in thousands):

	September 30, 2015	December 31, 2014 (1)
Acquisition liability (2)	$300,000	$—
Accrued property and real estate taxes	74,352	61,206
Accrued rent	54,686	34,074
Payroll and related withholdings	50,852	57,110
Accrued construction costs	22,030	46,024
Other accrued expenses	241,336	219,422
Balance	$743,256	$417,836

(1) December 31, 2014 balances have been revised to reflect purchase accounting measurement period adjustments.
(2) Represents the remaining liability related to the Airtel acquisition on July 1, 2015 (see note 14).

5. Long-Term Obligations
Refinancing of GTP Acquisition Partners Securitization—On May 29, 2015, GTP Acquisition Partners I, LLC (“GTP Acquisition Partners”), one of the Company’s wholly owned subsidiaries, repaid all amounts outstanding under the Secured Tower Revenue Notes, Global Tower Series 2011-1, Class C, Secured Tower Revenue Notes, Global Tower Series 2011-2, Class C and Class F and Secured Tower Revenue Notes, Global Tower Series 2013-1, Class C and Class F (collectively, the “Existing GTP AP Notes”), plus prepayment consideration and other costs and expenses related thereto, with cash on hand and proceeds from a private issuance (the “2015 Securitization”) of $350.0 million of American Tower Secured Revenue Notes, Series 2015-1, Class A (the “Series 2015-1 Notes”) and $525.0 million of American Tower Secured Revenue Notes, Series 2015-2, Class A (the “Series 2015-2 Notes,” and together with the Series 2015-1 Notes, the “2015 Notes”). During the nine months ended September 30, 2015, the Company recorded a loss on retirement of long-term obligations of $0.8 million, consisting of prepayment consideration, primarily offset by the write-off of the unamortized premium recorded in connection with the assumption of the Existing GTP AP Notes.

The 2015 Notes were issued by GTP Acquisition Partners pursuant to a Third Amended and Restated Indenture and related series supplements, each dated as of May 29, 2015 (collectively, the “Indenture”), between GTP Acquisition Partners and its subsidiaries (the “GTP Entities”) and The Bank of New York Mellon, as trustee. The Series 2015-1 Notes have an interest rate of 2.350%, an anticipated repayment date of June 15, 2020 and a final repayment date of June 15, 2045. The Series 2015-2 Notes have an interest rate of 3.482%, an anticipated repayment date of June 16, 2025 and a final repayment date of June 15, 2050.

Amounts due under the 2015 Notes will be paid solely from the cash flows generated from the operation of the 3,621 communications sites (the “Secured Sites”) owned by the GTP Entities. GTP Acquisition Partners is required to make monthly payments of interest on the 2015 Notes, commencing in July 2015. Subject to certain limited exceptions (described below), no payments of principal will be required to be made prior to June 15, 2020, which is the anticipated repayment date for the Series 2015-1 Notes. On a monthly basis, after payment of all required amounts under the applicable agreement, the excess cash flows generated from the operation of the Secured Sites are released to GTP Acquisition Partners, which can then be distributed to, and used by, the Company. However, if the debt service coverage ratio (“DSCR”), generally calculated as the ratio of the net cash flow (as defined in the Indenture) to the amount of interest, servicing fees and trustee fees required to be paid over the succeeding 12 months on the principal amount of the 2015 Notes that will be outstanding on the next payment date were equal to or below 1.30x (the “Cash Trap DSCR”) for such quarter, then 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 transaction documents, referred to as excess cash flow, will be deposited into a reserve account instead of being released to GTP Acquisition Partners. The funds in the reserve account will not be released to GTP Acquisition Partners unless the DSCR exceeds the Cash Trap DSCR for two consecutive calendar quarters.

Additionally, an “amortization period” commences if, as of the end of any calendar quarter, the DSCR falls below 1.15x (the “Minimum DSCR”) and will continue to exist until the DSCR exceeds the Minimum DSCR for two consecutive calendar quarters. During an amortization period, all excess cash flow and any amounts then in the reserve account because the Cash Trap DSCR was not met would be applied to payment of the principal on the 2015 Notes.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The 2015 Notes may be prepaid in whole or in part at any time, provided such payment is accompanied by the applicable prepayment consideration. If prepayment occurs within 12 months of the anticipated repayment date with respect to the Series 2015-1 Notes, or 18 months of the anticipated repayment date with respect to the Series 2015-2 Notes, no prepayment consideration is due. If the Series 2015-1 Notes or the Series 2015-2 Notes have not been repaid in full on the applicable anticipated repayment date, additional interest will accrue on the unpaid principal balance of the applicable series of the 2015 Notes, and such series will begin to amortize on a monthly basis from excess cash flow.

The 2015 Notes are secured by (i) mortgages, deeds of trust and deeds to secure debt on substantially all of the Secured Sites and their operating cash flows, (ii) a security interest in substantially all of the personal property and fixtures of the GTP Entities, including GTP Acquisition Partners' equity interests in its subsidiaries and (iii) the rights of the GTP Entities under a management agreement. American Tower Holding Sub II, LLC, whose only material assets are its equity interests in GTP Acquisition Partners, has guaranteed repayment of the 2015 Notes and pledged its equity interests in GTP Acquisition Partners as security for such payment obligations.

The Indenture includes covenants customary for notes issued in rated securitizations. Among other things, the GTP Entities are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets. The organizational documents of the GTP Entities contain provisions consistent with rating agency securitization criteria for special purpose entities, including the requirement that they maintain independent directors. The Indenture also contains certain covenants that require GTP Acquisition Partners to provide the trustee with regular financial reports and operating budgets, promptly notify the trustee of events of default and material breaches under the Indenture and other agreements related to the Secured Sites and allow the trustee reasonable access to the Secured Sites, including the right to conduct site investigations. Further, under the Indenture, GTP Acquisition Partners is required to maintain reserve accounts, including for amounts received or due from tenants related to future periods, property taxes, insurance, ground rents, certain expenses and debt service. The $16.0 million held in the reserve accounts as of September 30, 2015 is classified as restricted cash on the Company's accompanying condensed consolidated balance sheet.

Securitized Debt—The Company has several securitizations in place. Cash flows generated by the sites that secure the securitized debt are only available for payment of such debt and are not available to pay the Company's other obligations or the claims of its creditors. However, subject to certain restrictions, the Company holds the right to the excess cash flows not needed to pay the securitized debt and other obligations arising out of the securitizations. The securitized debt is the obligation of the issuers thereof or borrowers thereunder, as applicable, and their subsidiaries, and not of the Company or its other subsidiaries.

Mexican Loan—In May 2015, upon maturity of its 5.2 billion Mexican Peso ("MXN") denominated unsecured bridge loan, the Company repaid the remaining outstanding principal balance of 3.9 billion MXN (approximately $251.2 million on the date of repayment) with cash on hand and borrowings under its multi-currency senior unsecured revolving credit facility entered into in June 2013, as amended (the "2013 Credit Facility").

BR Towers Credit Facility—On March 30, 2015, the Company repaid all amounts outstanding and terminated the Brazilian Reais ("BRL") denominated credit facility with Banco Nacional de Desenvolvimento Econômico e Social ("BNDES"), which allowed a subsidiary of BR Towers S.A. ("BR Towers") to borrow up to 48.1 million BRL through an intermediary bank, and which the Company assumed in connection with the acquisition of BR Towers in November 2014.

Brazil Credit Facility—In December 2014, one of the Company's Brazilian subsidiaries entered into a 271.0 million BRL-denominated credit facility with BNDES, which matures on January 15, 2022 (the "Brazil Credit Facility"). The

Brazilian subsidiary borrowed 40.0 million BRL (approximately $13.3 million on the date of borrowing) on May 18, 2015 and an additional 9.1 million BRL (approximately $2.5 million on the date of borrowing) on August 25, 2015. The Brazilian subsidiary maintains the ability to draw on the Brazil Credit Facility until December 30, 2016. The Brazil Credit Facility bears interest at a margin over the long-term interest rate, as defined by BNDES ("TJLP"), and the Special Clearance and Escrow System ("SELIC") as follows (BRL in millions):

	Maximum Borrowing Amount	Contractual Interest Rate	
Tranche A	BRL 34.8	TJLP + 4.25%	
Tranche B	BRL 34.8	SELIC + 4.25%	
Tranche C	BRL 200.0	6.00	%
Tranche D	BRL 1.4	TJLP	

10

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2015, the Company had 49.8 million BRL (approximately $12.5 million) outstanding under the Brazil Credit Facility, including capitalized interest, and the weighted average interest rate on the borrowings was 11.2%.

Indian Working Capital Facility—In April 2013, one of the Company's Indian subsidiaries ("ATC India") entered into a working capital facility agreement (the "Indian Working Capital Facility"), which allows ATC India to borrow an amount not to exceed the Indian Rupee ("INR") equivalent of $10.0 million through two separate facilities. Advances under one facility ("Facility A") are payable on the earlier of demand or six months following the borrowing date and advances under the other facility ("Facility B") are payable on the earlier of demand or 30 days following the borrowing date, with the option to extend for additional 30-day periods. The interest rate is determined at the time of advance by the bank. As of September 30, 2015, the Company had no amounts outstanding under Facility A and 530.0 million INR (approximately $8.1 million) outstanding under Facility B, with an interest rate of 10.0%. ATC India maintains the ability to draw down and repay amounts under the Indian Working Capital Facility in the ordinary course.

2014 Credit Facility—During the nine months ended September 30, 2015, the Company increased the maximum Revolving Loan Commitment (as defined in the loan agreement) under its senior unsecured revolving credit facility entered into in January 2012, as amended and restated in September 2014 (the "2014 Credit Facility") to $2.5 billion. Effective February 20, 2015, the Company received incremental commitments of $500.0 million, and as a result, has the ability to borrow up to $2.0 billion.

During the nine months ended September 30, 2015, the Company borrowed an aggregate of $2.1 billion and repaid an aggregate of $1.3 billion of revolving indebtedness under the 2014 Credit Facility. The Company primarily used the borrowings to fund a portion of the Verizon Transaction.
2013 Credit Facility—During the nine months ended September 30, 2015, the Company increased the maximum Revolving Loan Commitment (as defined in the loan agreement) under the 2013 Credit Facility to $3.5 billion. Effective February 20, 2015, the Company received incremental commitments of $750.0 million, and as a result, has the ability to borrow up to $2.75 billion.

During the nine months ended September 30, 2015, the Company borrowed an aggregate of $3.6 billion and repaid an aggregate of $2.5 billion of revolving indebtedness under the 2013 Credit Facility. The Company primarily used the borrowings to (i) fund a portion of the Verizon Transaction, (ii) fund the Company's acquisition in Nigeria, (iii) fund the TIM Celular S.A. ("TIM") acquisition and (iv) repay other indebtedness.
The 2014 Credit Facility and the 2013 Credit Facility do not require amortization of principal and may be paid prior to maturity in whole or in part at the Company's option without penalty or premium. The Company maintains the ability to draw down and repay amounts under each of the credit facilities in the ordinary course.

Term Loan—In October 2013, the Company entered into an unsecured term loan (the "Term Loan"). During the nine months ended September 30, 2015, the Company increased the maximum Incremental Term Loan Commitments (as defined in the agreement), giving the Company the ability to increase commitments to an aggregate of $2.5 billion. Effective February 20, 2015, the Company borrowed an additional $500.0 million under the Term Loan.

The key terms under the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan as of September 30, 2015 are as follows ($ in millions):

	Outstanding Balance	Undrawn LOC	Maturity Date(1)	Current margin over LIBOR (3)		Current commitment fee (4)	
2014 Credit Facility	$1,980	$7.5	January 31, 2020 (2)	1.250	%	0.150	%

2013 Credit Facility	$1,080	$3.2	June 28, 2018 (2)	1.250	%	0.150	%
Term Loan	$2,000	N/A	January 3, 2019	1.250	%	N/A	

(1) In October 2015, the Company entered into amendment agreements, which, among other things, extended the maturity dates for the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan to January 29, 2021, June 28, 2019 and January 29, 2021, respectively (see note 16).

(2) Subject to two optional renewal periods.

(3) LIBOR means the London Interbank Offered Rate.

(4) Fee on undrawn portion of the credit facility.

Amendments to Bank Facilities—In February 2015, the Company entered into amendment agreements with respect to the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan. After giving effect to these amendments, the Company's permitted ratio of Total Debt to Adjusted EBITDA (as defined in the loan agreements for each of the facilities) is (i) 7.00 to 1.00 for the quarters ended September 30, 2015 and December 31, 2015 and (ii) 6.00 to 1.00 thereafter. Effective October 28, 2015, the Company entered into additional amendment agreements to the 2013 Credit Facility, the 2014 Credit Facility and the Term Loan (see note 16).

Redemption of Senior Notes—On February 11, 2015, the Company redeemed all of the outstanding 4.625% senior notes due 2015 (the "4.625% Notes"), in accordance with the redemption provisions in the indenture, at a price equal to 100.5898% of the principal amount, plus accrued interest up to, but excluding, February 11, 2015, for an aggregate redemption price of approximately $613.6 million, including approximately $10.0 million in accrued and unpaid interest. On April 29, 2015, the Company redeemed all of the outstanding 7.000% senior notes due 2017 (the "7.000% Notes"), in accordance with the redemption provisions in the indenture, at a price equal to 114.0629% of the principal amount, plus accrued and unpaid interest up to, but excluding, April 29, 2015, for an aggregate redemption price of approximately $571.7 million, including approximately $1.4 million in accrued and unpaid interest.

During the nine months ended September 30, 2015, the Company recorded a loss on retirement of long-term obligations of $74.3 million related to the redemption of the 7.000% Notes, and $3.7 million related to the redemption of the 4.625% Notes, each of which included prepayment consideration and the remaining portion of the unamortized discount and deferred financing costs, and with respect to the 7.000% Notes, the write-off of the unamortized portion of the settlement cost of a treasury rate lock. These redemptions were funded with borrowings under the Company's existing credit facilities and cash on hand. Upon completion of these redemptions, none of the 4.625% Notes or the 7.000% Notes remained outstanding.

2.800% Senior Notes and 4.000% Senior Notes Offering—On May 7, 2015, the Company completed a registered public offering of $750.0 million aggregate principal amount of 2.800% senior unsecured notes due 2020 (the "2.800% Notes") and $750.0 million aggregate principal amount of 4.000% senior unsecured notes due 2025 (the "4.000% Notes"). The net proceeds from this offering were approximately $1,480.1 million, after deducting commissions and estimated expenses. The Company used the proceeds to repay existing indebtedness under the 2013 Credit Facility.

The 2.800% Notes will mature on June 1, 2020 and bear interest at a rate of 2.800% per annum. The 4.000% Notes will mature on June 1, 2025 and bear interest at a rate of 4.000% per annum. Accrued and unpaid interest on the notes will be payable in U.S. Dollars semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2015. Interest on the notes will accrue from May 7, 2015 and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Company may redeem the notes at any time, in whole or in part, at the applicable redemption price. If the Company redeems the 2.800% Notes prior to May 1, 2020 or the 4.000% Notes prior to March 1, 2025, it will pay a redemption price equal to 100% of the principal amount of the notes plus a make-whole premium, together with accrued interest to the redemption date. If the Company redeems the 2.800% Notes on or after May 1, 2020 or the 4.000% Notes on or after March 1, 2025, it will not be required to pay a make-whole premium. In addition, if the Company undergoes a change of control and ratings decline, each as defined in the supplemental indenture, it may be required to repurchase all of the notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest (including additional interest, if any), up to but not including the repurchase date. The 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.

6. Derivative Financial Instruments

Interest rate swap agreements—Certain of the Company's foreign subsidiaries have entered into interest rate swap agreements, which have been designated as cash flow hedges, to manage exposure to variability in interest rates on debt. The notional amount and fair value of the interest rate swap agreements were as follows (in thousands):

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	September 30, 2015		December 31, 2014	
	Local	USD	Local	USD
South Africa (Rand)				
Notional	404,478	29,194	440,614	38,080
Fair Value	3,205	231	1,016	88
Colombia (Colombian Peso)				
Notional	96,250,000	30,830	100,000,000	41,798
Fair Value	858,788	275	(1,548,688)	(647)

As of September 30, 2015 the South African and Colombian agreements were in asset positions, and as of December 31, 2014, the South African agreements were in an asset position and the Colombian agreement was in a liability position. Asset positions were included in Notes receivable and other non-current assets and liability positions were included in Other non-current liabilities on the condensed consolidated balance sheets.

Embedded derivative—In connection with the acquisition of communications sites in Nigeria on July 1, 2015, the Company entered into a lease agreement where a portion of the monthly rent to be received is escalated based on an index outside the lessor's economic environment. The fair value of the portion of the lease tied to the US Consumer Price Index was $14.6 million at the date of acquisition and was recorded in Notes receivable and other non-current assets on the condensed consolidated balance sheets.

Treasury rate lock—The Company was amortizing the settlement cost of a treasury rate lock as additional interest expense over the term of the 7.000% Notes. In connection with the redemption of the 7.000% Notes, the Company recognized $2.0 million of the remaining deferred loss on the settlement cost as a loss on retirement of long-term obligations in the condensed consolidated statements of operations.

During the three months ended September 30, 2015 and 2014, the interest rate swap agreements had the following impact on the Company's condensed consolidated financial statements (in thousands):

Three Months Ended September 30,	Gain(Loss) Recognized in OCI - Effective Portion	Gain(Loss) Reclassified from AOCI into Income - Effective Portion	Location of Gain(Loss) Reclassified from AOCI into Income-Effective Portion	Gain(Loss) Recognized in Income - Ineffective Portion	Location of Gain(Loss) Recognized in Income - Ineffective Portion
2015	$701	$(178)	Interest Expense	N/A	N/A
2014	$(526)	$(578)	Interest Expense	N/A	N/A

During the nine months ended September 30, 2015 and 2014, the interest rate swap agreements and treasury rate lock had the following impact on the Company's condensed consolidated financial statements (in thousands):

Nine Months Ended September 30,	Gain(Loss) Recognized in OCI - Effective Portion	Gain(Loss) Reclassified from AOCI into Income - Effective Portion	Location of Gain(Loss) Reclassified from AOCI into Income-Effective Portion	Gain(Loss) Recognized in Income - Ineffective Portion	Location of Gain(Loss) Recognized in Income - Ineffective Portion
2015	$347	$(2,837)	Interest Expense/Loss on Retirement of	N/A	N/A

			Long-Term Obligations		
2014	$(887)	$(2,217)	Interest Expense	N/A	N/A

As of September 30, 2015, approximately $0.1 million of the amount related to derivatives designated as cash flow hedges and recorded in Accumulated other comprehensive loss was expected to be reclassified into earnings in the next 12 months.

For additional information on the Company's interest rate swap agreements, see note 7.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. Fair Value Measurements

The Company determines the fair value 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):

	September 30, 2015			
	Fair Value Measurements Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Assets:				
Short-term investments (1)		$14,485		$14,485
Interest rate swap agreements		$506		$506
Embedded derivative in lease agreement			$14,564	$14,564
Liabilities:				
Acquisition-related contingent consideration			$18,488	$18,488

	December 31, 2014			
	Fair Value Measurements Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Assets:				
Short-term investments (1)		$6,302		$6,302
Interest rate swap agreements		$88		$88
Liabilities:				
Acquisition-related contingent consideration			$28,524	$28,524
Interest rate swap agreements		$647		$647

(1) Consists of highly liquid investments with original maturities in excess of three months.

Interest Rate Swap Agreements

The fair value of the Company's interest rate swap agreements is determined using pricing models with inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Fair valuations of the interest rate swap agreements reflect the value of the instrument including the values associated with counterparty risk, the Company's own credit standing and the value of the net credit differential between the counterparties to the derivative contract.

Embedded Derivative in Lease Agreement

The fair value of the Company's embedded derivative is determined using a discounted cash flow approach. This approach takes into consideration Level 3 unobservable inputs including expected future cash flows over the period in which the associated payment is expected to be received and applies a discount factor that captures uncertainties in the future periods associated with the expected payment.

Acquisition-Related Contingent Consideration

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

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 the unobservable inputs of Level 3 assets or liabilities could significantly impact the fair value of these assets or liabilities recorded in the accompanying condensed consolidated balance sheets, with the adjustments being recorded in the condensed consolidated statements of operations.

As of September 30, 2015, the Company estimated the value of all potential acquisition-related contingent consideration required payments to be between zero and $26.0 million. During the three months ended September 30, 2015 and 2014, the fair value of the contingent consideration changed as follows (in thousands):

	2015	2014
Balance as of July 1	$24,867	$31,025
Additions	—	106
Settlements	(3,408)	(209)
Change in fair value	99	(974)
Foreign currency translation adjustment	(3,070)	(1,794)
Other (1)	—	(730)
Balance as of September 30	$18,488	$27,424

During the nine months ended September 30, 2015 and 2014, the fair value of the contingent consideration changed as follows (in thousands):

	2015	2014
Balance as of January 1	$28,524	$31,890
Additions	1,311	512
Settlements	(6,761)	(1,498)
Change in fair value	99	(1,344)
Foreign currency translation adjustment	(4,685)	(1,406)
Other (1)	—	(730)
Balance as of September 30	$18,488	$27,424

(1) In connection with the sale of operations in Panama in September 2014, the buyer assumed the Company's potential obligations related to additional purchase price consideration.

Items Measured at Fair Value on a Nonrecurring Basis

Assets Held and Used—The Company's long-lived assets are recorded at amortized cost and, if impaired, are adjusted to fair value using Level 3 inputs. During the three and nine months ended September 30, 2015 and 2014, the Company did not record any asset impairment charges.

Sale of Assets—During the nine months ended September 30, 2014, the Company completed the sale of its operations in Panama and its third-party structural analysis business for an aggregate sale price of $17.9 million, plus a working capital adjustment. At the time of sale, the carrying value of these assets primarily included $8.1 million of property and equipment, $7.8 million of intangible assets and $3.6 million of goodwill. The Company recorded a net impairment charge of $2.2 million in Other operating expenses in the accompanying condensed consolidated statements of operations.

There were no items measured at fair value on a nonrecurring basis during the nine months ended September 30, 2015.

Fair Value of Financial Instruments—The Company's financial instruments for which the carrying value reasonably approximates fair value at September 30, 2015 and December 31, 2014 included cash and cash equivalents, restricted cash, accounts receivable and accounts payable. 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 value is estimated using either indicative price quotes or a discounted cash flow analysis using rates for debt with similar terms and maturities. As of September 30, 2015, the carrying value and fair value of long-term obligations, including the current portion, were $17.0 billion and $17.3 billion, respectively, of which $9.9 billion was measured using Level 1 inputs and $7.4 billion was measured using Level 2 inputs. As of December 31, 2014, the carrying value and fair value of long-term obligations, including the current portion,

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

were $14.6 billion and $15.0 billion, respectively, of which $9.7 billion was measured using Level 1 inputs and $5.3 billion was measured using Level 2 inputs.

8. Accumulated Other Comprehensive Loss

The changes in Accumulated other comprehensive loss for the three months ended September 30, 2015 and 2014 were as follows (in thousands):

	Unrealized Losses on Cash Flow Hedges	Foreign Currency Items	Total
Balance as of July 1, 2015	$(1,333)	$(1,227,188)	$(1,228,521)
Other comprehensive income (loss) before reclassifications, net of tax	717	(605,244)	(604,527)
Amounts reclassified from accumulated other comprehensive loss, net of tax	145	—	145
Net current-period other comprehensive income (loss)	862	(605,244)	(604,382)
Balance as of September 30, 2015	$(471)	$(1,832,432)	$(1,832,903)

	Unrealized Losses on Cash Flow Hedges	Deferred Loss on the Settlement of the Treasury Rate Lock	Foreign Currency Items	Total
Balance as of July 1, 2014	$ (1,301)	$(2,630)	$(246,989)	$(250,920)
Other comprehensive loss before reclassifications, net of tax	(514)	—	(253,424)	(253,938)
Amounts reclassified from accumulated other comprehensive loss, net of tax	319	200	—	519
Net current-period other comprehensive (loss) income	(195)	200	(253,424)	(253,419)
Balance as of September 30, 2014	$ (1,496)	$(2,430)	$(500,413)	$(504,339)

The changes in Accumulated other comprehensive loss for the nine months ended September 30, 2015 and 2014 were as follows (in thousands):

	Unrealized Losses on Cash Flow Hedges	Deferred Loss on the Settlement of the Treasury Rate Lock	Foreign Currency Items	Total
Balance as of January 1, 2015	$(1,345)	$(2,231)	$(790,645)	$(794,221)
Other comprehensive loss before reclassifications, net of tax	377	—	(1,041,787)	(1,041,410)
Amounts reclassified from accumulated other comprehensive loss, net of tax	497	2,231	—	2,728
Net current-period other comprehensive income (loss)	874	2,231	(1,041,787)	(1,038,682)
Balance as of September 30, 2015	$(471)	$—	$(1,832,432)	$(1,832,903)

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Unrealized Losses on Cash Flow Hedges	Deferred Loss on the Settlement of the Treasury Rate Lock	Foreign Currency Items	Total
Balance as of January 1, 2014	$ (1,869)	$ (3,029)	$ (306,322)	$ (311,220)
Other comprehensive loss before reclassifications, net of tax	(969)	—	(194,091)	(195,060)
Amounts reclassified from accumulated other comprehensive loss, net of tax	1,342	599	—	1,941
Net current-period other comprehensive income (loss)	373	599	(194,091)	(193,119)
Balance as of September 30, 2014	$ (1,496)	$ (2,430)	$ (500,413)	$ (504,339)

During the nine months ended September 30, 2015, $2.0 million related to the deferred loss on the settlement of the treasury rate lock was reclassified from Accumulated other comprehensive loss into Gain (loss) on retirement of long-term obligations in connection with redemption of the 7.000% Notes. The remaining losses on cash flow hedges have been reclassified into Interest expense in the accompanying condensed consolidated statements of operations and the associated tax effect of less than $0.1 million for each of the three and nine months ended September 30, 2015 and 2014 is included in Income tax provision.

9. 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 tax rate is determined. As a REIT, the Company continues to be subject to income taxes on the income of its TRSs and income taxation in foreign jurisdictions where it conducts international operations. 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. The Company is able to offset income in both its TRSs and QRSs by utilizing their respective net operating losses.

In 2013, the Company acquired MIP Tower Holdings LLC (“MIPT”), which had been organized and qualified as a REIT. The Company filed a tax election pursuant to which MIPT no longer operates as a separate REIT for federal and state income tax purposes, effective July 25, 2015. In connection with this and related elections, the Company incurred a one-time cash tax charge of approximately $93.0 million and a one-time deferred income tax benefit of $5.4 million in the third quarter of 2015.

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.

As of September 30, 2015 and December 31, 2014, the total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, was approximately $26.5 million and $31.9 million, respectively. The amount of unrecognized tax benefits during the three and nine months ended September 30, 2015 includes additions to the Company’s existing tax positions, offset by foreign currency fluctuations and the expiration of the statute of limitations in certain jurisdictions. 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 14 to the Company’s consolidated financial statements included in the 2014 Form 10-K. The impact of the amount of these changes to previously recorded uncertain tax positions could range from zero to $5.1 million.

The Company recorded penalties and income tax-related interest expense during the three and nine months ended September 30, 2015 of $0.7 million and $2.3 million, respectively, and during the three and nine months ended September 30, 2014 of $1.8 million and $4.8 million, respectively. In addition, due to the expiration of the statute of limitations in certain jurisdictions, the Company reduced its liability for penalties and income tax-related interest expense related to uncertain tax positions during each of the three and nine months ended September 30, 2015 by $3.1 million and during each of the three and nine months ending September 30, 2014 by $1.4 million. As of September 30, 2015 and December 31, 2014, the total amount of accrued income tax related interest and penalties included in Other non-current liabilities in the condensed consolidated balance sheets was $19.4 million and $24.9 million, respectively.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. Stock-Based Compensation

The Company recognized stock-based compensation expense during the three and nine months ended September 30, 2015 of $18.3 million and $72.3 million, respectively, and stock-based compensation expense during the three and nine months ended September 30, 2014 of $18.3 million and $61.7 million, respectively. The Company capitalized stock-based compensation expense of $0.5 million and $1.6 million during the three and nine months ended September 30, 2015, respectively, and $0.4 million and $1.2 million during the three and nine months ended September 30, 2014, respectively, as property and equipment.

Summary of Stock-Based Compensation Plans—The Company maintains equity incentive plans that provide for the grant of stock-based awards to its directors, officers and employees. The 2007 Equity Incentive Plan (the “2007 Plan”) provides for the grant of non-qualified and incentive stock options, as well as restricted stock units, restricted stock and other stock-based awards. Exercise prices in the case of non-qualified and incentive stock options are not less than the fair value of the underlying common stock on the date of grant. Equity awards typically vest ratably over various periods, generally four years for time-based restricted stock units (“RSUs”) and stock options and three years for performance-based restricted stock units (“PSUs”). Stock options generally expire ten years from the date of grant. As of September 30, 2015, the Company had the ability to grant stock-based awards with respect to an aggregate of 11.7 million shares of common stock under the 2007 Plan.

The Company’s Compensation Committee adopted a death, disability and retirement benefits program, which applies to equity awards granted on or after January 1, 2013 and provides for accelerated vesting and extended exercise periods of stock options and restricted stock units upon an employee’s death or permanent disability, or upon an employee’s qualified retirement provided certain eligibility criteria are met. Accordingly, for grants made on or after January 1, 2013, the Company recognizes compensation expense for stock options and RSUs over the shorter of (i) the four-year vesting period or (ii) the period from the date of grant to the date the employee becomes eligible for such retirement benefits, which may occur upon grant; and recognizes compensation expense for PSUs over the three-year vesting period, subject to adjustment based on the date the employee becomes eligible for such retirement benefits.

Stock Options—The Company’s option activity for the nine months ended September 30, 2015 was as follows:

	Number of Options	
Outstanding as of January 1, 2015	6,508,435	
Granted	2,004,100	
Exercised	(441,626	)
Forfeited	(105,226	)
Expired	(1,475	)
Outstanding as of September 30, 2015	7,964,208	

The fair value of each option granted during the nine months ended September 30, 2015 was estimated on the date of grant using the Black-Scholes option pricing model based on the assumptions noted in the table below.

Key assumptions used to apply this pricing model are as follows:

Range of risk-free interest rate	1.32%-1.62%	
Weighted average risk-free interest rate	1.62	%
Expected life of option grants	4.5 years	
Range of expected volatility of underlying stock price	21.09%-21.20%	
Weighted average expected volatility of underlying stock price	21.09	%
Range of expected annual dividend yield	1.50%-1.85%	

The weighted average grant date fair value per share during the nine months ended September 30, 2015 was $15.09. As of September 30, 2015, total unrecognized compensation expense related to unvested stock options was $33.7 million and is expected to be recognized over a weighted average period of approximately two years.

Restricted Stock Units and Performance-Based Restricted Stock Units—The Company's RSU and PSU activity for the nine months ended September 30, 2015 was as follows:

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	RSUs	PSUs (1)
Outstanding as of January 1, 2015	1,758,817	—
Granted	692,340	23,379
Vested	(688,811)	—
Forfeited	(93,746)	—
Outstanding as of September 30, 2015	1,668,600	23,379

(1) Represents the target number of shares issuable at the end of the three-year performance cycle attributable to the first year's performance period.

Restricted Stock Units—As of September 30, 2015, total unrecognized compensation expense related to unvested RSUs granted under the 2007 Plan was $87.4 million and is expected to be recognized over a weighted average period of approximately two years.

Performance-Based Restricted Stock Units—During the nine months ended September 30, 2015, the Compensation Committee granted an aggregate of 70,135 PSUs to its executive officers and established the performance metric for this award. Threshold, target and maximum parameters were established for the metric for each year in the three-year performance period, and will be used to calculate the number of shares that will be issuable when the award vests, which may range from zero to 200 percent of the target amount. At the end of the three-year performance period, the number of shares that are earned and vest will depend on the degree of achievement against the pre-established performance goal. PSUs that have been earned over the performance period will be paid out in common stock at the end of the performance period, subject generally to the executive's continued employment and will accrue dividend equivalents prior to vesting, which will be paid out only in respect of shares actually earned and vested. As the performance metric is tied to year-over-year growth and actual results for the metric will not be determined until the end of each respective fiscal year, the Company is unable to determine the annual target for the second and third years of the performance period for this award at this time. Accordingly, an aggregate of 46,756 PSUs granted on March 10, 2015 are not included in the table above. The grant date fair value per share of the PSUs for which terms have been established was $94.57.

During the three and nine months ended September 30, 2015, the Company recorded $0.8 million and $1.5 million, respectively, in stock-based compensation expense for equity awards in which the performance goals have been established and are probable of being achieved. The remaining unrecognized compensation expense related to these awards at September 30, 2015 was $1.3 million based on the Company's current assessment of the probability of achieving the performance goals. The weighted-average period over which the cost will be recognized is approximately one year.

Employee Stock Purchase Plan—The Company maintains an employee stock purchase plan ("ESPP") pursuant to which eligible employees may purchase shares of the Company's common stock on the last day of each bi-annual offering period at a 15% discount of the lower of the closing market value on the first or 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 nine months ended September 30, 2015, employee contributions were accumulated to purchase approximately 66,000 shares under the ESPP.

Key assumptions used to apply the Black-Scholes pricing model for shares purchased through the ESPP during the nine months ended September 30, 2015, which resulted in a fair value per share of $16.40, were as follows:

Approximate risk-free interest rate	0.06	%
Expected life of shares	6 months	
Expected volatility of underlying stock price over the option period	13.91	%

Expected annual dividend yield	1.85	%

11. Equity

Common Stock Offering—On March 3, 2015, the Company completed a registered public offering of 23,500,000 shares of its common stock, par value $0.01 per share, at $97.00 per share. On March 5, 2015, the Company issued an additional 2,350,000 shares of common stock in connection with the underwriters' exercise in full of their over-allotment option. Aggregate net proceeds were approximately $2.44 billion after deducting commissions and estimated expenses. The Company used the net proceeds from this offering to fund a portion of the Verizon Transaction.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Series B Preferred Stock Offering—On March 3, 2015, the Company completed a registered public offering of 12,500,000 depositary shares, each representing a 1/10th interest in a share of its 5.50% Mandatory Convertible Preferred Stock, Series B, par value $0.01 per share (the “Series B Preferred Stock”), at $100.00 per depositary share. On March 5, 2015, the Company issued an additional 1,250,000 depositary shares in connection with the underwriters’ exercise in full of their over-allotment option. Aggregate net proceeds were approximately $1.34 billion after deducting commissions and estimated expenses. The Company used the net proceeds from this offering to fund a portion of the Verizon Transaction. On March 3, 2015, upon receipt of the proceeds of this offering and the common stock offering described above, the Company terminated the commitment letter dated February 5, 2015 with Goldman Sachs Bank USA and Goldman Sachs Lending Partners LLC entered into in connection with the Verizon Transaction.

Unless converted or redeemed earlier, each share of the Series B Preferred Stock will convert automatically on February 15, 2018, into between 8.5911 and 10.3093 shares of common stock, depending on the applicable market value of the common stock and subject to anti-dilution adjustments. Subject to certain restrictions, at any time prior to February 15, 2018, holders of the Series B Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate then in effect.

Dividends on shares of the Series B Preferred Stock are payable on a cumulative basis when, as and if declared by the Company’s Board of Directors at an annual rate of 5.50% on the liquidation preference of $1,000.00 per share (and, correspondingly, $100.00 per share with respect to the depositary shares) on February 15, May 15, August 15 and November 15 of each year, commencing on May 15, 2015 to, and including, February 15, 2018. The Company may pay dividends in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock. The terms of the Series B Preferred Stock provide that, unless full cumulative dividends have been paid or set aside for payment on all outstanding Series B Preferred Stock for all prior dividend periods, no dividends may be declared or paid on common stock.

Series A Preferred Stock—The Company has 6,000,000 shares outstanding of its 5.25% Mandatory Convertible Preferred Stock, Series A, par value $0.01 per share (the “Series A Preferred Stock” and, together with the Series B Preferred Stock, the “Mandatory Convertible Preferred Stock”).

Unless converted earlier, each share of the Series A Preferred Stock will automatically convert on May 15, 2017, into between 0.9174 and 1.1468 shares of common stock, depending on the applicable market value of the common stock and subject to anti-dilution adjustments. Subject to certain restrictions, at any time prior to May 15, 2017, holders of the Series A Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate then in effect.

Dividends on shares of the Series A Preferred Stock are payable on a cumulative basis when, as and if declared by the Company’s Board of Directors at an annual rate of 5.25% on the liquidation preference of $100.00 per share, on February 15, May 15, August 15 and November 15 of each year, commencing on August 15, 2014 to, and including, May 15, 2017.

Sales of Equity Securities—The Company receives proceeds from sales of its equity securities pursuant to the ESPP and upon exercise of stock options granted under its equity incentive plans. During the nine months ended September 30, 2015, the Company received an aggregate of $29.3 million in proceeds upon exercises of stock options and from the ESPP.
Distributions—During the nine months ended September 30, 2015, the Company declared or paid the following cash distributions:

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Declaration Date	Payment Date	Record Date	Distribution per share	Aggregate Payment Amount (in millions)
Common Stock				
December 2, 2014	January 13, 2015	December 16, 2014	$0.38	$150.7
March 5, 2015	April 28, 2015	April 10, 2015	$0.42	$177.7
May 21, 2015	July 16, 2015	June 17, 2015	$0.44	$186.2
September 10, 2015	October 7, 2015	September 23, 2015	$0.46	$194.8
Series A Preferred Stock				
December 2, 2014	February 16, 2015	February 1, 2015	$1.3125	$7.9
April 14, 2015	May 15, 2015	May 1, 2015	$1.3125	$7.9
July 15, 2015	August 17, 2015	August 1, 2015	$1.3125	$7.9
Series B Preferred Stock				
April 14, 2015	May 15, 2015	May 1, 2015	$11.1528	$15.3
July 15, 2015	August 17, 2015	August 1, 2015	$13.7500	$18.9

The Company accrues distributions on unvested restricted stock units granted subsequent to January 1, 2012, which are payable upon vesting. As of September 30, 2015, the amount accrued for distributions payable related to unvested restricted stock units was $4.3 million. During the nine months ended September 30, 2015, the Company paid $1.2 million of distributions upon the vesting of restricted stock units.
To maintain its qualification for taxation as a REIT, the Company expects to continue paying distributions, the amount, timing and frequency of which will be determined, and subject to adjustment, by the Company’s Board of Directors.

12. Earnings Per Share
Basic net income per common share represents net income attributable to American Tower Corporation common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted net income per common share represents net income attributable to American Tower Corporation common stockholders divided by the weighted average number of common shares outstanding during the period and any dilutive common share equivalents, including shares issuable upon (i) the vesting of restricted stock awards, (ii) exercise of stock options and (iii) conversion of the Company’s Mandatory Convertible Preferred Stock. Dilutive common share equivalents also include the dilutive impact of the ALLTEL transaction (see note 13).

The Company uses the treasury stock method to calculate the effect of its outstanding restricted stock awards and stock options and uses the if-converted method to calculate the effect of its outstanding Mandatory Convertible Preferred Stock.

The following table sets forth basic and diluted net income per common share computational data for the three and nine months ended September 30, 2015 and 2014 (in thousands, except per share data):

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to American Tower Corporation stockholders	$102,999	$207,593	$452,372	$644,523
Dividends on preferred stock	(26,781)	(7,700)	(63,382)	(12,075)
Net income attributable to American Tower Corporation common stockholders	76,218	199,893	388,990	632,448
Basic weighted average common shares outstanding	423,375	396,243	417,280	395,758
Dilutive securities	3,852	4,154	4,072	4,048
Diluted weighted average common shares outstanding	427,227	400,397	421,352	399,806
Basic net income attributable to American Tower Corporation common stockholders per common share	$0.18	$0.50	$0.93	$1.60
Diluted net income attributable to American Tower Corporation common stockholders per common share	$0.18	$0.50	$0.92	$1.58

Shares Excluded From Dilutive Effect

The following shares were not included in the computation of diluted earnings per share because the effect would be anti-dilutive (in thousands, on a weighted average basis):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Restricted stock awards	—	—	—	—
Stock options	1,996	1	1,472	2,255
Preferred stock	17,368	6,688	14,724	3,473

13. 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, 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.

Lease Obligations

Tenant Leases—As part of the Verizon Transaction, the Company entered into leases or subleases with Verizon with respect to 11,448 communications sites with an initial non-cancellable term of ten years. In addition, the Company assumed the rights under the tenant leases that were in place on such sites at the time of the transaction. At the time of the transaction, the total estimated future minimum rental receipts under the non-cancellable Verizon leases and assumed third-party leases was approximately $3.0 billion and was expected to be recognized over an average period of approximately 10 years.

Lease Obligations—In connection with the Verizon Transaction, the Company assumed the interest in and obligations under certain ground leases. Many of the leases contain renewal options with specified increases in lease payments upon exercise of the renewal option. Escalation clauses present in operating leases, excluding those tied to the

Consumer Price Index or other inflation-based indices, are recognized on a straight-line basis over the non-cancellable term of the leases. Future minimum rental payments under non-cancellable operating leases include payments for certain renewal periods at the Company’s option because failure to renew could result in a loss of the applicable communications sites and related revenues from tenant leases, thereby making it reasonably assured that the Company will renew the leases. At the time of the transaction, the Company’s future minimum rental payments under non-cancellable operating leases, including certain renewal periods related to the Verizon communications sites, was approximately $2.2 billion and was expected to be recognized over an average period of approximately 17 years.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Commitments

Verizon Transaction—On March 27, 2015, the Company entered into an agreement with various operating entities of Verizon that provides for the lease, sublease or management of 11,285 wireless communications sites from Verizon commencing March 27, 2015. The average term of the lease or sublease for all sites at the inception of the agreement was approximately 28 years, assuming renewals or extensions of the underlying ground leases for the sites. The Company has the option to purchase the leased sites in tranches, subject to the applicable lease, sublease or management right upon its scheduled expiration. Each tower is assigned to an annual tranche, ranging from 2034 to 2047, which represents the outside expiration date for the sublease rights to the towers in each tranche. The purchase price for each tranche is a fixed amount stated in the lease for such tranche plus the fair market value of certain alterations made to the related towers. The aggregate purchase option price for the towers leased and subleased is approximately $5.0 billion. Verizon will occupy the sites as a tenant for an initial term of ten years with eight optional successive five-year terms; each such term shall be governed by standard master lease agreement terms established as a part of the transaction.

AT&T Transaction—The Company has an agreement with SBC Communications Inc., a predecessor entity to AT&T Inc. (“AT&T”), that currently provides for the lease or sublease of approximately 2,400 towers from AT&T with the lease commencing between December 2000 and August 2004. Substantially all of the towers are part of the Company’s securitization transaction completed in March 2013. 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 lease for that site plus the fair market value of certain alterations made to the related tower by AT&T. As of September 30, 2015, the Company has purchased an aggregate of 31 of the subleased towers upon expiration of the applicable agreement. The aggregate purchase option price for the remaining towers leased and subleased is approximately $691.7 million and will accrete at a rate of 10% per annum through 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, a predecessor entity to Verizon Wireless, to acquire towers through a 15-year sublease agreement. Pursuant to the agreement, as amended, with Verizon Wireless, the Company acquired rights to 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 is approximately $74.7 million as of September 30, 2015. At the expiration of the sublease, the purchase price would be payable in cash or, at Verizon Wireless’s or its assignee’s option, as applicable, with 769 shares of the Company’s common stock per tower, which would be valued at approximately $119.8 million in the aggregate based on the closing price at September 30, 2015.

Other Contingencies—The Company is subject to income tax and other taxes in the geographic areas where it operates, and periodically receives notifications of audits, assessments or other actions by taxing authorities. The Company evaluates the circumstances of each notification based on the information available and records a liability for any potential outcome that is probable or more likely than not unfavorable if the liability is also reasonably estimable. On January 21, 2014, the Company received an income tax assessment in the amount of 22.6 billion INR (approximately $369.0 million on the date of assessment), asserting tax liabilities arising out of a transfer pricing review of transactions by Essar Telecom Infrastructure Private Limited. The Company challenged the assessment before India’s Income Tax Appellate Tribunal, which issued a decision in the Company’s favor on April 15, 2015, finding, consistent with precedent from the Bombay High Court, that no income tax obligation arose as a result of the issuance of share capital.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. Acquisitions and Other Transactions
The estimates of the fair value of the assets or rights acquired and liabilities assumed at the date of the applicable acquisition are subject to adjustment during the measurement period (up to one year from the particular acquisition date). The primary areas of the accounting for the acquisitions that are not yet finalized relate to the fair value of certain tangible and intangible assets acquired and liabilities assumed, which may include contingent consideration, residual goodwill and any related tax impact. The fair value of these net assets acquired are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. While the Company believes that such preliminary estimates provide a reasonable basis for estimating the fair value of assets acquired and liabilities assumed, it evaluates any necessary information prior to finalization of the fair value. During the measurement period, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the revised estimated values of those assets or liabilities as of that date. The effect of measurement period adjustments to the estimated fair value is reflected as if the adjustments had been completed on the acquisition date. The impact of all changes that do not qualify as measurement period adjustments are included in current period earnings. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the condensed consolidated financial statements could be subject to a possible impairment of the intangible assets or goodwill, or require acceleration of the amortization expense of intangible assets in subsequent periods. During the nine months ended September 30, 2015, the Company made certain measurement period adjustments related to several acquisitions consummated in 2014 and therefore retrospectively adjusted the fair value of the assets acquired and liabilities assumed in the condensed consolidated balance sheet as of December 31, 2014.

Impact of current year acquisitions—The Company typically acquires communications sites from wireless carriers or other tower operators and subsequently integrates those sites into its existing portfolio of communications sites. The financial results of the Company's acquisitions have been included in the Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2015 from the date of the respective acquisition. The date of acquisition, and by extension the point at which the Company begins to recognize the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of leasing arrangements and the timing of the transfer of title or rights to the assets, which may be accomplished in phases. Sites acquired from communications service providers may never have been operated as a business and may have been utilized solely by the seller as a component of its network infrastructure. An acquisition may or may not involve the transfer of business operations or employees.

The estimated aggregate impact of the 2015 acquisitions and the Verizon Transaction on the Company's revenues and gross margin for the three months ended September 30, 2015 was approximately $172.8 million and $76.8 million, respectively, and the estimated aggregate impact for the nine months ended September 30, 2015 was approximately $289.1 million and $132.9 million, respectively. The revenues and gross margin amounts also reflect incremental revenues from the addition of new tenants to such sites subsequent to the transaction date. Incremental amounts of segment selling, general, administrative and development expense have not been reflected, as the amounts attributable to transactions are not comparable.

For those acquisitions accounted for as business combinations, the Company recognizes acquisition and merger related expenses in the period in which they are incurred and services are received. Acquisition and merger related expenses may include finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees, fair value adjustments to contingent consideration and general administrative costs directly related to the transaction. Integration costs include incremental and non-recurring costs necessary to convert data, retain employees and otherwise enable the Company to operate new businesses efficiently. The Company records acquisition and merger related expenses, as well as integration costs, in Other operating expenses in the condensed consolidated statements of operations.

During the three and nine months ended September 30, 2015 and 2014, the Company recorded the following acquisition and merger related expenses and integration costs (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Acquisition and merger related expenses (1)	$8,587	$4,051	$16,574	$18,657
Integration costs	$5,938	$5,205	$12,218	$10,891

(1) Acquisition and merger related expenses for the nine months ended September 30, 2015 do not reflect approximately $9.9 million of transaction costs related to the Verizon Transaction as these costs have been capitalized as part of the assets' fair value.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Verizon Transaction

On March 27, 2015, the Company completed its acquisition of the exclusive right to lease, acquire or otherwise operate and manage 11,448 wireless communications sites from Verizon for approximately $5.053 billion in cash pursuant to the Master Agreement entered into on February 5, 2015 and the related Master Prepaid Lease, Management Agreement, Sale Site Master Lease Agreement and MPL Site Master Lease Agreement, subject to certain post-closing adjustments.

The Company, through its wholly-owned subsidiary, leased or subleased from certain Verizon subsidiaries 11,285 communications sites, including the interest in the land, the tower and certain related improvements and tower related assets pursuant to the Master Prepaid Lease. Under the Master Prepaid Lease, the Company has the exclusive right to lease and operate the Verizon communications sites for a weighted average term of approximately 28 years and the Company will have the option to purchase the communications sites in various tranches at the end of the respective lease or sublease terms at a fixed amount stated in the sublease for such tranche plus the fair market value of certain alterations made to the related towers. The Company accounted for the payment with respect to the leased sites as a capital lease and the respective lease and non-lease elements related to tower assets and intangible assets, as described below. The total consideration allocated to this element of the overall transaction was $4.964 billion, which included approximately $9.9 million of transaction costs.

In addition, the Company, through its wholly-owned subsidiary, acquired 163 communications sites. The Company accounted for these sites as a business combination and the purchase price of $99.0 million is reflected below in “2015 Acquisitions.”

Upon closing, the Company agreed to lease, sublease or otherwise make available collocation space at each of the communications sites to Verizon for an initial non-cancellable term of ten years, subject to automatic extension for eight additional five-year renewal terms. The initial collocation rent is $1,900 per month for each communications site, with annual rent increases of 2%.

The Company funded the Verizon Transaction with (i) proceeds from its concurrent registered public offerings of its common stock and Series B Preferred Stock, (ii) borrowings under the Company’s revolving credit facilities and (iii) cash on hand.

The Company included the Verizon Transaction in the unaudited pro forma financial results included herein as if the capital lease began on January 1, 2014. Management relied on various estimates and assumptions due to the fact that Verizon did not operate the sites as a business and the sites were utilized primarily by Verizon as a component of its network infrastructure.

The following table summarizes the allocation of consideration transferred for the 11,285 communications sites under the Master Prepaid Lease (in thousands). Balances are reflected in the accompanying condensed consolidated balance sheets as of September 30, 2015 and represent the asset balances of the capital lease.

Current assets	$6,079	
Non-current assets	144,921	
Property and equipment	2,044,900	
Intangible assets (1):		
Customer-related intangible assets	1,856,972	
Network location intangible assets	1,172,622	
Current liabilities	(10,747	)

Other non-current liabilities (2)	(250,530)
Fair value of consideration transferred (3)	$4,964,217

(1) Customer-related intangible assets and network location intangible assets are amortized on a straight-line basis over periods of up to 20 years.
(2) Primarily represents liabilities recorded for asset retirement obligations.
(3) Includes approximately $9.9 million of transaction costs, which have been capitalized as part of the assets' fair value, $5.6 million of which was paid during the nine months ended September 30, 2015.

The acquisitions described below under "2015 Acquisitions" and "2014 Acquisitions" are accounted for as business combinations and are consistent with the Company's strategy to expand in selected geographic areas.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2015 Acquisitions

Airtel Acquisition—On July 1, 2015, the Company acquired 4,699 communications sites in Nigeria from certain of Bharti Airtel Limited's subsidiaries ("Airtel"), and subsequently acquired one additional site, pursuant to its previously announced agreement for a total purchase price of approximately $1.109 billion, including value added tax. Of this purchase price, $806.5 million was paid during the three months ended September 30, 2015, with the remainder to be paid prior to January 15, 2016. The purchase price is subject to post-closing adjustments.

TIM Acquisition—On April 29, 2015, the Company acquired 4,176 communications sites from TIM pursuant to its previously announced agreement for a purchase price of approximately 1.9 billion BRL (approximately $644.3 million at the date of acquisition). On September 30, 2015, the Company acquired an additional 1,125 communications sites from TIM for an initial aggregate purchase price of 516.9 million BRL (approximately $130.9 million at the date of acquisition). The purchase prices are subject to post-closing adjustments. Pursuant to the terms of the agreement, the Company has the ability to purchase the remaining sites as they become available through October 2016.

Following these closings, the amount of the letters of credit with Banco Santander was reduced to approximately 47.8 million BRL (approximately $12.0 million), corresponding to certain obligations related to the Company's acquisition agreement.

Other International Acquisitions—During the nine months ended September 30, 2015, the Company acquired a total of 399 communications sites and related assets in Brazil, India and Uganda for an aggregate purchase price of $16.2 million, which was satisfied with cash consideration and by the issuance of credits to be applied against trade accounts receivable. The purchase prices are subject to post-closing adjustments.

U.S. Acquisitions—During the nine months ended September 30, 2015, the Company acquired a total of 199 communications sites and equipment, as well as three property interests, in the United States for an aggregate purchase price of $128.7 million (including $1.3 million for the estimated fair value of contingent consideration). Included in these sites are the 163 communications sites acquired as part of the Verizon Transaction, described above. The purchase prices are subject to post-closing adjustments.

The following table summarizes the preliminary allocation of the purchase price for the fiscal year 2015 acquisitions based upon their estimated fair value at the date of acquisition (in thousands). Balances are reflected in the accompanying condensed consolidated balance sheet as of September 30, 2015.

	Airtel	TIM	Other International	U.S.
Current assets	$15,828	$—	$—	$179
Non-current assets	69,224	—	324	—
Property and equipment	414,065	259,945	8,762	30,554
Intangible assets (1):				
Customer-related intangible assets	232,350	361,829	3,537	50,225
Network location intangible assets	309,902	117,084	3,178	31,464
Current liabilities	(4,246)	—	—	(336)
Other non-current liabilities	(12,507)	(24,338)	(333)	(3,040)
Net assets acquired	1,024,616	714,520	15,468	109,046
Goodwill (2)	84,035	60,696	700	19,677
Fair value of net assets acquired	1,108,651	775,216	16,168	128,723
Debt assumed	—	—	—	—
Purchase Price	$1,108,651	$775,216	$16,168	$128,723

(1)

Customer-related intangible assets and network location intangible assets are amortized on a straight-line basis over periods of up to 20 years.

(2) Goodwill was allocated to the Company’s rental and management segments. The Company expects goodwill recorded in its domestic rental and management segment will be deductible for tax purposes. The Company expects goodwill recorded in its international rental and management segment will not be deductible for tax purposes, except for in India, where goodwill is expected to be deductible.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2014 Acquisitions

BR Towers Acquisition—On November 19, 2014, the Company completed the acquisition of 100% of the equity interests of BR Towers. At closing, BR Towers owned 2,504 towers and four property interests, as well as the exclusive use rights for 2,113 additional towers and 43 property interests in Brazil. The Company completed the acquisition for an estimated preliminary purchase price of approximately $568.9 million, which was subsequently reduced to approximately $558.7 million during the nine months ended September 30, 2015. In addition, the Company paid approximately $61.1 million to acquire all outstanding preferred equity and assumed approximately $261.1 million of BR Towers' existing indebtedness. As of September 30, 2015, the remaining balance of the debt assumed was $82.6 million.

Richland Acquisition—On April 3, 2014, the Company, through one of its wholly-owned subsidiaries, acquired entities holding a portfolio of 59 communications sites, which at the time of acquisition were leased primarily to radio and television broadcast tenants, and four property interests in the United States from Richland Properties LLC and other related entities ("Richland") for an aggregate purchase price of $189.4 million, which was subsequently reduced to $188.9 million during the nine months ended September 30, 2015. In addition, the Company assumed $196.5 million of Richland's existing indebtedness, which it repaid in June 2014.

Other International Acquisitions—During the year ended December 31, 2014, the Company acquired 159 additional communications sites and related assets in Brazil, Ghana, Mexico and Uganda, for an aggregate purchase price of $28.3 million (including value added tax of $1.2 million). The Company also acquired 299 communications sites in Mexico for a purchase price of $40.3 million (including value added tax of $5.6 million), which reflected approximately $3.4 million of net liabilities assumed. Total purchase price was satisfied by the issuance of approximately $36.3 million of credits to be applied against trade accounts receivable and cash consideration of approximately $4.0 million. The allocation of the purchase price for these acquisitions was finalized during the year ended December 31, 2014.

Other U.S. Acquisitions—During the year ended December 31, 2014, the Company acquired 184 additional communications sites and equipment, as well as six property interests, in the United States for an aggregate purchase price of $180.8 million (including $6.3 million for the estimated fair value of contingent consideration). The purchase prices are subject to post-closing adjustments.

The following table summarizes the updated allocation of the purchase price for the fiscal year 2014 acquisitions based upon their estimated fair value at the date of acquisition (in thousands). Balances are reflected in the accompanying condensed consolidated balance sheets herein.

	BR Towers	Richland (1)	Other U.S.
Current assets	$31,568	$8,583	$332
Non-current assets	9,365	—	1,041
Property and equipment	135,916	154,899	38,092
Intangible assets (2):			
Customer-related intangible assets	495,151	186,455	88,490
Network location intangible assets	135,549	3,409	38,470
Other intangible assets	33,095	—	—
Current liabilities	(24,012)	(3,635)	(1,997)
Other non-current liabilities	(101,814)	(2,922)	(1,675)
Net assets acquired	714,818	346,789	162,753
Goodwill (3)	166,097	44,128	18,069

Fair value of net assets acquired	880,915	390,917	180,822
Debt assumed (4)	(261,136)	(201,999)	—
Preferred stock outstanding	(61,056)	—	—
Purchase Price	$558,723	$188,918	$180,822

27

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) The allocation of the purchase price was finalized during the nine months ended September 30, 2015.

(2) Customer-related intangible assets and network location intangible assets are amortized on a straight-line basis over periods of up to 20 years. Other intangible assets are amortized on a straight-line basis over the life of the lease, which is a period of 11 years.

(3) Goodwill was allocated to the Company’s rental and management segments, and the Company expects goodwill recorded will be deductible for tax purposes except for goodwill associated with BR Towers, where goodwill is expected to be partially deductible.

(4) Assumed BR Towers debt approximated fair value at the date of acquisition and included \$11.5 million of current indebtedness. Assumed Richland debt included \$196.5 million of Richland’s indebtedness and a fair value adjustment of \$5.5 million. The fair value adjustments were based primarily on reported market values using Level 2 inputs.

The following table summarizes the preliminary allocation of the purchase price paid and the amounts of assets acquired and liabilities assumed for the fiscal year 2014 acquisitions based upon their estimated fair value at the date of acquisition (in thousands). Balances are reflected in the consolidated balance sheets in the 2014 Form 10-K.

	BR Towers	Richland	Other U.S.
Current assets	\$31,832	\$8,583	\$797
Non-current assets	9,135	—	—
Property and equipment	141,422	185,777	38,413
Intangible assets (1):			
Customer-related intangible assets	495,279	169,452	89,990
Network location intangible assets	136,233	1,700	39,470
Other intangible assets	37,664	—	—
Current liabilities	(23,930)	(3,635)	(1,997)
Other non-current liabilities	(101,508)	(2,922)	(1,675)
Net assets acquired	726,127	358,955	164,998
Goodwill (2)	164,955	32,423	15,824
Fair value of net assets acquired	891,082	391,378	180,822
Debt assumed (3)	(261,136)	(201,999)	—
Preferred stock outstanding	(61,056)	—	—
Purchase Price	\$568,890	\$189,379	\$180,822

(1) Customer-related intangible assets and network location intangible assets are amortized on a straight-line basis over periods of up to 20 years. Other intangible assets are amortized on a straight-line basis over the life of the lease, which is a period of 11 years.

(2) Goodwill was allocated to the Company’s rental and management segments, and the Company expects goodwill recorded will be deductible for tax purposes except for goodwill associated with BR Towers where goodwill is expected to be partially deductible.

(3) Assumed BR Towers debt approximated fair value at the date of acquisition and included \$11.5 million of current indebtedness. Richland debt assumed included \$196.5 million of Richland’s indebtedness and a fair value adjustment of \$5.5 million. The fair value adjustments were based primarily on reported market values using Level 2 inputs.

Pro Forma Consolidated Results

The following table presents the unaudited pro forma financial results as if the 2015 acquisitions, as well as the Verizon Transaction described above, had occurred on January 1, 2014 and the 2014 acquisitions had occurred on January 1, 2013 (in thousands, except per share data). Management relied on various estimates and assumptions due to the fact that some of the transactions never operated as a business and were utilized solely by the seller as a component of their network infrastructure. As a result, historical operating results may not be available. The pro forma results do not include any anticipated cost synergies, costs or other integration impacts. Accordingly, such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the transactions been completed on the dates indicated, nor are they indicative of the future operating results of the Company.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Pro forma revenues	$1,243,347	$1,262,421	$3,749,564	$3,739,837
Pro forma net income attributable to American Tower Corporation common stockholders	$76,489	$139,673	$356,060	$453,520
Pro forma net income per common share amounts:				
Basic net income attributable to American Tower Corporation common stockholders	$0.18	$0.33	$0.84	$1.08
Diluted net income attributable to American Tower Corporation common stockholders	$0.18	$0.33	$0.83	$1.07

Acquisition-Related Contingent Consideration

The Company may be required to pay additional consideration under certain agreements for the acquisition of communications sites if specific conditions are met or events occur. In Colombia and Ghana, the Company may be required to pay additional consideration upon the conversion of certain barter agreements with other wireless carriers to cash-paying lease agreements. In the United States, the Company may be required to pay additional consideration if certain pre-designated tenant leases commence during a specified period of time.

A summary of the value of the Company's contingent consideration is as follows (in thousands):

			Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	Maximum potential value (1)	Estimated value at September 30, 2015 (2)	Additions (3)	Settlements	Change in Fair Value	Additions (3)	Settlements	Change in Fair Value
Colombia	$22,642	$15,123	$—	$—	$—	$—	$—	$—
Costa Rica	—	—	—	(175)	—	—	(1,898)	—
Ghana	577	577	—	—	99	—	—	99
United States	2,788	2,788	—	(3,233)	—	1,311	(4,863)	—
Total	$26,007	$18,488	$—	$(3,408)	$99	$1,311	$(6,761)	$99

(1) The maximum potential value is based on exchange rates at September 30, 2015. The minimum value could be zero.
(2) Estimate is determined using a probability weighted average of expected outcomes as of September 30, 2015.
(3) Based on preliminary acquisition accounting upon closing of certain acquisitions during the three and nine months ended September 30, 2015.

For more information regarding contingent consideration, see note 7.

15. Business Segments
The Company operates its business in three reportable segments, (i) domestic rental and management, (ii) international rental and management and (iii) network development services. The Company's primary business is leasing space on multitenant 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. This business is referred to as the Company’s rental and management operations and is comprised of domestic and international segments, which, as of September 30, 2015, consisted of the following:

- Domestic: rental and management operations in the United States; and
- International: rental and management operations in Brazil, Chile, Colombia, Costa Rica, Germany, Ghana, India, Mexico, Nigeria, Peru, South Africa and Uganda.

The Company has applied the aggregation criteria to operations within the international rental and management operating segments on a basis consistent with management’s review of information and performance evaluation.

The Company’s network development services segment offers tower-related services in the United States, including site acquisition, zoning and permitting services and structural analysis services, which primarily support its site leasing business and the addition of new tenants and equipment on its sites. The network development services segment is a strategic business

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

unit that offers different services from the rental and management operating segments and requires different resources, skill sets and marketing strategies.

The accounting policies applied in compiling segment information below are similar to those described in note 1 to the Company's consolidated financial statements included in the 2014 Form 10-K. 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 gross margin and segment operating profit also include Interest income, TV Azteca, net. These measures of segment gross margin and segment operating profit are also before Interest income, Interest expense, Gain (loss) on retirement of long-term obligations, Other income (expense), Net income (loss) attributable to noncontrolling interest, Income (loss) on equity method investments and Income tax benefit (provision). The categories of expenses indicated above, such as depreciation, have been excluded from segment operating performance as they are not considered in the review of information or the evaluation of results by management. There are no significant revenues resulting from transactions between the Company's operating segments. All intercompany transactions are eliminated to reconcile segment results and assets to the condensed consolidated statements of operations and condensed consolidated balance sheets.

Summarized financial information concerning the Company's reportable segments for the three and nine months ended September 30, 2015 and 2014 is shown in the following tables. The "Other" column (i) represents amounts 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 expenses; Interest income; Interest expense; Gain (loss) on retirement of long-term obligations; and Other income (expense), and (ii) reconciles segment operating profit to Income from continuing operations before income taxes, as the amounts are not utilized in assessing each segment's performance.

Three Months Ended September 30, 2015	Rental and Management		Total Rental and Management	Network Development Services	Other	Total
	Domestic	International				
	(in thousands)					
Segment revenues	$807,978	$404,871	$ 1,212,849	$25,061		$1,237,910
Segment operating expenses (1)	187,368	168,318	355,686	9,208		364,894
Interest income, TV Azteca, net	—	2,993	2,993	—		2,993
Segment gross margin	620,610	239,546	860,156	15,853		876,009
Segment selling, general, administrative and development expense (1)	31,374	34,737	66,111	3,730		69,841
Segment operating profit	$589,236	$204,809	$ 794,045	$12,123		$806,168
Stock-based compensation expense					$18,345	18,345
Other selling, general, administrative and development expense					27,141	27,141
Depreciation, amortization and accretion					341,096	341,096
Other expense (2)					227,611	227,611

Income from continuing operations before income taxes						$191,975
Total assets	$19,353,820	$7,361,511	$ 26,715,331	$70,006	$141,451	$26,926,788

(1) Segment operating expenses and segment selling, general, administrative and development expense exclude stock-based compensation expense of $0.5 million and $17.9 million, respectively.
(2) Other expense primarily includes interest expense.

30

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended September 30, 2014	Rental and Management Domestic	International	Total Rental and Management	Network Development Services	Other	Total
	(in thousands)					
Segment revenues	$663,570	$347,549	$ 1,011,119	$27,069		$1,038,188
Segment operating expenses (1)	133,951	138,060	272,011	11,746		283,757
Interest income, TV Azteca, net	—	2,661	2,661	—		2,661
Segment gross margin	529,619	212,150	741,769	15,323		757,092
Segment selling, general, administrative and development expense (1)	30,955	33,441	64,396	3,020		67,416
Segment operating profit	$498,664	$178,709	$ 677,373	$12,303		$689,676
Stock-based compensation expense					$18,269	18,269
Other selling, general, administrative and development expense					23,669	23,669
Depreciation, amortization and accretion					249,066	249,066
Other expense (2)					181,616	181,616
Income from continuing operations before income taxes						$217,056
Total assets	$14,202,456	$6,190,104	$ 20,392,560	$40,903	$163,152	$20,596,615

(1) Segment operating expenses and segment selling, general, administrative and development expense exclude stock-based compensation expense of $0.4 million and $17.8 million, respectively.
(2) Other expense primarily includes interest expense.

Nine Months Ended September 30, 2015	Rental and Management Domestic	International	Total Rental and Management	Network Development Services	Other	Total
	(in thousands)					
Segment revenues	$2,328,699	$1,100,565	$ 3,429,264	$62,211		$3,491,475
Segment operating expenses (1)	502,572	425,834	928,406	22,527		950,933
Interest income, TV Azteca, net	—	8,251	8,251	—		8,251
Segment gross margin	1,826,127	682,982	2,509,109	39,684		2,548,793
Segment selling, general, administrative and development expense (1)	89,439	99,329	188,768	10,605		199,373
Segment operating profit	$1,736,688	$583,653	$ 2,320,341	$29,079		$2,349,420
Stock-based compensation expense					$72,251	72,251
Other selling, general, administrative and					84,390	84,390

development expense		
Depreciation, amortization and accretion	932,972	932,972
Other expense (2)	677,332	677,332
Income from continuing operations before income taxes		$582,475

(1) Segment operating expenses and segment selling, general, administrative and development expense exclude stock-based compensation expense of $1.6 million and $70.7 million, respectively.

(2) Other expense primarily includes interest expense.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2014	Rental and Management Domestic	International	Total Rental and Management	Network Development Services	Other	Total
	(in thousands)					
Segment revenues	$1,959,092	$1,017,908	$ 2,977,000	$76,734		$3,053,734
Segment operating expenses (1)	381,800	403,515	785,315	30,529		815,844
Interest income, TV Azteca, net	—	7,918	7,918	—		7,918
Segment gross margin	1,577,292	622,311	2,199,603	46,205		2,245,808
Segment selling, general, administrative and development expense (1)	86,677	97,129	183,806	7,876		191,682
Segment operating profit	$1,490,615	$525,182	$ 2,015,797	$38,329		$2,054,126
Stock-based compensation expense					$61,708	61,708
Other selling, general, administrative and development expense					65,449	65,449
Depreciation, amortization and accretion					740,256	740,256
Other expense (2)					515,234	515,234
Income from continuing operations before income taxes						$671,479

(1) Segment operating expenses and segment selling, general, administrative and development expense exclude stock-based compensation expense of $1.4 million and $60.3 million, respectively.
(2) Other expense primarily includes interest expense.

16. Subsequent Events

Viom Transaction—On October 21, 2015, the Company, through its wholly owned subsidiary, ATC Asia Pacific Pte. Ltd. (the “Purchaser”), entered into an agreement (the “Share Purchase Agreement”) with Viom Networks Limited (“Viom”), a telecommunications infrastructure company that owns and operates approximately 42,200 wireless communications towers and 200 indoor distributed antenna systems in India, and certain existing Viom shareholders, including the current managing shareholder, SREI Infrastructure Finance Limited, several other minority shareholders and Tata Teleservices Limited (collectively, the “Selling Shareholders”), to acquire a controlling interest of approximately 51% of the outstanding common membership interests of Viom from the Selling Shareholders for cash consideration of approximately 76 billion INR (approximately $1,157 million based on a current estimated rate), subject to certain adjustments (the “Viom Transaction”). Consummation of the Viom Transaction is subject to certain conditions, including regulatory approval. The Viom Transaction is expected to close in mid-2016, and the Company anticipates that it will consolidate the full financial results for Viom.

On October 21, 2015, the Purchaser also entered into a shareholders agreement (the “Shareholders Agreement”) with Viom and certain remaining Viom shareholders (collectively, the “Remaining Shareholders”). The Shareholders Agreement will become effective on the closing date of the Viom Transaction. The Shareholders Agreement provides that, among other things, the Remaining Shareholders will have certain governance, anti-dilution and contractual rights. The Remaining Shareholders will have put options and the Purchaser will have a call option pursuant to the time periods and conditions outlined in the Shareholders Agreement.

Amendments to Bank Facilities—Effective October 28, 2015, the Company entered into amendment agreements to the 2013 Credit Facility, the 2014 Credit Facility and the Term Loan, which, among other things, (i) extended the maturity dates to June 28, 2019, January 29, 2021 and January 29, 2021, respectively, and (ii) increased the threshold for certain defaults with respect to judgments, attachments or acceleration of indebtedness from $250 million to $300 million. All of the other material terms of the 2013 Credit Facility, the 2014 Credit Facility and Term Loan remain in full force and effect.

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," "may" or other words 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 I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K"), as updated 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 assumptions 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 from these estimates and such differences could be material to the financial statements. 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" of the 2014 Form 10-K, 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 one of the largest global real estate investment trusts and a leading independent owner, operator and developer of multitenant communications real estate. Our primary business is the leasing of space on multitenant 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. We refer to this business as our rental and management operations, which accounted for approximately 98% of our total revenues for the nine months ended September 30, 2015 and includes our domestic rental and management segment and our international rental and management segment. Through our network development services we offer tower-related services domestically, 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, including in connection with provider network upgrades. We operate as a real estate investment trust for U.S. federal income tax purposes ("REIT").

On March 27, 2015, we significantly expanded our domestic portfolio by obtaining the exclusive right to lease, acquire or otherwise operate and manage 11,448 wireless communications sites from Verizon Communications Inc. ("Verizon") in the United States (the "Verizon Transaction"). On July 1, 2015, we expanded into a new country by acquiring 4,699 communications sites in Nigeria. Our communications real estate portfolio of 99,600 sites as of September 30, 2015 included 40,066 communications towers domestically, 59,069 communications towers internationally and 465 distributed antenna system ("DAS") networks, which provide seamless coverage solutions in certain in-building and outdoor wireless environments. Our portfolio primarily consists of towers that we own and towers that we operate pursuant to long-term lease arrangements.

On October 21, 2015, we signed a definitive agreement pursuant to which we expect to acquire a 51% ownership interest in Viom Networks Limited, a telecommunications infrastructure company that owns and operates approximately 42,200 wireless communications towers and 200 indoor distributed antenna systems in India (see note 16 to our condensed consolidated financial statements included herein).

The following table details the number of communications sites, excluding managed sites, we owned or operated as of September 30, 2015:

33

Country	Number of Owned Towers	Number of Operated Towers (1)	Number of Owned DAS Sites
United States	21,797	18,269	328
International:			
Brazil	15,431	2,268	47
Chile	1,173		6
Colombia	2,970	706	1
Costa Rica	470		
Germany	2,030		
Ghana	2,084		14
India	14,618		25
Mexico	8,534	199	44
Nigeria	4,700		
Peru	581		
South Africa	1,917		
Uganda	1,388		

(1) All of the communications sites we operate are held pursuant to long-term capital leases, including those subject to purchase options.

We operate in three reportable segments: domestic rental and management, international rental and management and network development services. In evaluating operating performance in each business segment, management uses, among other factors, segment gross margin and segment operating profit (see note 15 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, Gain (loss) on retirement of long-term obligations, Other income (expense), Net income (loss) attributable to noncontrolling interest, Income (loss) on equity method investments and Income tax benefit (provision).

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 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. The primary factors affecting the revenue growth of our domestic and international rental and management segments are:

- Recurring organic revenue from tenant leases attributable to sites that 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;
- New revenue attributable to leasing additional space on our legacy sites; and
- New revenue attributable to sites acquired or constructed since the beginning of the prior year period ("new sites").

Due to our diversified communications site portfolio, our tenant lease rates vary considerably depending upon numerous factors, including, but not limited to, amount and type of tenant equipment on the tower, ground space required by the tenant, remaining tower capacity and tower location. 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 majority of our tenant leases with wireless carriers have an initial non-cancellable term of ten years, with multiple renewal terms. Accordingly, nearly all of the revenue generated by our rental and management operations during the nine months ended September 30, 2015 was 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 September 30, 2015, we expect to generate approximately $30 billion of non-cancellable tenant lease revenue over future periods, absent the impact of straight-line lease accounting. This expected revenue includes the impact of the tenant leases we entered into or assumed in connection with the Verizon Transaction. Most of our tenant leases have provisions that periodically increase the rent due under the lease, typically annually based on a fixed escalation (approximately 3% in the United States) or an inflationary index in our international markets, or a combination of both. In addition, certain of our tenant leases provide for additional revenue to cover costs, such as ground rent or power and fuel costs.

Revenue lost from either cancellations of leases at the end of their terms or rent negotiations historically has not had a material adverse effect on the revenues generated by our rental and management operations. During the nine months ended September 30, 2015, loss of revenue from tenant lease cancellations or renegotiations represented approximately 2% of our rental and management operations revenues.

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 the corresponding incremental demand for our wireless real estate. By adding new tenants and new equipment for existing tenants on our sites, we are able to increase these sites' utilization and profitability. We believe the majority of our site leasing activity will continue to come from wireless service providers. Our legacy site portfolio and our established tenant base provide us with new business opportunities, which have historically resulted in consistent and predictable organic revenue growth as wireless carriers seek to increase the coverage and capacity of their existing networks, while also deploying next generation wireless 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 risk adjusted return on investment objectives. In a majority of our international markets, revenue often includes the reimbursement of direct costs such as ground rent or power and fuel costs.

Based on industry research and projections, we expect the following key industry trends will result in incremental revenue opportunities for us:

- Subscribers' use of wireless data continues to grow rapidly given increasing smartphone and other advanced device penetration, the proliferation of bandwidth-intensive applications on these devices and the continuing evolution of the mobile ecosystem. We believe carriers will be compelled to deploy additional equipment on existing networks while also rolling out more advanced wireless networks to address coverage and capacity needs resulting from this increasing wireless data usage.
- The deployment of advanced wireless technology across existing wireless networks will provide higher speed data services and further enable fixed broadband substitution. As a result, we expect our tenants to continue deploying additional equipment across their existing networks.
- Wireless service providers compete based on the quality of their existing wireless networks, which is driven by capacity and coverage. To maintain or improve their network performance as overall network usage increases, our tenants continue deploying additional equipment across their existing sites while also adding new cell sites. We anticipate increasing network densification over the next several years, as existing network infrastructure is anticipated to be insufficient to account for rapidly increasing levels of wireless data usage.
- Wireless service providers continue to acquire additional spectrum, and as a result are expected to add additional sites and equipment to their network as they seek to optimize their network configuration.

As part of our international expansion initiatives, we have targeted markets in various stages of network development to diversify our international exposure and position us to benefit from a number of different wireless technology deployments over the long term. In addition, we have focused on building relationships with large multinational carriers such as Bharti Airtel Limited, MTN Group Limited, Telefónica S.A. and Vodafone Group PLC. We believe that consistent carrier investments in their networks across our international markets position us to generate meaningful organic revenue growth going forward.

In emerging markets, such as Ghana, India, Nigeria and Uganda, wireless networks tend to be significantly less advanced than those in the United States, and initial voice networks continue to be deployed in underdeveloped areas. A majority of consumers in these markets still utilize basic wireless services, predominantly on feature phones, and advanced device penetration remains low. In more developed urban locations within these markets, early-stage data network deployments are underway. Carriers are focused on completing voice network build-outs while also investing in initial data networks as wireless data usage and smartphone penetration within their customer bases begin to accelerate.

In markets with rapidly evolving network technology, such as South Africa and most of the countries in Latin America where we do business, initial voice networks, for the most part, have already been built out, and carriers are focused on third generation (3G) network build outs, with select investments in fourth generation (4G) technology. Consumers in these regions are increasingly adopting smartphones and other advanced devices, and as a result, the usage of bandwidth-intensive mobile applications is growing materially. Recent spectrum auctions in these rapidly evolving markets have allowed incumbent carriers to accelerate their data network deployments and have also enabled new entrants to begin initial investments in data networks. Smartphone penetration and wireless data usage in these markets are growing rapidly, which mandates that carriers continue to invest in their networks in order to maintain and augment their quality of service.

Finally, in markets with more mature network technology, such as Germany, carriers are focused on deploying 4G data networks to account for rapidly increasing wireless data usage amongst their customer base. With higher smartphone and advanced device penetration and significantly higher per capita data usage, carrier investment in networks is focused on 4G coverage and capacity.

We believe that the network technology migration we have seen in the United States, which has led to significantly denser networks and meaningful new business commencements for us over a number of years, will ultimately be replicated in our less advanced international markets. As a result, we expect to be able to leverage our extensive international portfolio of over 59,000 communications sites and the relationships we have built with our carrier customers to drive sustainable, long-term growth.

Rental and Management Operations 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 and power and fuel costs, some of which may be passed through to our tenants, as well as property taxes, repairs and maintenance. 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, however, incur additional segment selling, general, administrative and development expenses as we increase our presence in geographic areas where we have launched operations or are focused on expanding our portfolio. 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.

Network Development Services Segment Revenue Growth. 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.

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"), Funds From Operations, as defined by the National Association of Real Estate Investment Trusts ("NAREIT FFO") and Adjusted Funds From Operations ("AFFO").

We define Adjusted EBITDA as Net income before Income (loss) on discontinued operations, net; Income (loss) on equity method investments; Income tax benefit (provision); Other income (expense); Gain (loss) on retirement of long-term obligations; Interest expense; Interest income; Other operating income (expense); Depreciation, amortization and accretion; and stock-based compensation expense.

NAREIT FFO is defined as net income before gains or losses from the sale or disposal of real estate, real estate related impairment charges, real estate related depreciation, amortization and accretion and dividends on preferred stock, and including adjustments for (i) unconsolidated affiliates and (ii) noncontrolling interest.

We define AFFO as NAREIT FFO before (i) straight-line revenue and expense; (ii) stock-based compensation expense; (iii) the non-cash portion of our tax provision; (iv) non-real estate related depreciation, amortization and accretion; (v) amortization of deferred financing costs, capitalized interest, debt discounts and premiums and long-term deferred interest charges; (vi) other income (expense); (vii) gain (loss) on retirement of long-term obligations; (viii) other operating income (expense); and adjustments for (ix) unconsolidated affiliates and (x) noncontrolling interest, less cash payments related to capital improvements and cash payments related to corporate capital expenditures.

We present AFFO for the three and nine months ended September 30, 2015 before the one-time cash charge incurred in connection with the tax election, pursuant to which one of our subsidiaries no longer operates as a separate REIT, as it is nonrecurring and we do not believe it is an indication of our operating performance.

Adjusted EBITDA, NAREIT FFO and AFFO are not intended to replace net income or any other performance measures determined in accordance with GAAP. Neither NAREIT FFO nor AFFO represent cash flows from operating activities in accordance with GAAP and, therefore, these measures should not be considered indicative of cash flows from operating activities as a measure of liquidity or of funds available to fund our cash needs, including our ability to make cash distributions.

Our measurement of Adjusted EBITDA, NAREIT FFO and AFFO may not, however, be fully comparable to similarly titled measures used by other companies. Reconciliations of Adjusted EBITDA, NAREIT FFO and AFFO to net income, the most directly comparable GAAP measure, have been included below.

For more information regarding these measures, see “Non-GAAP Financial Measures” under Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the 2014 Form 10-K.

Results of Operations
Three and Nine Months Ended September 30, 2015 and 2014 (in thousands, except percentages)

Revenue

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Rental and management								
Domestic	$807,978	$663,570	$144,408	22 %	$2,328,699	$1,959,092	$369,607	19 %
International	404,871	347,549	57,322	16 %	1,100,565	1,017,908	82,657	8 %
Total rental and management	1,212,849	1,011,119	201,730	20 %	3,429,264	2,977,000	452,264	15 %
Network development services	25,061	27,069	(2,008)	(7)%	62,211	76,734	(14,523)	(19)%
Total revenues	$1,237,910	$1,038,188	$199,722	19 %	$3,491,475	$3,053,734	$437,741	14 %

The increase in total revenues during the three and nine months ended September 30, 2015 was attributable to an increase in our rental and management segments, including organic revenue growth attributable to our legacy sites and revenue growth attributable to new sites that we have constructed, leased or acquired since the beginning of the prior year period. Approximately $97.4 million and $198.3 million of the increase during the three and nine months ended September 30, 2015, respectively, was attributable to revenues generated by the 11,448 communications sites included in the Verizon Transaction.

Three Months Ended September 30, 2015
Domestic rental and management segment revenue growth for the three months ended September 30, 2015 consisted of:

- Revenue growth of approximately 14% attributable to the addition of the new sites from the Verizon Transaction;
- Revenue growth from legacy sites of approximately 6%, which included approximately 5% primarily generated by new tenant leases and amendments to existing tenant leases and approximately 1% attributable to contractual rent escalations, net of tenant lease cancellations;
- Revenue growth of approximately 1% from 518 new sites (excluding Verizon sites), as well as land interests under third-party sites, constructed or acquired since July 1, 2014; and
- Revenue growth of approximately 1% from the impact of straight-line lease accounting.

International rental and management segment revenue growth for the three months ended September 30, 2015 consisted of:

- Revenue growth of approximately 37% from 18,879 new sites constructed or acquired since July 1, 2014;
- Revenue growth from legacy sites of approximately 10%, which included approximately 6% primarily generated by new tenant leases and amendments to existing tenant leases and approximately 4% attributable to contractual rent

escalations, net of tenant lease cancellations; and

- A decrease of approximately 31% attributable to the negative impact from foreign currency translation, which included, among others, the negative impact of approximately 16% related to fluctuations in Brazilian Reais ("BRL"), approximately 6% related to fluctuations in Mexican Pesos ("MXN") and approximately 3% related to fluctuations in Colombian Pesos ("COP").

Nine Months Ended September 30, 2015

Domestic rental and management segment revenue growth for the nine months ended September 30, 2015 consisted of:

- Revenue growth of approximately 9% attributable to the addition of the new sites from the Verizon Transaction;
- Revenue growth from legacy sites of approximately 7%, which included approximately 6% primarily generated by new tenant leases and amendments to existing tenant leases and approximately 1% attributable to contractual rent escalations, net of tenant lease cancellations;
- Revenue growth of approximately 2% from 999 new sites (excluding Verizon sites), as well as land interests under third-party sites, constructed, leased or acquired since January 1, 2014; and
- Revenue growth of approximately 1% from the impact of straight-line lease accounting.

International rental and management segment revenue growth for the nine months ended September 30, 2015 consisted of:

- Revenue growth of approximately 22% from 20,244 new sites constructed or acquired since January 1, 2014;
- Revenue growth from legacy sites of approximately 9%, which included approximately 6% primarily generated by new tenant leases and amendments to existing tenant leases and approximately 3% attributable to contractual rent escalations, net of tenant lease cancellations; and
- A decrease of approximately 23% attributable to the negative impact from foreign currency translation, which included, among others, the negative impact of approximately 11% related to fluctuations in BRL, approximately 4% related to fluctuations in MXN and approximately 2% related to fluctuations in COP.

The decrease in network development services segment revenue during the three and nine months ended September 30, 2015 was primarily due to a decrease in structural engineering services.

Gross Margin

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Rental and management								
Domestic	$620,610	$529,619	$90,991	17 %	$1,826,127	$1,577,292	$248,835	16 %
International	239,546	212,150	27,396	13 %	682,982	622,311	60,671	10 %
Total rental and management	860,156	741,769	118,387	16 %	2,509,109	2,199,603	309,506	14 %
Network development services	15,853	15,323	530	3 %	39,684	46,205	(6,521)	(14)%

Three Months Ended September 30, 2015

Domestic rental and management segment gross margin for the three months ended September 30, 2015 consisted of:

- Gross margin growth of approximately 9% attributable to the addition of the new sites from the Verizon Transaction;
- Gross margin growth from legacy sites of approximately 6%, primarily associated with the increase in revenue described above;
- Gross margin growth from new sites (excluding Verizon sites) of approximately 1%, primarily associated with the increase in revenue described above; and
- An increase of approximately 1% from the impact of straight-line lease accounting.

International rental and management segment gross margin for the three months ended September 30, 2015 consisted of:

- Gross margin growth from new sites of approximately 31%, primarily associated with the increase in revenue described above;
- Gross margin growth from legacy sites of approximately 12%, primarily associated with the increase in revenue described above;
- An increase of approximately 1% from the impact of straight-line lease accounting; and

- A decrease of approximately 31% attributable to the negative impact from foreign currency translation, which includes, among others, the negative impact of approximately 17% related to fluctuations in BRL, approximately 6% related to fluctuations in MXN and approximately 2% related to fluctuations in COP.

Nine Months Ended September 30, 2015

Domestic rental and management segment gross margin growth for the nine months ended September 30, 2015 consisted of:

- Gross margin growth of approximately 6% attributable to the addition of the new sites from the Verizon Transaction;
- Gross margin growth from legacy sites of approximately 8%, primarily associated with the increase in revenue described above;
- Gross margin growth from new sites (excluding Verizon sites) of 1%, primarily associated with the increase in revenue described above; and
- An increase of approximately 1% from the impact of straight-line lease accounting.

International rental and management segment gross margin growth for the nine months ended September 30, 2015 consisted of:

- Gross margin growth from new sites of approximately 22%, primarily associated with the increase in revenue described above;
- Gross margin growth from legacy sites of approximately 13%, primarily associated with the increase in revenue described above;
- A decrease of approximately 24% attributable to the negative impact from foreign currency translation, which includes, among others, the negative impact of approximately 12% related to fluctuations in BRL, approximately 5% related to fluctuations in MXN and approximately 2% related to fluctuations in COP; and
- A decrease of approximately 1% from the impact of straight-line lease accounting.

Network development services segment gross margin for the three months ended September 30, 2015 remained relatively constant as compared to the three months ended September 30, 2014. The decrease in network development services segment gross margin for the nine months ended September 30, 2015 was primarily due to the decrease in revenue described above.

Selling, General, Administrative and Development Expense

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Rental and management								
Domestic	$31,374	$30,955	$419	1 %	$89,439	$86,677	$2,762	3 %
International	34,737	33,441	1,296	4 %	99,329	97,129	2,200	2 %
Total rental and management	66,111	64,396	1,715	3 %	188,768	183,806	4,962	3 %
Network development services	3,730	3,020	710	24 %	10,605	7,876	2,729	35 %
Other	44,991	41,493	3,498	8 %	155,087	125,755	29,332	23 %
Total selling, general, administrative and development expense	$114,832	$108,909	$5,923	5 %	$354,460	$317,437	$37,023	12 %

The increase in domestic rental and management segment selling, general, administrative and development expense ("SG&A") for the three and nine months ended September 30, 2015 was primarily due to increased personnel costs, including additional costs associated with the Verizon Transaction.

The increase in international rental and management segment SG&A for the three and nine months ended September 30, 2015 was primarily due to the impact of increased personnel costs to support the growth of our business, including recent operations in Nigeria, and was partially offset by decreases attributable to impacts of foreign currency fluctuations.

The increase in network development services segment SG&A for the three and nine months ended September 30, 2015 was primarily due to increased personnel costs.

The increase in other SG&A for the three and nine months ended September 30, 2015 was primarily due to increases in corporate SG&A and, additionally for the nine months ended September 30, 2015, an increase in stock-based compensation expense. Corporate SG&A for the three and nine months ended September 30, 2014 was favorably impacted by the recovery of legal expenses and, for the nine months ended September 30, 2014, the reversal of a reserve associated with a non-recurring state tax item.

Operating Profit

	Three Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Rental and management								
Domestic	$589,236	$498,664	$90,572	18 %	$1,736,688	$1,490,615	$246,073	17 %
International	204,809	178,709	26,100	15 %	583,653	525,182	58,471	11 %
Total rental and management	794,045	677,373	116,672	17 %	2,320,341	2,015,797	304,544	15 %
Network development services	12,123	12,303	(180)	(1)%	29,079	38,329	(9,250)	(24)%

Domestic rental and management segment operating profit growth for the three and nine months ended September 30, 2015 was primarily attributable to an increase in our domestic rental and management segment gross margin. International rental and management segment operating profit growth for the three and nine months ended September 30, 2015 was primarily attributable to an increase in our international rental and management segment gross margin.

The decrease in network development services segment operating profit for the three and nine months ended September 30, 2015 was primarily attributable to an increase in our network development services segment SG&A, as well as a decrease in network development services segment gross margin for the nine months ended September 30, 2015.

Depreciation, Amortization and Accretion

	Three Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Depreciation, amortization and accretion	$341,096	$249,066	$92,030	37 %	$932,972	$740,256	$192,716	26 %

The increase in depreciation, amortization and accretion expense for the three and nine months ended September 30, 2015 was primarily attributable to the depreciation, amortization and accretion expense associated with the acquisition, lease or construction of new sites since the beginning of the prior year period, which resulted in an increase in property and equipment and intangible assets subject to amortization.

Other Operating Expenses

	Three Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Other operating expenses	$15,668	$11,204	$4,464	40 %	$40,891	$37,852	$3,039	8 %

The increase in other operating expenses for the three months ended September 30, 2015 was primarily attributable to an increase in integration, acquisition and merger related expenses of $5.3 million, partially offset by a decrease in losses on sales or disposals of assets of $0.8 million.

The increase in other operating expenses for the nine months ended September 30, 2015 was primarily attributable to an aggregate increase of $3.8 million in losses on sales or disposals of assets and impairments, partially offset by a decrease of $0.8 million in integration, acquisition and merger related expenses.

Interest Expense

	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014			2015	2014		
Interest expense	$149,787	$143,212	$6,575	5 %	$446,228	$432,753	$13,475	3 %

The increase in interest expense for the three months ended September 30, 2015 was primarily attributable to the increase of $2.9 billion in our average debt outstanding, partially offset by a decrease in the annualized weighted average cost of borrowing from 4.10% to 3.53%.

The increase in interest expense for the nine months ended September 30, 2015 was primarily attributable to the increase of $1.7 billion in our average debt outstanding, partially offset by a decrease in the annualized weighted average cost of borrowing from 4.05% to 3.73%.

The weighted average contractual interest rate was 3.39% at September 30, 2015.

(Gain) Loss on Retirement of Long-Term Obligations

	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014			2015	2014		
(Gain) loss on retirement of long-term obligations	$—	$(2,969)	$(2,969)	(100)%	$78,793	$(1,447)	$(80,240)	(5,545)%

During the nine months ended September 30, 2015, we redeemed all of the outstanding 7.000% senior notes due 2017 (the “7.000% Notes”) and 4.625% senior notes due 2015 (the “4.625% Notes”) and recorded a loss of $74.3 million and $3.7 million, respectively, which included prepayment consideration, the remaining portion of unamortized deferred financing costs and, with respect to the 7.000% Notes, the write-off of the remaining settlement cost of a treasury rate lock. We also recorded a loss of $0.8 million due to the repayment of certain of the secured tower revenue notes that we assumed in connection with our acquisition of MIP Tower Holdings LLC (“MIPT”). This loss consisted of prepayment consideration, which was primarily offset by the write-off of the unamortized premium recorded in connection with the assumption of the notes.

During the three and nine months ended September 30, 2014, we repaid certain notes assumed in acquisitions and wrote off the unamortized premium associated with the fair value adjustments of such notes. The resulting gain on retirement of long-term obligations during the nine months ended September 30, 2014 was partially offset by prepayment consideration paid during the period.

Other Expense

	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014			2015	2014		
Other expense	$66,659	$34,019	$32,640	96 %	$123,291	$54,225	$69,066	127 %

We record unrealized foreign currency gains or losses as a result of foreign currency fluctuations primarily associated with our intercompany notes and similar unaffiliated balances denominated in a currency other than the subsidiaries’ functional currencies.

During the three months ended September 30, 2015, we recorded net foreign currency losses of $495.4 million, of which $426.3 million was recorded in Accumulated other comprehensive income (loss) (“AOCI”) and approximately $69.1 million was recorded as foreign currency losses in Other expense. We recorded $34.3 million of net foreign currency losses in Other expense during the three months ended September 30, 2014.

During the nine months ended September 30, 2015, we recorded net foreign currency losses of $859.6 million, of which $737.6 million was recorded in AOCI and $121.9 million was recorded in Other expense. We recorded $56.6 million of net foreign currency losses in Other expense during the nine months ended September 30, 2014.

Income Tax Provision

	Three Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Income tax provision	$94,235	$10,426	$83,809	804 %	$132,063	$49,877	$82,186	165 %
Effective tax rate	49.1 %	4.8 %			22.7 %	7.4 %		

In 2013, we acquired MIPT, which had been organized and qualified as a REIT. We filed a tax election, pursuant to which MIPT no longer operates as a separate REIT for federal and state income tax purposes, effective July 25, 2015. In connection with this and related elections, we incurred a one-time cash tax charge of approximately $93.0 million and a one-time deferred income tax benefit of $5.4 million in the three months ended September 30, 2015. The increase in the effective tax rate ("ETR") for the three and nine months ended September 30, 2015 was primarily attributable to the impact of these items.

As a REIT, we may deduct earnings distributed to stockholders against the income generated in our qualified REIT subsidiaries or other disregarded entities of a REIT (collectively, "QRSs"). In addition, we are able to offset income in certain taxable REIT subsidiaries ("TRSs") and our QRSs by utilizing our net operating losses ("NOLs"), subject to specified limitations.

The ETR on income from continuing operations for the three and nine months ended September 30, 2015 and 2014 differs from the federal statutory rate primarily due to our qualification for taxation as a REIT and adjustments for foreign items.

Net Income/Adjusted EBITDA

	Three Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30, 2015	2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Net income	$97,740	$206,630	$(108,890)	(53)%	$450,412	$621,602	$(171,190)	(28)%
Income tax provision	94,235	10,426	83,809	804 %	132,063	49,877	82,186	165 %
Other expense	66,659	34,019	32,640	96 %	123,291	54,225	69,066	127 %
(Gain) loss on retirement of long-term obligations	—	(2,969)	(2,969)	(100)%	78,793	(1,447)	(80,240)	(5,545)%
Interest expense	149,787	143,212	6,575	5 %	446,228	432,753	13,475	3 %
Interest income	(4,503)	(3,850)	653	17 %	(11,871)	(8,149)	3,722	46 %
Other operating expenses	15,668	11,204	4,464	40 %	40,891	37,852	3,039	8 %
Depreciation, amortization and accretion	341,096	249,066	92,030	37 %	932,972	740,256	192,716	26 %
Stock-based compensation expense	18,345	18,269	76	— %	72,251	61,708	10,543	17 %
Adjusted EBITDA	$779,027	$666,007	$113,020	17 %	$2,265,030	$1,988,677	$276,353	14 %

Three Months Ended September 30, 2015

The decrease in net income for the three months ended September 30, 2015 was primarily due to increases in depreciation, amortization and accretion expense, income tax provision and other expenses, which were partially offset by an increase in our operating profit.

The increase in Adjusted EBITDA for the three months ended September 30, 2015 was primarily attributable to the increase in our gross margin and was partially offset by an increase in SG&A of $5.9 million, excluding the impact of stock-based compensation expense.

Nine Months Ended September 30, 2015

The decrease in net income for the nine months ended September 30, 2015 was primarily due to increases in depreciation, amortization and accretion expense, income tax provision, loss on retirement of long-term obligations, other expenses and other SG&A, which were partially offset by an increase in our operating profit.

The increase in Adjusted EBITDA for the nine months ended September 30, 2015 was primarily attributable to the increase in our gross margin and was partially offset by an increase in SG&A of $26.6 million, excluding the impact of stock-based compensation expense.

Net Income/NAREIT FFO/AFFO

	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2015	2014			2015	2014		
Net income	$97,740	$206,630	$(108,890)	(53)%	$450,412	$621,602	$(171,190)	(28)%
Real estate related depreciation, amortization and accretion	297,263	219,977	77,286	35%	817,274	656,166	161,108	25%
Losses from sale or disposal of real estate and real estate related impairment charges	1,200	626	574	92%	11,656	2,855	8,801	308%
Dividends on preferred stock	(26,781)	(7,700)	19,081	248%	(63,382)	(12,075)	51,307	425%
Adjustments for unconsolidated affiliates and noncontrolling interest	804	(4,049)	4,853	120%	(12,278)	5,362	(17,640)	(329)%
NAREIT FFO	$370,226	$415,484	$(45,258)	(11)%	$1,203,682	$1,273,910	$(70,228)	(6)%
Straight-line revenue	(38,798)	(31,942)	6,856	21%	(108,177)	(96,320)	11,857	12%
Straight-line expense	16,433	12,364	4,069	33%	39,158	29,714	9,444	32%
Stock-based compensation expense	18,345	18,269	76	—%	72,251	61,708	10,543	17%
Non-cash portion of tax provision	(6,085)	(6,177)	(92)	(1)%	1,832	(2,502)	4,334	173%
Non-real estate related depreciation, amortization and accretion	43,833	29,089	14,744	51%	115,698	84,090	31,608	38%
Amortization of deferred financing costs, capitalized interest, debt discounts and premiums and long-term deferred interest charges	7,292	(1,460)	8,752	599%	16,192	5,133	11,059	215%
Other expense (1)	66,659	34,019	32,640	96%	123,291	54,225	69,066	127%

(Gain) loss on retirement of long-term obligations	—	(2,969)	(2,969)	(100)%	78,793	(1,447)	(80,240)	(5,545)%
Other operating expenses (2)	14,468	10,578	3,890	37 %	29,235	34,997	(5,762)	(16)%
Capital improvement capital expenditures	(22,202)	(15,845)	6,357	40 %	(58,835)	(50,301)	8,534	17 %
Corporate capital expenditures	(4,343)	(5,661)	(1,318)	(23)%	(9,880)	(14,823)	(4,943)	(33)%
Adjustments for unconsolidated affiliates and noncontrolling interest	(804)	4,049	(4,853)	(120)%	12,278	(5,362)	17,640	329 %
MIPT one-time cash tax charge (3)	93,044	—	93,044	100 %	93,044	—	93,044	100 %
AFFO	$558,068	$459,798	$98,270	21 %	$1,608,562	$1,373,022	$235,540	17 %

(1) Primarily includes unrealized losses on foreign currency fluctuations.

(2) Primarily includes acquisition related costs, integration costs, losses from sale of assets and impairment charges.

(3) As the one-time tax charge incurred in connection with the MIPT tax election is nonrecurring, we do not believe it is an indication of our operating performance and believe it is more meaningful to reflect AFFO excluding this impact. Accordingly, we present AFFO for the three and nine months ended September 30, 2015 before this charge.

AFFO growth for the three and nine months ended September 30, 2015 was primarily attributable to the increase in our operating profit and was partially offset by increases in dividends on preferred stock and corporate SG&A.

Liquidity and Capital Resources

The information in this section updates as of September 30, 2015 the “Liquidity and Capital Resources” section of the 2014 Form 10-K and should be read in conjunction with that report.

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 or equity offerings.

The following table summarizes our liquidity as of September 30, 2015 (in thousands):

Available under our 2013 credit facility	$1,670,000
Available under our 2014 credit facility	20,000
Letters of credit	(10,752)
Total available under credit facilities, net	1,679,248
Cash and cash equivalents	287,404
Total liquidity	$1,966,652

Summary cash flow information for the nine months ended September 30, 2015 and 2014 is set forth below (in thousands).

	Nine Months Ended September 30,	
	2015	2014
Net cash provided by (used for):		
Operating activities	$1,543,615	$1,569,606
Investing activities	(7,204,277)	(1,103,410)
Financing activities	5,632,448	(461,837)
Net effect of changes in foreign currency exchange rates on cash and cash equivalents	2,126	(2,322)
Net (decrease) increase in cash and cash equivalents	$(26,088)	$2,037

We use our cash flows to fund our operations and investments in our business, including tower maintenance and improvements, communications site construction and managed network installations and tower and land acquisitions. Additionally, we use our cash flows to make distributions, including distributions of our REIT taxable income to maintain our qualification for taxation as a REIT under the Internal Revenue Code of 1986, as amended. We may also repay or repurchase our existing indebtedness from time to time. We typically fund our international expansion efforts primarily through a combination of cash on hand, intercompany debt and equity contributions.

As of September 30, 2015, we had total outstanding indebtedness of approximately $17.0 billion, with a current portion of $45.9 million. During the nine months ended September 30, 2015, we generated sufficient cash flow from operations and financing activities to fund our capital expenditures and debt service obligations, as well as our required REIT distributions. We believe the cash generated by operating activities during the year ending December 31, 2015, together with our borrowing capacity under our credit facilities, will be sufficient to fund our required distributions, capital expenditures and debt service obligations (interest and principal repayments). As of September 30, 2015, we had approximately $202.6 million of cash and cash equivalents held by our foreign subsidiaries, of which $75.0 million was held by our joint ventures. 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 may be required to accrue and pay taxes.

Cash Flows from Operating Activities

Adjusted EBITDA growth of approximately $276.4 million was offset by higher working capital as well as higher cash taxes and interest costs, resulting in a $26.0 million decrease in cash provided by operating activities for the nine months ended September 30, 2015. The primary factors that impacted cash provided by operating activities as compared to the nine months ended September 30, 2014, include:

- An increase of approximately $77.9 million in cash paid for taxes, driven primarily by the MIPT one-time cash tax charge of $93.0 million;

44

- A decrease in capital contributions, tenant settlements and other prepayments of approximately $82.4 million;
- An increase of approximately $33.7 million in cash paid for interest;
- An increase of approximately $32.0 million in prepaid assets, primarily related to costs associated with our land lease management program; and
- A decrease due to the non-recurrence of a 2014 value added tax refund of approximately $60.3 million.

Cash Flows from Investing Activities

Our significant investing activities during the nine months ended September 30, 2015 are highlighted below:

- We spent $5.059 billion, including approximately $5.6 million of transaction costs, for the Verizon Transaction.
- We spent approximately $775.2 million for the acquisition of 5,301 communications sites from TIM Celular S.A. (“TIM”).
- We spent approximately $806.5 million for the acquisition of 4,700 communications sites from certain of Bharti Airtel Limited’s subsidiaries (“Airtel”).
- We spent $518.0 million for purchases of property and equipment and construction activities, as follows (in millions):

Discretionary capital projects (1)	$200.1
Ground lease purchases	95.8
Capital improvements and corporate expenditures	68.7
Redevelopment	111.1
Start-up capital projects	42.3
Total capital expenditures	$518.0

(1) Includes the completion of the construction of approximately 2,357 communications sites and the installation of approximately 18 shared generators domestically.

We plan to continue to allocate our available capital, after satisfying our distribution requirements, among investment alternatives that meet our return on investment criteria, while taking into account the repayment of debt, as necessary, to reduce our net leverage to be within our long-term target range. Accordingly, we expect to continue to deploy our capital through our annual capital expenditure program, including land purchases and new site construction, and through acquisitions. We expect that our 2015 total capital expenditures will be between $750 million and $800 million, as follows (in millions):

Discretionary capital projects (1)	$280	to	$290
Ground lease purchases	130	to	140
Capital improvements and corporate expenditures	95	to	105
Redevelopment	160	to	170
Start-up capital projects	85	to	95
Total capital expenditures	$750	to	$800

(1) Includes the construction of approximately 2,750 to 3,250 communications sites.

Cash Flows from Financing Activities

For the nine months ended September 30, 2015 and 2014, our significant financing transactions were as follows (in millions):

45

	Nine Months Ended September 30,	
	2015	2014
Proceeds from issuance of senior notes, net	$1,492.3	$1,415.8
Proceeds from issuance of common stock, net	2,440.3	—
Proceeds from issuance of preferred stock, net	1,337.9	583.1
Proceeds from borrowings on (repayment of) credit facilities, net	1,960.0	(1,531.0)
Proceeds from issuance of securitized notes	875.0	—
Proceeds from term loan	500.0	—
Repayment of securitized notes	(960.0)	—
Repayment of senior notes	(1,100.0)	—

In addition to the transactions noted above, in February 2015 we increased the availability under our credit facilities by an aggregate of $1.25 billion.

Refinancing of GTP Acquisition Partners Securitization. On May 29, 2015, GTP Acquisition Partners I, LLC ("GTP Acquisition Partners"), one of our wholly owned subsidiaries, repaid all amounts outstanding under the Secured Tower Revenue Notes, Global Tower Series 2011-1, Class C, Secured Tower Revenue Notes, Global Tower Series 2011-2, Class C and Class F and Secured Tower Revenue Notes, Global Tower Series 2013-1, Class C and Class F (collectively, the "Existing GTP AP Notes"), plus prepayment consideration and other costs and expenses related thereto, with cash on hand and proceeds from a private issuance (the "2015 Securitization") of $350.0 million of American Tower Secured Revenue Notes, Series 2015-1, Class A (the "Series 2015-1 Notes") and $525.0 million of American Tower Secured Revenue Notes, Series 2015-2, Class A (the "Series 2015-2 Notes," and together with the Series 2015-1 Notes, the "2015 Notes"). The 2015 Notes were issued by GTP Acquisition Partners pursuant to a Third Amended and Restated Indenture and related series supplements, each dated as of May 29, 2015 (collectively, the "Indenture"), between GTP Acquisition Partners and its subsidiaries (the "GTP Entities") and The Bank of New York Mellon, as trustee. The Series 2015-1 Notes have an interest rate of 2.350%, an anticipated repayment date of June 15, 2020 and a final repayment date of June 15, 2045. The Series 2015-2 Notes have an interest rate of 3.482%, an anticipated repayment date of June 16, 2025 and a final repayment date of June 15, 2050.

Amounts due under the 2015 Notes will be paid solely from the cash flows generated from the operation of the 3,621 communications sites (the "Secured Sites") owned by the GTP Entities. GTP Acquisition Partners is required to make monthly payments of interest on the 2015 Notes, commencing in July 2015. Subject to certain limited exceptions (described below), no payments of principal will be required to be made prior to June 15, 2020, which is the anticipated repayment date for the Series 2015-1 Notes.

The 2015 Notes may be prepaid in whole or in part at any time, provided such payment is accompanied by the applicable prepayment consideration. If prepayment occurs within 12 months of the anticipated repayment date with respect to the Series 2015-1 Notes, or 18 months of the anticipated repayment date with respect to the Series 2015-2 Notes, no prepayment consideration is due. If the Series 2015-1 Notes or the Series 2015-2 Notes have not been repaid in full on the applicable anticipated repayment date, additional interest will accrue on the unpaid principal balance of the applicable series of the 2015 Notes and such series will begin to amortize on a monthly basis from excess cash flow.

The 2015 Notes are secured by (i) mortgages, deeds of trust and deeds to secure debt on substantially all of the Secured Sites and their operating cash flows, (ii) a security interest in substantially all of the personal property and fixtures of the GTP Entities, including GTP Acquisition Partners' equity interests in its subsidiaries and (iii) the rights of the GTP Entities under a management agreement. American Tower Holding Sub II, LLC, whose only material assets are its equity interests in GTP Acquisition Partners, has guaranteed repayment of the 2015 Notes and pledged its equity interests in GTP Acquisition Partners as security for such payment obligations.

The Indenture includes covenants customary for notes issued in rated securitizations. Among other things, the GTP Entities are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets. The organizational documents of the GTP Entities contain provisions consistent with rating agency securitization criteria for special purpose entities, including the requirement that they maintain independent directors. The Indenture also contains certain covenants that require GTP Acquisition Partners to provide the trustee with regular financial reports and operating budgets, promptly notify the trustee of events of default and material breaches under the Indenture and other agreements related to the Secured Sites and allow the trustee reasonable access to the Secured Sites, including the right to conduct site investigations.

Further, under the Indenture, GTP Acquisition Partners is required to maintain reserve accounts, including for amounts received or due from tenants related to future periods, property taxes, insurance, ground rents, certain expenses and debt service.

Common Stock Offering. On March 3, 2015, we completed a registered public offering of 23,500,000 shares of our common stock, par value $0.01 per share, at $97.00 per share. On March 5, 2015, we issued an additional 2,350,000 shares of common stock in connection with the underwriters' exercise in full of their over-allotment option. Aggregate net proceeds were approximately $2.44 billion after deducting commissions and estimated expenses. We used the net proceeds from this offering to fund a portion of the Verizon Transaction.

Preferred Stock Offering. On March 3, 2015, we completed a registered public offering of 12,500,000 depositary shares, each representing a 1/10th interest in a share of our 5.50% Mandatory Convertible Preferred Stock, Series B, par value $0.01 per share (the "Series B Preferred Stock"), at $100.00 per depositary share. On March 5, 2015, we issued an additional 1,250,000 depositary shares in connection with the underwriters' exercise in full of their over-allotment option. Aggregate net proceeds were approximately $1.34 billion after deducting commissions and estimated expenses. We used the net proceeds from this offering to fund a portion of the Verizon Transaction.

Unless converted or redeemed earlier, each share of the Series B Preferred Stock will convert automatically on February 15, 2018, into between 8.5911 and 10.3093 shares of common stock, depending on the applicable market value of our common stock and subject to anti-dilution adjustments. Subject to certain restrictions, at any time prior to February 15, 2018, holders of the Series B Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate then in effect.

Dividends on shares of the Series B Preferred Stock are payable on a cumulative basis when, as and if declared by our Board of Directors at an annual rate of 5.50% on the liquidation preference of $1,000.00 per share (and, correspondingly, $100.00 per share with respect to the depositary shares) on February 15, May 15, August 15 and November 15 of each year, commencing on May 15, 2015 to, and including, February 15, 2018. We may pay dividends in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock. The terms of the Series B Preferred Stock provide that, unless full cumulative dividends have been paid or set aside for payment on all outstanding Series B Preferred Stock for all prior dividend periods, no dividends may be declared or paid on common stock.

Mexican Loan. In May 2015, upon maturity of our 5.2 billion MXN-denominated unsecured bridge loan, we repaid the remaining outstanding principal balance of 3.9 billion MXN (approximately $251.2 million on the date of repayment) with cash on hand and borrowings under our multi-currency senior unsecured revolving credit facility entered into in June 2013, as amended (the "2013 Credit Facility").

2014 Credit Facility. During the nine months ended September 30, 2015, we increased the maximum Revolving Loan Commitment (as defined in the loan agreement) under our senior unsecured revolving credit facility entered into in January 2012, as amended and restated in September 2014 (the "2014 Credit Facility") to $2.5 billion. Effective February 20, 2015, we received incremental commitments of $500.0 million, and as a result, have the ability to borrow up to $2.0 billion.

During the nine months ended September 30, 2015, we borrowed an aggregate of $2.1 billion and repaid an aggregate of $1.3 billion of revolving indebtedness under the 2014 Credit Facility. We primarily used the borrowings to fund a portion of the Verizon Transaction.

2013 Credit Facility. During the nine months ended September 30, 2015, we increased the maximum Revolving Loan Commitment (as defined in the loan agreement) under the 2013 Credit Facility to $3.5 billion. Effective February 20, 2015, we received incremental commitments of $750.0 million, and as a result, have the ability to borrow up to $2.75 billion.

During the nine months ended September 30, 2015, we borrowed an aggregate of $3.6 billion and repaid an aggregate of $2.5 billion of revolving indebtedness under the 2013 Credit Facility. We primarily used the borrowings to (i) fund a portion of the Verizon Transaction, (ii) fund the Airtel acquisition, (iii) fund the TIM acquisition and (iv) repay other indebtedness.

The 2014 Credit Facility and the 2013 Credit Facility do not require amortization of principal and may be paid prior to maturity in whole or in part at our option without penalty or premium. We maintain the ability to draw down and repay amounts under each of the credit facilities in the ordinary course.

Term Loan. In October 2013, we entered into an unsecured term loan (the “Term Loan”). During the nine months ended September 30, 2015, we increased the maximum Incremental Term Loan Commitments (as defined in the agreement), giving us the ability to increase commitments to an aggregate of $2.5 billion. Effective February 20, 2015, we borrowed an additional $500.0 million under the Term Loan.

The key terms under the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan as of September 30, 2015 are as follows ($ in millions):

	Outstanding Balance	Undrawn LOC	Maturity Date(1)	Current margin over LIBOR (3)	Current commitment fee (4)
2014 Credit Facility	$1,980	$7.5	January 31, 2020 (2)	1.250 %	0.150 %
2013 Credit Facility	$1,080	$3.2	June 28, 2018 (2)	1.250 %	0.150 %
Term Loan	$2,000	N/A	January 3, 2019	1.250 %	N/A

(1) In October 2015, we entered into amendment agreements, which, among other things, extended the maturity dates for the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan.
(2) Subject to two optional renewal periods.
(3) LIBOR means the London Interbank Offered Rate.
(4) Fee on undrawn portion of the credit facility.

Amendments to Bank Facilities. In February 2015, we entered into amendment agreements with respect to the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan. After giving effect to these amendments, our permitted ratio of Total Debt to Adjusted EBITDA (as defined in the loan agreements for each of the facilities) is 7.00 to 1.00 for the quarters ended September 30, 2015 and December 31, 2015 and 6.00 to 1.00 thereafter. Effective October 28, 2015, we entered into additional amendment agreements to the 2013 Credit Facility, the 2014 Credit Facility and the Term Loan, which, among other things, (i) extended the maturity dates to June 28, 2019, January 29, 2021 and January 29, 2021, respectively, and (ii) increased the threshold for certain defaults with respect to judgments, attachments or acceleration of indebtedness from $250 million to $300 million.

Redemption of Senior Notes. On February 11, 2015, we redeemed all of the outstanding 4.625% Notes, in accordance with the redemption provisions in the indenture, at a price equal to 100.5898% of the principal amount, plus accrued interest up to, but excluding, February 11, 2015, for an aggregate redemption price of approximately $613.6 million, including approximately $10.0 million in accrued and unpaid interest. On April 29, 2015, we redeemed all of the outstanding 7.000% Notes, in accordance with the redemption provisions in the indenture, at a price equal to 114.0629% of the principal amount, plus accrued and unpaid interest up to, but excluding, April 29, 2015, for an aggregate redemption price of approximately $571.7 million, including approximately $1.4 million in accrued and unpaid interest. These redemptions were funded with borrowings under our existing credit facilities and cash on hand. Upon completion of these redemptions, none of the 4.625% Notes or the 7.000% Notes remained outstanding.

2.800% Senior Notes and 4.000% Senior Notes Offering. On May 7, 2015, we completed a registered public offering of $750.0 million aggregate principal amount of 2.800% senior unsecured notes due 2020 (the “2.800% Notes”) and $750.0 million aggregate principal amount of 4.000% senior unsecured notes due 2025 (the “4.000% Notes”). The net proceeds from this offering were approximately $1,480.1 million, after deducting commissions and estimated expenses. We used the proceeds to repay existing indebtedness under the 2013 Credit Facility.

The 2.800% Notes will mature on June 1, 2020 and bear interest at a rate of 2.800% per annum. The 4.000% Notes will mature on June 1, 2025 and bear interest at a rate of 4.000% per annum. Accrued and unpaid interest on the notes will be payable in U.S. Dollars semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2015. Interest on the notes will accrue from May 7, 2015 and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

We may redeem the notes at any time, in whole or in part, at the applicable redemption price. If we redeem the 2.800% Notes prior to May 1, 2020 or the 4.000% Notes prior to March 1, 2025, we will pay a redemption price equal to 100% of the principal amount of the notes plus a make-whole premium, together with accrued interest to the redemption date. If we redeem the 2.800% Notes on or after May 1, 2020 or the 4.000% Notes on or after March 1, 2025, we will not be required to pay a make-whole premium. In addition, if we undergo a change of control and ratings decline, each as defined in the supplemental indenture, we may be required to repurchase all of the notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest (including additional interest, if any), up to but not including the repurchase date. The 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.

Sales of Equity Securities. We receive proceeds from sales of our equity securities pursuant to our employee stock purchase plan (the "ESPP") and upon exercise of stock options granted under our equity incentive plans. During the nine months ended September 30, 2015, we received an aggregate of $29.3 million in proceeds upon exercises of stock options and from the ESPP.

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 distributed earnings and excluding any net capital gain). Generally, we have distributed, and expect to continue to distribute all or substantially all of our REIT taxable income after taking into consideration our utilization of NOLs. Since our conversion to a REIT in 2012, we have distributed an aggregate of approximately $1.9 billion to our common stockholders, primarily subject to taxation as ordinary income.

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 our qualification for taxation as a REIT and reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt and preferred equity 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.

We have two series of preferred stock outstanding, 5.25% Mandatory Convertible Preferred Stock, Series A with a dividend rate of 5.25% and the Series B Preferred Stock, with a dividend rate of 5.50%. Dividends are payable quarterly in arrears, subject to declaration by our Board of Directors.

During the nine months ended September 30, 2015, we paid $3.9375 per share, or $23.7 million, to Series A preferred stockholders of record, including the third quarter dividend of $1.3125 per share, or $7.9 million, to Series A preferred stockholders of record at the close of business on August 1, 2015. During the nine months ended September 30, 2015, we paid $24.9028 per share, or $34.2 million, to Series B preferred stockholders of record, including the third quarter dividend of $13.7500 per share, or $18.9 million, to Series B preferred stockholders of record at the close of business on August 1, 2015.

In addition, in October 2015, we declared dividends of $1.3125 per share, or $7.9 million, payable on November 16, 2015 to Series A preferred stockholders of record at the close of business on November 1, 2015 and $13.75 per share, or $18.9 million, payable on November 16, 2015 to Series B preferred stockholders of record at the close of business on November 1, 2015.

During the nine months ended September 30, 2015, we declared approximately $558.7 million in regular cash distributions to our common stockholders, which included our third quarter distribution of $0.46 per share (approximately $194.8 million) to common stockholders of record at the close of business on September 23, 2015.

We accrue distributions on unvested restricted stock unit awards granted subsequent to January 1, 2012, which are payable upon vesting. As of September 30, 2015, the amount accrued for distributions payable related to unvested restricted stock units was $4.3 million. During the nine months ended September 30, 2015, we paid $1.2 million of distributions upon the vesting of restricted stock units.

Contractual Obligations. The following table summarizes our contractual obligations, reflecting discounts and premiums, as of September 30, 2015 (in thousands):

Indebtedness	Balance Outstanding	Maturity Date
American Tower subsidiary debt:		
Secured Tower Revenue Securities, Series 2013-1A (1)	$500,000	March 15, 2018
Secured Tower Revenue Securities, Series 2013-2A (1)	1,300,000	March 15, 2023
American Tower Secured Revenue Notes, Series 2015-1 Notes (2)	350,000	June 15, 2020
American Tower Secured Revenue Notes, Series 2015-2 Notes (2)	525,000	June 16, 2025
Secured Tower Cellular Site Revenue Notes, Series 2012-1 Class A, Series 2012-2 Class A, Series 2012-2 Class B and Series 2012-2 Class C (3)	284,250	Various
Unison Notes, Series 2010-1 Class C, Series 2010-2 Class C and Series 2010-2 Class F notes (4)	202,368	Various
BR Towers debentures (5)	82,647	October 15, 2023
Shareholder loans (6)	137,839	Various
South African facility (7)	57,600	March 31, 2020
Colombian credit facility (8)	61,660	April 24, 2021
Brazil credit facility (9)	12,535	January 15, 2022
Other debt, including capital lease obligations	109,653	Various
Total American Tower subsidiary debt	3,623,552	
American Tower Corporation debt:		
2013 Credit Facility (10)	1,080,000	June 28, 2018
Term Loan (10)	2,000,000	January 3, 2019
2014 Credit Facility (10)	1,980,000	January 31, 2020
4.500% senior notes	999,717	January 15, 2018
3.40% senior notes	1,004,553	February 15, 2019
7.25% senior notes	297,669	May 15, 2019
2.800% Notes	748,560	June 1, 2020
5.050% senior notes	699,561	September 1, 2020
3.450% senior notes	646,757	September 15, 2021
5.900% senior notes	499,522	November 1, 2021
4.70% senior notes	699,077	March 15, 2022
3.50% senior notes	993,779	January 31, 2023
5.00% senior notes	1,010,106	February 15, 2024
4.000% Notes	744,555	June 1, 2025
Total American Tower Corporation debt	13,403,856	
Total	$17,027,408	

(1) Issued in our March 2013 securitization transaction (the "2013 Securitization"). Maturity date reflects the anticipated repayment date.

(2) Issued in the 2015 Securitization. Maturity date reflects the anticipated repayment date.

(3) Assumed by us in connection with the acquisition of MIPT. Anticipated repayment dates begin March 15, 2017.

(4) Secured debt 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. Anticipated repayment dates begin April 15, 2017.

(5) Assumed by us in connection with our acquisition of BR Towers S.A. Denominated in BRL.

(6) Reflects balances owed to our joint venture partners in Ghana and Uganda. The Ghana loan is denominated in Ghanian Cedi and the Uganda loan is denominated in USD.

(7) Denominated in South African Rand and amortizes through March 31, 2020.

(8) Denominated in Colombian Pesos and amortizes through April 24, 2021.
(9) Denominated in BRL.
(10) In October 2015, we entered into amendment agreements, which, among other things, extended the maturity dates for the 2013 Credit Facility, the Term Loan and the 2014 Credit Facility to June 28, 2019, January 29, 2021 and January 29, 2021, respectively.

50

In connection with the Verizon Transaction, effective March 27, 2015, we assumed the interest in and obligations under certain ground leases. At the time of the transaction, our future minimum rental payments under non-cancellable operating leases, including certain renewal periods related to the Verizon communications sites, was approximately $2.2 billion.

Additional information regarding 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 changes, if any, to previously recorded uncertain tax positions and have classified $19.3 million as Other non-current liabilities in the condensed consolidated balance sheet as of September 30, 2015. We also classified $19.4 million of accrued income tax related interest and penalties as Other non-current liabilities in the condensed consolidated balance sheet as of September 30, 2015.

Factors Affecting Sources of Liquidity

As discussed in the “Liquidity and Capital Resources” section of the 2014 Form 10-K, 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. We believe that the debt agreements discussed below represent our material debt agreements that contain covenants, our 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 Our Credit Facilities. The loan agreements for the 2014 Credit Facility, the 2013 Credit Facility and the Term Loan contain certain financial and operating covenants and other restrictions applicable to us and our subsidiaries that are not designated as unrestricted 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 financial maintenance tests with which we and our restricted subsidiaries must comply related to total leverage and senior secured leverage, as set forth in the table below. In the event that our debt ratings fall below investment grade, we must maintain an interest coverage ratio of Adjusted EBITDA to Interest Expense (each as defined in the applicable loan agreement) of at least 2.50:1.00. As of September 30, 2015, we were in compliance with each of these covenants.

		Compliance Tests For 12 Months Ended September 30, 2015 ($ in billions)	
	Ratio (1)	Additional Debt Capacity Under Covenants (2)	Capacity for Adjusted EBITDA Decrease Under Covenants (3)
Consolidated Total Leverage Ratio	Total Debt to Adjusted EBITDA ≤ 7.00:1.00 (4)	~ $5.0	~ $0.7
Consolidated Senior Secured Leverage Ratio	Senior Secured Debt to Adjusted EBITDA ≤ 3.00:1.00	~ $5.9 (5)	~ $2.0 (5)

(1) Each component of the ratio as defined in the applicable loan agreement.

(2) Assumes no change to Adjusted EBITDA.

(3) Assumes no change to our existing debt levels.

(4) The required ratio will be ≤ 7.00:1.00 for the quarters ended September 30, 2015 and December 31, 2015 and ≤ 6.00:1.00 thereafter.

(5) Effectively, however, the capacity under this ratio would be limited to the capacity under the Consolidated Total Leverage Ratio.

The loan agreements for our credit facilities 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.

Any failure to comply with the financial maintenance tests and certain other covenants of the loan agreements for our credit facilities would not only prevent us from being able to borrow additional funds under these credit facilities, but would constitute a default under these credit facilities, 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 may 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 these credit facilities and our ability to fund our debt service obligations. Based upon our current expectations, we believe our operating results during the next 12 months will be sufficient to comply with these covenants.

Restrictions Under Agreements Relating to the 2015 Securitization, the 2013 Securitization and 2012 GTP Notes. The Indenture related to the 2015 Securitization, the loan agreement (the “Loan Agreement”) related to the 2013 Securitization and the indenture governing the Secured Tower Cellular Site Revenue Notes, Series 2012-1 and Series 2012-2 (the “2012 GTP Notes”) issued by GTP Cellular Sites, LLC (“GTP Cellular Sites”), include certain financial ratios and operating covenants and other restrictions customary for transactions subject to rated securitizations. Among other things, GTP Acquisition Partners, American Tower Asset Sub, LLC and American Tower Asset Sub II, LLC (the “AMT Asset Subs”) and GTP Cellular Sites are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets subject to customary carve-outs for ordinary course trade payables and permitted encumbrances (as defined in the applicable agreement).
Under the terms of the agreements, amounts due will be paid from the cash flows generated by the assets securing the 2015 Notes, the nonrecourse loan that secures the Secured Tower Revenue Securities, Series 2013-1A and Series 2013-2A issued in the 2013 Securitization (the “Loan”) or the 2012 GTP Notes (as applicable), which must be deposited into certain reserve accounts, and thereafter distributed, solely pursuant to the terms of the applicable agreement. On a monthly basis, after payment of all required amounts under the applicable agreement, subject to the conditions described in the table below, the excess cash flows generated from the operation of such assets are released to GTP Acquisition Partners, the AMT Asset Subs or GTP Cellular Sites, as applicable, which can then be distributed to, and used by, us. As of September 30, 2015, $115.2 million held in such reserve accounts was classified as restricted cash.

In order to distribute any excess cash flow to us, GTP Acquisition Partners, the AMT Asset Subs and GTP Cellular Sites must maintain a specified debt service coverage ratio (“DSCR”), generally calculated as the ratio of the net cash flow (as defined in the applicable agreement) to the amount of interest, servicing fees and trustee fees required to be paid over the succeeding 12 months on the principal amount of the 2015 Notes, the Loan or the 2012 GTP Notes, as applicable, that will be outstanding on the payment date following such date of determination. During an “amortization period” all excess cash flow and any amounts then in the reserve accounts because the DSCR was equal to or below 1.30x (the “Cash Trap DSCR”) would be applied to pay principal of the 2015 Notes, the Loan or the 2012 GTP Notes, as applicable, on each monthly payment date, and so would not be available for distribution to us. Further, additional interest will begin to accrue with respect to any series of the 2015 Notes, subclass of Loan or series of the 2012 GTP Notes from and after the anticipated repayment date at a per annum rate determined in accordance with the applicable agreement.

Certain information with respect to each of the 2015 Securitization, the 2013 Securitization and the 2012 GTP Notes is set forth below ($ in millions).

	Issuer or Borrower	Notes/Securities Issued	Conditions Limiting Distributions of Excess Cash		Excess Cash Distributed During Nine Months Ended September 30, 2015	DSCR as of September 30, 2015	Capacity for Decrease in Net Cash Flow Before Triggering Cash Trap DSCR (1)	Capacity for Decrease in Net Cash Flow Before Triggering Minimum DSCR (1)
			Cash Trap DSCR	Amortization Period				
2015 Securitization	GTP Acquisition Partners	American Tower Secured Revenue Notes, Series 2015-1 and Series 2015-2	Tested Quarterly (2)	(3)(4)	$104.7 (5)	7.21x	$157.7	$161.8
2013 Securitization	AMT Asset Subs	Secured Tower Revenue	Tested Quarterly	(3)(6)	$492.4	10.66x	$449.7	$456.9

		Securities, Series 2013-1A and Series 2013-2A	(2)					
2012 GTP Notes	GTP Cellular Sites	Secured Tower Cellular Site Revenue Notes, Series 2012-1 and Series 2012-2	Tested Monthly (7)	(6)(8)	$13.4	2.56x	$16.5	$18.5

(1) Based on the net cash flow of the applicable issuer or borrower as of September 30, 2015 and the expenses payable over the next 12 months on the 2015 Notes, the Loan or the 2012 GTP Notes, as applicable.

(2) Once triggered, a Cash Trap DSCR condition continues to exist until the DSCR exceeds the Cash Trap DSCR for two consecutive calendar quarters.

(3) An amortization period commences if the DSCR is equal to or below 1.15x (the “Minimum DSCR”) at the end of any calendar quarter and continues to exist until the DSCR exceeds the Minimum DSCR for two consecutive calendar quarters.

(4) No amortization period is triggered if the outstanding principal amount of a series has not been repaid in full on the applicable anticipated repayment date. However, in such event, additional interest will accrue on the unpaid principal balance of the applicable series, and such series will begin to amortize on a monthly basis from excess cash flow.
(5) Includes amounts distributed pursuant to the Existing GTP AP Notes prior to the repayment on May 29, 2015.
(6) An amortization period exists if the outstanding principal amount has not been paid in full on the applicable anticipated repayment date and continues to exist until such principal has been repaid in full.
(7) Once triggered, a Cash Trap DSCR condition continues to exist until the DSCR exceeds the Cash Trap DSCR for two consecutive calendar months.
(8) An amortization period commences if the DSCR is equal to or below the Minimum DSCR at the end of any calendar month and continues to exist until the DSCR exceeds the Minimum DSCR for two consecutive calendar months.

A failure to meet the noted DSCR tests could prevent GTP Acquisition Partners, the AMT Asset Subs or GTP Cellular Sites from distributing excess cash flow to us, which could affect our ability to fund our capital expenditures, including tower construction and acquisitions, meet REIT distribution requirements and make preferred stock dividend payments. With respect to the 2015 Notes and the 2012 GTP Notes, upon occurrence and during an event of default, the applicable trustee may, in its discretion or at direction of holders of more than 50% of the aggregate outstanding principal of any series of the 2015 Notes or the 2012 GTP Notes, as applicable, declare such series of 2015 Notes or 2012 GTP Notes immediately due and payable, in which case any excess cash flow would need to be used to pay holders of such notes. Furthermore, if GTP Acquisition Partners, the AMT Asset Subs or GTP Cellular Sites were to default on a series of the 2015 Notes, the Loan or the 2012 GTP Notes, the applicable trustee may seek to foreclose upon or otherwise convert the ownership of all or any portion of the 3,621 Secured Sites, the 5,189 wireless and broadcast towers that secure the Loan or the 105 towers and 1,064 property interests that secure the 2012 GTP Notes, respectively, in which case we could lose such sites and the revenue associated with those assets.

As discussed above, we use our available liquidity and seek new sources of liquidity to repay or repurchase our outstanding indebtedness. In addition, in order to fund capital expenditures, future growth and expansion initiatives and satisfy our REIT distribution requirements, 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, pay preferred stock dividends or refinance our existing indebtedness.

In addition, our liquidity depends on our ability to generate cash flow from operating activities. As set forth under the caption “Risk Factors” in Item 1A of the 2014 Form 10-K, 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 8 to our consolidated financial statements included in the 2014 Form 10-K.

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 assumptions 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 long-lived assets, asset retirement obligations, revenue recognition, rent expense, stock-based compensation, income taxes and accounting for business combinations and acquisitions of assets, which we discussed in the 2014 Form 10-K. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts 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 nine months ended September 30, 2015. We have made no material changes to the critical accounting policies described in the 2014 Form 10-K.

Accounting Standards Update

For a discussion of recent accounting standards updates, see note 1 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following table provides information as of September 30, 2015 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. For interest rate swaps, the table presents notional principal amounts and a weighted-average interest rate (in thousands, except percentages).

Long-Term Debt	2015	2016	2017	2018	2019	Thereafter	Total	Fair Value
Fixed Rate Debt	$19,432	$12,101	$167,589	$1,506,906	$1,542,333	$8,420,657	$11,669,018	$11,969,964
Average Interest Rate	8.20 %	5.61 %	4.52 %	3.53 %	5.15 %	4.01 %		
Variable Rate Debt	$4,723	$23,167	$29,096	$1,110,881	$2,108,542	$2,071,045	$5,347,454	$5,337,453
Average Interest Rate (1)	9.19 %	9.05 %	9.00 %	1.66 %	1.71 %	1.76 %		

Interest Rate Swaps	2015	2016	2017	2018	2019	Thereafter	Total	Fair Value
Notional Amount	$1,790	$8,762	$11,059	$11,406	$12,101	$14,906	$60,024	$506
Fixed Rate Debt Rate (2)							10.26 %	

(1) Based on rates effective as of September 30, 2015.

(2) Represents the weighted average fixed rate of interest based on contractual notional amount as a percentage of total notional amounts.

Interest Rate Risk

We have entered into interest rate swap agreements to manage our exposure to variability in interest rates on debt in Colombia and South Africa. All of our interest rate swap agreements have been designated as cash flow hedges and have an aggregate notional amount of $60.0 million, interest rates ranging from 5.74% to 7.83% and expiration dates through April 2021.

Changes in interest rates can cause interest charges to fluctuate on our variable rate debt. Variable rate debt as of September 30, 2015 was comprised of $1,980.0 million under the 2014 Credit Facility, $1,080.0 million under the 2013 Credit Facility, $2,000.0 million under the Term Loan, $73.0 million under the Uganda loan, $28.4 million under the South African facility after giving effect to our interest rate swap agreements, $30.8 million under the Colombian credit facility after giving effect to our interest rate swap agreement, $82.6 million under the BR Towers debentures and $12.5 million under the Brazil credit facility. A 10% increase in current interest rates would result in an additional $6.8 million of interest expense for the nine months ended September 30, 2015.

See Item 2 of this Quarterly Report on Form 10-Q under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” for more information regarding our liquidity.

Foreign Currency Risk

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 as a component of AOCI. We may enter into additional foreign currency financial instruments in anticipation of future transactions in order to minimize the impact of foreign currency fluctuations. For the nine months ended September 30, 2015, approximately 31% of our revenues and approximately 36% of our total operating expenses were denominated in foreign currencies.

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 September 30, 2015. As of September 30, 2015, the analysis indicated that such an adverse movement would cause our revenues, operating results and cash flows to fluctuate by approximately 3%.

As of September 30, 2015, we have incurred intercompany debt, which is not considered to be permanently reinvested, and similar unaffiliated balances that were denominated in a currency other than the functional currency of the subsidiary in which it is recorded. As this debt had not been designated as being a 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 $84.7 million of unrealized gains or losses that would be included in Other expense in our condensed consolidated statements of operations for the nine months ended September 30, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that these disclosure controls and procedures were effective as of September 30, 2015 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 (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 5. OTHER INFORMATION

Amendments to Bank Facilities—Effective October 28, 2015, we entered into amendment agreements to the 2013 Credit Facility, the 2014 Credit Facility and the Term Loan, which, among other things, (i) extended the maturity dates to June 28, 2019, January 29, 2021 and January 29, 2021, respectively, and (ii) increased the threshold for certain defaults with respect to judgments, attachments or acceleration of indebtedness from $250 million to $300 million. All of the other material terms of the 2013 Credit Facility, the 2014 Credit Facility and Term Loan remain in full force and effect.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We periodically become involved in various claims and lawsuits that are incidental to our business. In the opinion of management, after consultation with counsel, there are no matters currently pending that would, in the event of an adverse outcome, have a material impact on our consolidated financial position, results of operations or liquidity.

ITEM 1A. RISK FACTORS

We have updated the following risk factor to reflect that MIPT no longer operates as a separate REIT for federal and state income tax purposes. Other than as set forth below, there were no material changes to the risk factors disclosed in Item 1A of the 2014 Form 10-K.

If we fail to remain qualified as a REIT, we will be subject to tax at corporate income tax rates, which may substantially reduce funds otherwise available.

Effective for the taxable year beginning January 1, 2012, we began operating as a REIT for federal income tax purposes. If we fail to remain qualified as a REIT, we will be taxed at corporate income tax rates unless certain relief provisions apply.

Qualification as a REIT requires the application of certain highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (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. Further, tax reform proposals, if enacted, may adversely affect our ability to remain qualified as a REIT or the benefits of remaining so qualified. There are limited judicial or administrative interpretations of the relevant provisions of the Code.

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 will be disqualified from REIT tax treatment for the four taxable years immediately 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, operations and distribution would be reduced.

Furthermore, as a result of our acquisition of MIP Tower Holdings LLC (“MIPT”), we owned an interest in a subsidiary REIT. Effective July 25, 2015, we filed a tax election, pursuant to which MIPT no longer operates as a separate REIT. The statute of limitations is still open for certain years and MIPT’s qualification as a REIT could still be challenged. As such, for all open years, we must demonstrate that the subsidiary REIT complied with the same REIT requirements that we must satisfy in order to qualify as a REIT, together with all other rules applicable to REITs. If the subsidiary REIT is determined to have failed to qualify as a REIT for any of the open years, and certain relief provisions do not apply, then (i) the subsidiary REIT would have been subject to federal income tax for such year, which tax we would inherit along with applicable penalties and interest; (ii) the subsidiary REIT would be disqualified from treatment as a REIT for the remaining taxable years following the year during which qualification was lost; (iii) for those years, our ownership of shares in such subsidiary REIT would have failed to be a qualifying asset for purposes of the asset tests applicable to REITs and any dividend income or gains derived by us from such subsidiary REIT may cease to be treated as income that qualifies for purposes of the 75% gross income test and (iv) we may have failed certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT for those periods unless we are able to avail ourselves of specified relief provisions.

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.

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: October 29, 2015	By: /S/ THOMAS A. BARTLETT Thomas A. Bartlett Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

57

EXHIBIT INDEX

Exhibit No.	Description
12	Statement Regarding Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
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