

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One):

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998.

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

COMMISSION FILE NUMBER: 001-14195

AMERICAN TOWER CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE 65-0723837
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

116 HUNTINGTON AVENUE
BOSTON, MASSACHUSETTS 02116
(Address of principal executive offices)

TELEPHONE NUMBER (617) 375-7500
(Registrant's telephone number, including area code)

AMERICAN TOWER SYSTEMS CORPORATION
(Former name, if changed from last report)

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

CLASS OF COMMON STOCK	OUTSTANDING AT JULY 31, 1998
Class A Common Stock.....	94,581,466 shares
Class B Common Stock.....	9,177,126 shares
Class C Common Stock.....	3,295,518 shares
Total.....	107,054,110 shares

AMERICAN TOWER CORPORATION

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PART I. FINANCIAL INFORMATION.

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31, 1997	JUNE 30, 1998
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 4,596	\$ 63,716
Accounts receivable, net of allowance for doubtful accounts of \$125 and \$661, respectively	3,239	13,213
Unbilled receivables.....		2,281
Prepaid and other current assets.....	790	2,865
Deferred income taxes.....	63	63
	-----	-----
Total current assets.....	8,688	82,138
	-----	-----
PROPERTY AND EQUIPMENT, net.....	117,618	346,741
UNALLOCATED PURCHASE PRICE, net.....	108,192	660,177
OTHER INTANGIBLE ASSETS, net.....	8,424	24,221
NOTE RECEIVABLE.....	10,700	4,100
DEPOSITS AND OTHER LONG-TERM ASSETS.....	1,735	2,850
DEFERRED INCOME TAXES.....		17,474
	-----	-----
TOTAL.....	\$255,357	\$1,137,701
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt.....	\$ 110	\$ 1,125
Accounts payable.....	3,738	4,824
Accrued expenses.....	4,492	21,917
Accrued interest.....	914	633
Unearned income.....	1,752	5,912
Interim Preferred Stock, due within one year, \$0.01 par value, 20,000,000 shares authorized, 300,000 shares issued and outstanding; liquidation prefer- ence \$1,000 per share plus accrued dividends of \$2,316		302,316
Due to CBS Corporation.....		44,827
	-----	-----
Total current liabilities.....	11,006	381,554
	-----	-----
LONG-TERM DEBT.....	90,066	299,399
DEFERRED INCOME TAXES.....	418	
OTHER LONG-TERM LIABILITIES.....	33	896
	-----	-----
Total long-term liabilities.....	90,517	300,295
	-----	-----
MINORITY INTEREST IN SUBSIDIARIES.....	626	605
	-----	-----
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE CLASS A COMMON STOCK:		
\$.01 par value, 720,000 shares issued and out- standing; at estimated redemption value of \$24 15/16 per share.....		17,955
	-----	-----
STOCKHOLDERS' EQUITY:		
Preferred Stock; \$0.01 par value; 20,000,000 shares authorized; (See Interim Preferred Stock above for 300,000 shares issued and outstanding).....		
Class A Common Stock; \$.01 par value; 300,000,000 shares authorized; 29,667,883 and 65,993,264 shares issued and outstanding, respectively.....	297	660
Class B Common Stock; \$.01 par value; 50,000,000 shares authorized; 4,670,626 and 9,177,126 shares issued and outstanding, respectively.....	47	92
Class C Common Stock; \$.01 par value; 10,000,000 shares authorized; 1,295,518 and 3,295,518 shares issued and outstanding, respectively.....	13	33
Additional paid-in capital.....	155,711	460,693

Accumulated deficit.....	(2,860)	(24,186)
	-----	-----
Total stockholders' equity.....	153,208	437,292
	-----	-----
TOTAL.....	\$255,357	\$1,137,701
	=====	=====

See notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1998	1997	1998
REVENUES:				
Tower rental and management.....	\$ 1,566	\$ 12,005	\$ 2,931	\$ 21,498
Site acquisition services.....	427	7,000	427	12,275
Video, voice and data transmission.....		4,004		7,146
Other.....	22	73	23	89
Total operating revenues.....	2,015	23,082	3,381	41,008
OPERATING EXPENSES:				
Operating expenses excluding depreciation and amortization, tower separation expenses and corporate general and administrative expenses:				
Tower rental and management.....	604	5,430	1,142	10,330
Site acquisition services.....	167	6,191	167	10,734
Video, voice and data transmission.....		2,717		4,769
Depreciation and amortization.....	818	9,953	1,323	15,755
Tower separation expenses.....		12,457		12,457
Corporate general and administrative expense.....	261	1,084	540	1,626
Total operating expenses.....	1,850	37,832	3,172	55,671
INCOME (LOSS) FROM OPERATIONS.....	165	(14,750)	209	(14,663)
OTHER INCOME (EXPENSE):				
Interest expense.....	(222)	(7,472)	(318)	(9,902)
Interest income and other, net....	32	966	57	1,831
Minority interest in net earnings of subsidiaries.....	(81)	(110)	(161)	(189)
TOTAL OTHER EXPENSE.....	(271)	(6,616)	(422)	(8,260)
LOSS BEFORE BENEFIT FOR INCOME TAXES AND EXTRAORDINARY LOSS.....	(106)	(21,366)	(213)	(22,923)
INCOME TAX BENEFIT.....		2,949	49	2,979
LOSS BEFORE EXTRAORDINARY LOSS.....	(106)	(18,417)	(164)	(19,944)
EXTRAORDINARY LOSS ON EXTINGUISHMENT OF DEBT, NET OF INCOME TAX BENEFIT OF \$921.....		(1,382)		(1,382)
NET LOSS.....	\$ (106)	\$ (19,799)	\$ (164)	\$ (21,326)
BASIC AND DILUTED PER COMMON SHARE AMOUNTS:				
Loss before extraordinary loss....	\$ (0.00)	\$ (0.33)	\$ (0.00)	\$ (0.39)
Extraordinary loss.....		(0.02)		(0.03)
Net loss.....	\$ (0.00)	\$ (0.35)	\$ (0.00)	\$ (0.42)
WEIGHTED AVERAGE COMMON SHARE AND COMMON SHARE EQUIVALENTS OUTSTANDING.....				
	48,750	56,034	48,750	51,409

See notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,	
	1997	1998
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES.....	\$ 269	\$ (8,734)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property and equipment and construction.....	(3,635)	(34,910)
Payments for intangible assets.....		(852)
Payments for acquisitions.....	(19,547)	(120,775)
Advances of notes receivable.....	(254)	(9,100)
Repayment of notes receivable.....		2,000
Deposits and other long-term assets.....	(19)	(897)
Cash used for investing activities.....	(23,455)	(164,534)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under loan agreement.....	19,000	205,500
Repayments of other notes payable.....	(307)	(117,924)
Net proceeds from private placement equity offering and stock options.....		80,340
Cash transfers to CBS Corporation.....		(221,665)
Net proceeds from Interim Preferred Stock.....		300,000
Contributions from ARS.....	6,851	56,954
Cash transfers to ARS.....	(2,650)	(51,856)
Distributions to minority interest.....	(210)	(210)
Additions to deferred financing costs.....		(18,751)
Cash provided by financing activities.....	22,684	232,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(502)	59,120
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	2,373	4,596
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 1,871	\$ 63,716
NON-CASH TRANSACTIONS:		
Contribution of fixed assets and other assets from ARS..		\$ 6,488
Issuance of common stock for acquisitions.....		\$ 363,100
Increase in deferred tax assets from corporate restructuring.....		\$ 135,000
Increase in due to CBS Corporation from estimated remaining tax liabilities.....		\$ 54,700
Adjustment to equity for CBS tax liability.....		\$ 76,960

See notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying financial statements have been prepared by American Tower Corporation (ATC or the Company, formerly American Tower Systems Corporation), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Although certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, the Company believes that the disclosures are adequate to make the information presented not misleading and reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation of results of operations for such periods. Results of interim periods may not be indicative of results for the full year. These financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 1997 and the notes thereto included in the Company's Form 10-K.

Accounting Policies--In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." FAS No. 133 establishes standards for accounting and reporting for derivative instruments, and conforms the requirements for treatment of different types of hedging activities. This statement is effective for all fiscal quarters of years beginning after June 1999. The Company has not completed its evaluations of FAS No. 133, but does not expect it to significantly affect the accounting and reporting of its current hedging activities.

Comprehensive Income--Effective January 1, 1998, the Company adopted the provisions of FAS No. 130, "Reporting Comprehensive Income." There are currently no items other than net income which would be classified as part of comprehensive income.

Tower Separation expenses--Tower separation expenses consist of costs incurred in connection with the separation of the Company from its former parent and include legal, accounting, financial advisory, and consent solicitation fees.

Reclassifications--Certain reclassifications have been made to the 1997 financial statements to conform to the 1998 presentation.

2. BUSINESS AND CORPORATE STRUCTURE

ATC was a majority owned subsidiary of American Radio Systems Corporation (ARS or American Radio) until consummation of the CBS Merger on June 4, 1998, as discussed below. American Tower Systems (Delaware), Inc. (ATSI) is a wholly-owned subsidiary of ATC and one of the operating subsidiaries of ATC. American Tower Systems, L.P. (ATSLP) is an indirect wholly-owned subsidiary of ATC, which conducts all of the business of ATC other than that conducted by ATSI or by the subsidiaries acquired as a consequence of the ATC Merger. (See Note 8). ATSI and ATSLP are collectively referred to as the Borrower Subsidiaries.

CBS Merger: On June 4, 1998, the merger of American Radio and a subsidiary of CBS Corporation (CBS) was consummated (the CBS Merger). As a consequence, all of the shares of ATC owned by ARS were distributed to ARS common stockholders and holders of options to acquire ARS Common Stock or have been or will be distributed upon conversion of shares of ARS 7% Convertible Exchangeable Preferred Stock (the Convertible Preferred Stock). As a consequence of the CBS Merger, ATC ceased to be a subsidiary of, or to be otherwise affiliated with, American Radio and now operates as an independent publicly traded company. Pursuant to the provisions of the CBS Merger Agreement, ATC entered into an agreement (the Separation Agreement) with CBS and ARS providing for, among other things, the orderly separation of ARS and ATC, the allocation of certain tax liabilities to ATC, certain closing date adjustments relating to ARS, the lease to ARS by

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

ATC of space on certain towers previously owned by ARS and transferred to ATC, the lease of corporate office space, and certain indemnification obligations (including with respect to securities law matters) of ATC.

The Separation Agreement required ATC to reimburse CBS on a "make-whole" (after tax) basis for the tax liabilities incurred by ARS attributable to the distribution of the Common Stock owned by ARS to the ARS security holders and certain related transactions to the extent that the aggregate amount of taxes required to be paid by ARS exceeded \$20.0 million. The amount of that tax liability was dependent on the "fair market value" of the Common Stock at the time of the consummation of the CBS Merger. ATC received an appraisal from an independent appraisal firm that the "fair market value" of ARS's stock interest in ATC was equal to \$17.25 per share. Based on such appraisal, ARS paid estimated taxes of approximately \$212.0 million and was reimbursed therefore by ATC. As required by the Separation Agreement, ATC provided CBS with security of \$9.8 million in cash (which may be replaced at ATC's option with a letter of credit reasonably satisfactory to CBS) in connection with the filing of estimated tax returns based on such appraisal. Such appraisal is not, of course, binding on the Internal Revenue Service or other taxing authorities. The Company financed its tax reimbursement obligations to CBS with the Interim Preferred Stock proceeds discussed in Note 6. The \$212.0 million payment also included estimated payments for the "make-whole" provisions of the liability associated with the conversion of the Convertible Preferred Stock and the working capital adjustment described below. Such taxes gave effect to estimated deductions of approximately \$85.1 million available to ARS as a consequence of the cancellation or exercise of ARS stock options pursuant to the CBS Merger. ATC's reimbursement obligation with respect to such taxes would change by approximately \$21.0 million for each \$1.00 change in the "fair market value" of the Class A Common Stock under the tax reporting method followed. The average of the high and low trading prices of the Class A Common Stock in the when-issued over-the-counter market on June 4, 1998 was \$20.50.

The \$212.0 million payment did not include all the taxes payable with respect to the shares of Class A Common Stock deliverable upon conversion of the Convertible Preferred Stock; such taxes will be based on the "fair market value" of the Class A Common Stock at the time of conversion. Conversions have occurred at various times since June 4, 1998. As of the date hereof, holders of Depository Shares representing approximately 43% of the Convertible Preferred Stock have converted or have presented for conversion. ATC has recorded a liability of approximately \$4.7 million due to CBS associated with these conversions and estimates that its remaining reimbursement obligation with respect to the taxes on the remaining Convertible Preferred Stock will be approximately \$13.5 million under the tax reporting method followed. Such estimate is based on the August 10, 1998 fair market value of the Class A Common Stock of \$23.25 per share. ATC's obligation for such conversions would change by approximately \$1.2 million for each \$1.00 change in the fair market value.

ARS has agreed that it will pursue, for the benefit of and at the cost of ATC, a refund claim, attributable to the "make-whole" provision, estimated at between \$40.0 million to \$45.0 million, based on the appraised "fair market value" and the estimated taxes attributable to conversions of the Convertible Preferred Stock set forth above. Any such refund claim will, in fact, be based on the actual amount of taxes paid. In light of existing tax law, there can, of course, be no assurance that any such refund claim will be successful.

The Separation Agreement provides for closing date balance sheet adjustments based upon the working capital, as defined, and debt levels of ARS. ATC will benefit from or bear the cost of such adjustments. ATC's preliminary estimate of such adjustments is that it will be required to make a payment of not more than \$50.0 million and that, in addition, it will be required to reimburse CBS for the tax consequences of any such payment. The estimated taxes and refund amount stated above include such tax reimbursement amount. Since the amounts of working capital and debt are dependent upon the uncertainty, among other things, of recent operating results and cash capital contributions, as well as CBS Merger expenses, the ultimate payment will differ from the estimate provided herein and ATC is unable to state definitively what payments will be owed by ATC to CBS. Based on the above estimates, ATC has recorded a \$50.0 million liability due to CBS and corresponding reduction in equity to reflect management's estimate at this time.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

In connection with an inter-corporate taxable transfer of assets entered into in January 1998 by ATC in contemplation of the separation of ATC and ARS, a portion of the tax with respect to which ATC is obligated to indemnify CBS was incurred. Such transfer resulted in an increase in the tax bases of ATC's assets of approximately \$366.5 million. ATC will have potential depreciation and amortization deductions over the next 15 years of \$24.4 million per year resulting in a deferred tax asset of approximately \$135.0 million.

3. LOSS PER COMMON SHARE DATA

Basic loss per common share is computed using the weighted average number of common shares outstanding during each 1998 period presented or outstanding upon consummation of the CBS Merger during each 1997 period presented. Shares issuable upon exercise of options have been excluded from the computation as the effect is anti-dilutive. Had options been included in the computation, shares for the diluted computation would have increased by approximately 4.3 million and 4.4 million for the three and six months ended June 30, 1998, respectively. As described in Note 11, the Company issued approximately 27.9 million shares of Class A Common Stock in July 1998, which would materially impact the per share data.

4. 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 for each tax reporting corporate entity. Cumulative adjustments to the tax benefit (provision) are recorded in the interim period in which a change in the estimated annual effective rate is determined. Through January 1998, the Company participated in a tax sharing agreement with ARS. The tax sharing agreement was terminated in connection with the corporate restructuring described in Note 2; the Company and its subsidiaries will now prepare and file income tax returns on a separate consolidated basis.

5. UNALLOCATED PURCHASE PRICE

The excess of purchase price over the estimated fair value of net assets acquired has been preliminarily recorded as unallocated purchase price and is being amortized over an estimated aggregate useful life of fifteen years using the straight-line method. The consolidated financial statements reflect the preliminary allocation of certain purchase prices as the appraisals for some acquisitions have not yet been finalized. The Company is currently conducting studies to determine the purchase price allocations and expects that upon final allocation, the average estimated useful life will approximate fifteen years. The final allocation of purchase price is not expected to have a material effect on the Company's consolidated results of operations, liquidity or financial position.

6. STOCKHOLDERS' EQUITY

Interim Preferred Stock Financing--On June 4, 1998, the Company entered into a stock purchase agreement (the Interim Financing Agreement) with respect to a preferred stock financing which provided for the issuance and sale by ATC of up to \$400.0 million of Series A Redeemable Pay-In-Kind Preferred Stock (the Interim Preferred Stock) to finance ATC's obligation to CBS with respect to tax reimbursement. Pursuant to the Interim Financing Agreement, ATC issued \$300.0 million of Interim Preferred Stock and used the proceeds to fund its tax reimbursement obligation to CBS, pay the commitment and other fees and expenses of the issue and sale of such stock and to reduce bank borrowings. The Interim Financing Agreement required that, to the extent the Interim Preferred Stock had not been redeemed by June 1999, an exchange for a new series of preferred stock would have taken place.

Due to its short-term nature, the Interim Preferred Stock obligation has been classified as a short-term liability. Dividends, which accrued at a rate equal to the three-month LIBOR then in effect (approximately 5.69%) plus an agreed upon adjustable spread (5.0% for the period in which the obligation was outstanding), have been recorded as interest expense in the accompanying financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

As discussed in Note 11, the Interim Preferred Stock was redeemed on July 9, 1998 at a redemption price equal to \$1,010 per share plus accrued and unpaid dividends for an aggregate redemption value of \$306.1 million. The Company incurred an extraordinary loss of approximately \$7.4 million, net of a tax benefit of \$4.9 million, during the third quarter of 1998, representing the write-off of certain commitment, deferred financing and redemption fees.

ATC Stock Purchase Agreement--On January 22, 1998, the Company consummated the transactions contemplated by the stock purchase agreement (the ATC Stock Purchase Agreement), dated as of January 8, 1998, with Steven B. Dodge, Chairman of the Board, President and Chief Executive Officer of ARS and ATC, and certain other officers and directors of ARS and ATC (or their affiliates or family members or family trusts), pursuant to which those persons purchased 8.0 million shares of ATC Common Stock at a purchase price of \$10.00 per share for an aggregate purchase price of \$80.0 million, including 4.0 million shares by Mr. Dodge for \$40.0 million. Payment of the purchase price was in the form of cash aggregating approximately \$30.6 million and in the form of notes aggregating approximately \$49.4 million which were repaid, including accrued interest, upon consummation of the CBS Merger on June 4, 1998.

7. LONG-TERM DEBT

New Credit Facilities--In June 1998, ATC and the Borrower Subsidiaries entered into definitive agreements with respect to new credit facilities (the New Credit Facilities). The New Credit Facilities with ATC provide for a \$150.0 million term loan maturing at the earlier of (i) eight and one-half years or (ii) December 31, 2006, amortizing quarterly in an amount equal to 2.5% of the principal amount outstanding at June 30, 2001 at the end of each quarter between such date and June 30, 2006, both inclusive, and the balance in two equal installments on September 30 and December 31, 2006. The ATC New Credit Facility was fully drawn at closing and provides for interest rates determined, at the option of ATC, of either the LIBOR Rate (as to be defined) plus 3.50% or the Base Rate (as to be defined) plus 2.5%. The New Credit Facilities with the Borrower Subsidiaries provide for \$900.0 million credit facilities maturing at the earlier of (a) eight years or (b) June 30, 2006 consisting of the following: (i) a \$250.0 million multiple-draw term loan, (ii) a \$400.0 million reducing revolving credit facility and (iii) a \$250.0 million 364-day revolving credit facility that converts to a term loan facility thereafter. The Borrower Subsidiaries borrowed \$125.0 million in the form of a term loan and an additional \$19.0 million under the revolving credit arrangements that was repaid out of the proceeds of the Interim Preferred Stock sale. The interest rate provisions are similar to those in the prior credit agreement, except that the range over the Base Rate is between 0.00% and 1.250% and the range over the LIBOR Rate is between 0.750% and 2.250%. Borrowings under the Borrower Subsidiaries' New Credit Facilities are conditioned upon compliance with certain financial ratios and are required to be repaid, commencing June 30, 2001, in increasing quarterly amounts designed to amortize the loans through maturity. The loans to ATC and the Borrower Subsidiaries are cross-guaranteed and cross-collateralized by substantially all of the assets of the consolidated group. The Borrower Subsidiaries are required to pay quarterly commitment fees equal to 0.375% or 0.250% per annum, depending on their consolidated financial leverage, on the aggregate unused portion of the aggregate commitment (other than, until take down, the 364-day facility on which it is 0.125% until so taken down). Other provisions of the Borrower Subsidiaries' New Credit Facilities are comparable to the prior credit agreement, although the financial and other covenants are somewhat more favorable to the Borrower Subsidiaries in certain respects, including an increase of the Total Debt (of the Borrower Subsidiaries and their Restricted Subsidiaries) to Annualized Operating Cash Flow ratio from 6.0:1 to 6.5:1 and the inclusion of a Total Debt (of ATC and its Restricted Subsidiaries) to Annualized Operating Cash Flow ratio of 8.0:1. The New Credit Facility of ATC restricts the payment of cash dividends and other distributions and the redemption, purchase or other acquisition of equity securities. In connection with the repayment of borrowings under the prior credit agreement out of proceeds of borrowings under the New Credit Facilities, ATC recognized an extraordinary loss of approximately \$1.4 million, net of a tax benefit of \$0.9 million, during the second quarter of 1998.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Assumed Debt Obligations--In connection with the ATC Merger discussed in Note 8, the Company assumed certain long-term note obligations of the acquired entity including a term note payable that was paid at closing, a \$4.4 million noninterest-bearing secured note payable, due in annual installments through December 2000, a \$430,000 noninterest-bearing unsecured note payable, maturing in October 1999 and other long-term obligations totaling approximately \$34,000.

8. ACQUISITIONS

During the first six months of 1998 and 1997, the Company consummated the following transactions. See the Form 10-K for additional information on these transactions.

General: The following acquisitions have all been accounted for by the purchase method of accounting, and, accordingly, the operating results of the acquired entities have been included in consolidated operating results since the date of acquisition. The purchase prices have been allocated to the assets acquired, principally intangible assets, and the liabilities assumed based on their estimated fair values at the dates of acquisition. The excess of purchase price over the estimated fair value of the net assets acquired has been recorded as unallocated purchase price. The financial statements reflect the preliminary allocation of certain purchase prices as the appraisals for certain acquisitions have not yet been finalized. The Company does not expect the final appraisals to have a material effect on the financial position, results of operations or liquidity of the Company.

1998 Acquisitions--

In January 1998, the Company acquired all of the outstanding stock of Gearon & Co. Inc. (Gearon), a company based in Atlanta, Georgia, for an aggregate purchase price of approximately \$80.0 million. The purchase price consisted of approximately \$32.0 million in cash and assumed liabilities and the issuance of approximately 5.3 million shares of Class A Common Stock. Gearon is engaged in site acquisition, development, construction and facility management of wireless network communication facilities on behalf of its customers and owned or had at the time of acquisition under construction approximately 40 tower sites. Following consummation, the Company granted options to acquire up to 1,400,000 shares of Class A Common Stock at an exercise price of \$13.00 to employees of Gearon.

In January 1998, the Company acquired all of the outstanding stock of OPM-USA-Inc. (OPM), a company which owned approximately 90 towers at the time of acquisition. In addition, OPM is in the process of developing an additional 160 towers that are expected to be constructed during the next 12 to 18 months. The purchase price, which is variable and based on the number of towers completed and the forward cash flow of the completed OPM towers, could aggregate up to \$105.0 million, of which approximately \$21.3 million was paid at the closing. The Company had also agreed to provide the financing to OPM to enable it to construct the 160 towers in an aggregate amount not to exceed \$37.0 million (less advances as of consummation aggregating approximately \$5.7 million, excluding accrued interest). In May 1998, the Company paid the second installment of approximately \$18.2 million which was based on the number of towers permitted and completed and the forward cash flow of the completed towers as of April 30, 1998.

In January 1998, the Company consummated the acquisition of a communications site with six towers in Tucson, Arizona for approximately \$12.3 million and the acquisition of a tower near Palm Springs, California for approximately \$0.75 million.

In February 1998, the Company acquired 11 communications tower sites in northern California for approximately \$11.8 million.

In March 1998, the Company acquired a tower in Sacramento, California for approximately \$1.2 million.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

In April 1998, the Company acquired a tower site in Pennsylvania for approximately \$0.15 million.

In May 1998, the Company consummated the acquisition of the assets relating to a teleport business serving the Washington D.C. area for approximately \$30.5 million.

On June 8, 1998, the Company consummated the American Tower Corporation Merger (ATC Merger) pursuant to which that entity was merged into ATC for an aggregate preliminary purchase price of approximately \$550.0 million. At the time of closing, the acquired company owned approximately 775 communications towers and managed approximately 125 communications towers. In conjunction with the ATC Merger, the Company issued 28,782,386 shares of Class A Common Stock valued at approximately \$287.8 million (excluding 1,252,364 shares of Common Stock reserved for options held by former employees of the acquired company valued at approximately \$9.7 million) and assumed approximately \$4.5 million of redeemable preferred stock (which was paid at closing) and \$122.7 million of debt (of which approximately \$118.3 million, including interest and associated fees, was paid at closing). The purchase price also includes acquisition costs, assumed working capital and deferred income taxes. The Company borrowed \$57.0 million under the then existing credit agreements to fund a portion of the debt pay-off. Upon consummation of the ATC Merger, the Company changed its name from American Tower Systems Corporation to American Tower Corporation.

In June 1998, the Company merged with a company owning a broadcasting tower in the Boston, Massachusetts area and issued 720,000 shares of Class A Common Stock to close the transaction. In connection with this transaction, ATC acquired a \$12.0 million note receivable and issued a corresponding nonrecourse note payable which is payable only to the extent that payments on the note receivable are made to ATC. As such, the amounts have been offset in the accompanying financial statements. In addition, under a put agreement that was consummated in connection with the merger, the sellers have the right to require the Company to purchase, at any time prior to June 5, 1999, any or all shares of ATC Class A Common Stock received pursuant to consummation of the merger for a purchase price equal to the then current market price. Accordingly, the 720,000 shares have been recorded as redeemable common stock in the accompanying financial statements based on the June 30, 1998 fair market value of \$24 15/16. In connection with the public offering described in Note 11, the sellers sold 383,750 of the 720,000 shares in July 1998 reducing the Company's overall redemption obligation.

In June 1998, ATC acquired four communication sites in Texas for a purchase price of approximately \$0.82 million, two communication sites in California for approximately \$1.7 million and a tower site in South Carolina for approximately \$1.1 million.

1997 Acquisitions--

In May 1997, the Company acquired the following:

- (i) 21 tower sites and a tower site management business in Georgia, North Carolina and South Carolina for approximately \$5.4 million;
- (ii) the assets of two affiliated companies engaged in the site acquisition business in various locations in the United States for approximately \$13.0 million; and
- (iii) three tower sites in Massachusetts for approximately \$0.26 million.

In May 1997, the Company and an unaffiliated party formed a limited liability company (ATS/PCS, LLC, formerly Communications Systems Development, LLC) to own and operate communication towers which will be constructed on over 50 tower sites in northern California. The Company advanced approximately \$0.8 million to this entity and currently owns a 70% interest in the entity, with the remaining 30% owned by an unaffiliated party. The accounts of the limited liability company are included in the consolidated financial statements with the other party's investment reflected as minority interest in subsidiary. (See Note 10).

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The following unaudited pro forma summary for the six months ended June 30, 1997 and 1998 presents the consolidated results of operations as if the acquisitions had occurred as of January 1, 1997 after giving effect to certain adjustments, including depreciation and amortization of assets and interest expense on any debt incurred to fund the acquisitions. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been made as of January 1, 1997 or of results which may occur in the future.

In thousands, except per share data:

	SIX MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1998
	-----	-----
Net revenues.....	\$ 52,205	\$ 57,559
Loss before extraordinary item.....	(20,918)	(31,695)
Net loss.....	(20,918)	(33,077)
Basic and diluted net loss per common share.....	\$ (0.27)	\$ (0.42)

9. RELATED PARTY TRANSACTIONS

While the Company was a majority owned subsidiary of ARS prior to the CBS Merger discussed in Note 2, it received revenues of approximately \$98,000, \$226,000, \$179,000 and \$565,000 from ARS for tower rentals at Company-owned sites for the three months ended June 30, 1997 and 1998 and the six months ended June 30, 1997 and 1998, respectively.

In January 1998, ARS contributed to ATC 14 communications sites used by ARS and various third parties (with an ARS aggregate net book value of approximately \$4.7 million), and ARS and ATC entered into leases or subleases of space on the transferred towers. In May 1998, two additional communications sites were transferred and leases entered into following acquisition by ARS of the sites from third parties. These sites were contributed to ATC at an aggregate ARS net book value of approximately \$0.3 million.

In June 1998, ARS contributed the majority of its corporate fixed assets to ATC (with an ARS net book value of approximately \$1.4 million).

In conjunction with the ATC Merger discussed in Note 8, the Company assumed consulting agreements with three shareholders. Management payments under these agreements totaled approximately \$25,000 for the three and six-month periods ended June 30, 1998. The Company is obligated to make additional payments of \$150,000 in 1998 and \$263,000 in 1999.

Also in conjunction with the ATC Merger, the Company assumed land leases for certain tower sites that are with an entity owned by a shareholder. The same shareholder is the president of a tower fabrication and construction company. Following consummation of the ATC Merger, the Company made payments of approximately \$526,000 to this entity for the three and six-month periods ended June 30, 1998.

See Note 6 for a description of the ATC Stock Purchase Agreement.

10. PENDING TRANSACTIONS

ATC is negotiating certain changes in the ATS/PCS, LLC arrangements, including the acquisition by ATS of the 58 communications sites in northern California presently owned by ATS/PCS, LLC in exchange for shares of Class A Common Stock, arrangements with respect to the development of communications sites in other locations, a priority return of ATC's construction advances, an increase in the percentage interest of the other member in ATS/PCS, LLC, and a management fee to ATC.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

In June 1998, ATC entered into an agreement to acquire a company which is in the process of constructing approximately 40 towers in the Tampa, Florida area, of which seven are presently operational. The purchase price will be equal to the excess of (i) ten times the "Current Run Rate Cash Flow" at the time of closing, over (ii) the principal amount of the secured note referred to below. The purchase price will be payable in shares of Class A Common Stock (valued at market prices shortly prior to closing) and, at the election of the seller, cash in an amount not to exceed 49% of the purchase price. "Current Run Rate Cash Flow" means twelve (12) times the excess of net revenues over direct operating expenses for the month preceding closing. ATC is obligated to advance construction funds to the seller in an aggregate amount not to exceed \$12.0 million in the form of a secured note (guaranteed by the stockholders on a nonrecourse basis and secured by the stock of the seller), of which approximately \$4.1 million was advanced through June 30, 1998. The secured note would be payable in the event the acquisition was not consummated. Subject to the satisfaction of certain conditions, including, depending on the circumstances, the expiration or earlier termination of the HSR Act waiting period, the acquisition is expected to be consummated in the Spring of 1999.

The Company is also pursuing the acquisitions of tower properties and tower businesses in new and existing locations, although there are no definitive purchase agreements with respect thereto.

11. SUBSEQUENT EVENTS

On July 8, 1998, the Company completed a public offering of 27,861,987 shares of Class A Common Stock, \$.01 par value per share (the Class A Common Stock) (including 2,361,987 shares sold by the Company pursuant to the exercise in full of the underwriters' over-allotment option) at \$23.50 per share. Certain selling stockholders sold an additional 3,874,911 shares in the offering. Credit Suisse First Boston Corporation, BT Alex. Brown Incorporated, Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc., Merrill Lynch Pierce Fenner & Smith Incorporated and Smith Barney Inc. were the underwriters of the Class A Common Stock. The Company's net proceeds of the offering (after deduction of the underwriting discount and estimated offering expenses) were approximately \$625.4 million. On July 9, 1998, the Company used approximately \$306.1 million of the net proceeds from the offering to redeem all of the outstanding shares of the Interim Preferred Stock at a price of 101% of the stock's liquidation preference plus accrued and unpaid dividends. The balance was invested in short-term investment grade securities and will be used, together with borrowings under the New Credit Facilities, to fund future acquisitions and construction activities. In connection with the redemption of the Interim Preferred Stock, the Company incurred an extraordinary loss of approximately \$7.4 million, net of a tax benefit of \$4.9 million, during the third quarter of 1998.

In July 1998, the Company acquired a microwave communication site in southern California for approximately \$80,000, ten tower sites in southern Texas for approximately \$6.3 million and three tower sites in Louisiana for approximately \$0.75 million.

In July 1998, under an agreement assumed pursuant to the ATC Merger, the Company acquired a tower site in Massachusetts for approximately \$0.6 million. The agreement also requires the Company to purchase an additional tower site upon completion of its construction and tenant installation at a purchase price that is based on a multiple of the tower site's contractual revenue.

In August 1998, the Company acquired two towers in the metropolitan area of Atlanta, Georgia for a purchase price of approximately \$0.4 million.

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

GENERAL

This discussion contains "forward-looking statements" including statements concerning projections, plans, objectives, future events or performance and underlying assumptions and other statements which are other than statements of historical fact. ATC wishes to caution readers that certain important factors may have affected and could in the future affect ATC's actual results and could cause ATC's actual results for subsequent periods to differ materially from those expressed in any forward-looking statement made by or on behalf of ATC. Such factors include (i) substantial capital requirements and leverage principally as a consequence of its ongoing acquisition and construction activities, as well as its remaining tax reimbursement and other obligations owed to ARS pursuant to the CBS Merger, (ii) dependence on demand for wireless communications and implementation of digital television, and (iii) the success of ATC's new tower construction program. The following discussion should be read in conjunction with the Company's Unaudited Condensed Consolidated Financial Statements and the notes thereto. As ATC was a wholly-owned subsidiary of American Radio during the periods presented through June 4, 1998, the consolidated financial statements may not reflect the results of operations or financial position of ATC had it been an independent, public company during those periods. Because of ATC's relatively brief operating history and the large number of recent acquisitions, the following discussion, which relates solely to ATC on a historical basis and does not include acquired companies, while presented to satisfy certain disclosure requirements of the Securities and Exchange Commission, will not necessarily reveal any significant developing or continuing trends.

ATC was formed in July 1995 to capitalize on the opportunity in the communications site industry. ATC is a leading independent owner and operator of wireless communications towers in the United States. During 1997, its acquisition and construction activity accelerated and ATC acquired or constructed approximately 400 sites (and related site management businesses) and its initial site acquisition and voice, video and data transmission businesses. Since January 1, 1998, ATC has acquired approximately 930 communication sites and a major site acquisition business for an aggregate purchase price of approximately \$748.0 million, including the issuance of approximately 34.9 million shares of Class A Common Stock.

Management expects that acquisitions consummated to date will have a material impact on future revenues, expenses and income from continuing operations. In addition, the impact of the construction program of ATC is not reflected to any significant extent in the historical financial information because most of that activity is of more recent origin and is expected to accelerate substantially during 1998. Management believes that readers should be aware of the dramatic changes in the nature and scope of ATC's business in reviewing the ensuing discussion of comparative historical results.

RESULTS OF OPERATIONS

As of June 30, 1998, ATC operated approximately 1,800 communications sites, principally in the Northeast and Mid-Atlantic regions, Florida, California and Texas. As of June 30, 1997, ATC operated approximately 300 communications sites, principally in the Northeast and Mid-Atlantic regions and Florida. See the Notes to the Unaudited Condensed Consolidated Financial Statements for a description of the acquisitions consummated during the six month periods ended June 30, 1997 and 1998. These transactions have significantly affected operations for the three and six months ended June 30, 1998 as compared to the three and six months ended June 30, 1997.

THREE MONTHS ENDED JUNE 30, 1997 AND 1998 (DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED JUNE 30,		AMOUNT OF	PERCENTAGE
	1997	1998	INCREASE (DECREASE)	INCREASE (DECREASE)
Tower rental and management revenues.....	\$ 1,566	\$ 12,005	\$ 10,439	666.6%
Site acquisition service revenues..	427	7,000	6,573	1,539.3%
Video, voice and data transmission revenues.....		4,004	4,004	
Other.....	22	73	51	231.8%
Total operating revenues.....	2,015	23,082	21,067	1,045.5%
Tower rental and management expenses.....	604	5,430	4,826	799.0%
Site acquisition service expenses..	167	6,191	6,024	3,607.2%
Video, voice and data transmission expenses.....		2,717	2,717	
Operating expenses excluding depreciation and amortization, tower separation and corporate general and administrative expenses.....	771	14,338	13,567	1,759.7%
Depreciation and amortization.....	818	9,953	9,135	1,116.7%
Tower separation expenses.....		12,457	12,457	
Corporate general and administrative expenses.....	261	1,084	823	315.3%
Interest expense, net.....	190	6,506	6,316	3,324.2%
Minority interest in net earnings (loss) of subsidiaries.....	81	110	29	35.8%
Income tax benefit.....		2,949	2,949	
Extraordinary loss on extinguishment of debt.....		1,382	1,382	
Net loss.....	\$ (106)	\$ (19,799)	\$(19,693)	18,578.3%

As noted above, ATC consummated numerous acquisitions in 1997 and 1998, many of which were of a material size. Except as explained below, substantially all of the increases indicated in the above table were attributable to the impact of these communications sites and related business acquisitions, principally those that occurred in 1997 and 1998. Site acquisition service revenues and expenses for the three months ended June 30, 1998 include the operating results of the Gearon site acquisition division that was acquired in January 1998 and, to a lesser extent, the operating results of two similar businesses that were acquired in May 1997. For the three months ended June 30, 1997, site acquisition service revenues and expenses included approximately two months of operating results from the May 1997 related business acquisitions. Video, voice and data transmission revenues and expenses for the three months ended June 30, 1998 include the operating results of the Company's first video, voice and data transmission business acquired in October 1997 and, to a lesser extent, a Washington D.C. area teleport business acquired in May 1998. The increase in depreciation and amortization is primarily attributable to the increase in depreciable and amortizable assets resulting from the 1997 and 1998 acquisitions, and, to a lesser extent, completed construction projects. Tower separation expenses relate to financial advisory, legal, accounting and consent solicitation fees and other expenses incurred in connection with the consummation of the CBS Merger and the separation of ATC from its former

parent on June 4, 1998. The increase in corporate

general and administrative expense is primarily attributable to the higher personnel costs associated with supporting ATC's greater number of tower properties and growth strategy. The increase in interest expense, net, relates to higher borrowing levels that were used to finance 1997 and 1998 acquisitions and \$2.3 million of dividends associated with the Interim Preferred Stock financing that occurred in June 1998. The minority interest in net earnings of subsidiaries represents the elimination of the minority stockholders' earnings of consolidated subsidiaries. The extraordinary loss was incurred, net of an income tax benefit of \$0.9 million, as a result of the write-off of deferred financing costs associated with the Company's previous credit agreements which were refinanced in June 1998. The effective tax rate benefit for the three months ended June 30, 1998 was approximately 13.8% as compared to 0% for the three months ended June 30, 1997. The effective rate benefit in 1998 is due to the effect of non-deductible items, principally amortization of goodwill, on certain stock acquisitions for which no tax benefit was recorded.

SIX MONTHS ENDED JUNE 30, 1997 AND 1998 (DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED		AMOUNT OF	PERCENTAGE
	JUNE 30,			
	1997	1998	(DECREASE)	(DECREASE)
Tower rental and management revenues.....	\$ 2,931	\$ 21,498	\$ 18,567	633.5%
Site acquisition service revenues....	427	12,275	11,848	2,774.7%
Video, voice and data transmission revenues.....		7,146	7,146	
Other.....	23	89	66	287.0%
Total operating revenues.....	3,381	41,008	37,627	1,112.9%
Tower rental and management expenses.....	1,142	10,330	9,188	804.6%
Site acquisition service expenses....	167	10,734	10,567	6,327.5%
Video, voice and data transmission expenses.....		4,769	4,769	
Operating expenses excluding depreciation and amortization, tower separation and corporate general and administrative expenses.....	1,309	25,833	24,524	1,873.5%
Depreciation and amortization.....	1,323	15,755	14,432	1,090.9%
Tower separation expenses.....		12,457	12,457	
Corporate general and administrative expenses.....	540	1,626	1,086	201.1%
Interest expense, net.....	261	8,071	7,810	2,992.3%
Minority interest in net earnings (loss) of subsidiaries.....	161	189	28	17.4%
Income tax benefit.....	49	2,979	2,930	5,979.6%
Extraordinary loss on extinguishment of debt.....		1,382	1,382	
Net loss.....	\$ (164)	\$ (21,326)	\$(21,162)	12,903.7%

As noted above, ATS consummated numerous acquisitions in 1997 and 1998, many of which were of a material size. Except as explained below, substantially all of the increases indicated in the above table were attributable to the impact of these communications sites and related business acquisitions, principally those that occurred in 1997 and 1998. The increase in depreciation and amortization is primarily attributable to the increase in depreciable and amortizable assets resulting from the 1997 and 1998 acquisitions, and, to a lesser extent, completed construction projects. Tower separation expenses relate to financial advisory, legal, accounting and consent solicitation fees and other expenses incurred in connection with the consummation of the CBS Merger and the separation of ATC from its former parent on June 4, 1998. The increase in corporate general and administrative expenses is primarily attributable to the higher personnel costs associated with supporting ATS's greater number of tower properties and growth strategy. The increase in interest expense, net, relates to higher borrowing levels that were used to finance 1997 and 1998 acquisitions, and \$2.3 million of dividends associated

with the Interim Preferred Stock financing that occurred in June 1998. The minority interest in net earnings of subsidiaries represents the elimination of the minority stockholders' earnings of consolidated subsidiaries. The

extraordinary loss was incurred, net of an income tax benefit of \$0.9 million, as a result of the write-off of deferred financing costs associated with the Company's previous credit agreements which were refinanced in June 1998. The effective tax rate benefit for the six months ended June 30, 1998 was approximately 13% as compared to 23% for the six months ended June 30, 1997. The effective rate benefit in 1998 is due to the effect of non-deductible items, principally amortization of goodwill, on certain stock acquisitions for which no tax benefit was recorded.

LIQUIDITY AND CAPITAL RESOURCES

ATC's liquidity needs arise from its acquisition-related activities, debt service, working capital and capital expenditures principally those associated with its construction program. Historically, ATC has met its operational liquidity needs with internally generated funds and has financed the acquisition of tower related properties, including related working capital needs, with a combination of contributions from American Radio and bank borrowings. For the six months ended June 30, 1998, cash flows used for operating activities were \$8.7 million, as compared to \$3.3 million of cash flows from operating activities in 1997. The change is primarily attributable to working capital investments related to communications site acquisitions and growth.

Cash flows used for investing activities were \$164.5 million for the six months ended June 30, 1998 as compared to \$23.5 million for the six months ended June 30, 1997. The increase in 1998 is due to the acquisition and construction activity in 1998 as compared to 1997.

Cash flows provided by financing activities were \$232.4 million for the six months ended June 30, 1998 as compared to \$22.7 million in 1997. The increase in 1998 is due principally to the impact of borrowings under the credit facilities and proceeds from the Interim Preferred Stock financing and sale of common stock pursuant to the ATC Stock Purchase Agreement, somewhat offset by the tax payments to CBS.

CBS Merger: On June 4, 1998, the merger of American Radio and a subsidiary of CBS was consummated. As a consequence, all of the shares of ATC owned by ARS were distributed to ARS common stockholders and holders of options to acquire ARS Common Stock or have been or will be distributed upon conversion of shares of Convertible Exchangeable Preferred Stock. As a consequence of the CBS Merger, ATC ceased to be a subsidiary of, or to be otherwise affiliated with, American Radio and operates as an independent publicly traded company. Pursuant to the provisions of the CBS Merger Agreement, ATC entered into the Separation Agreement with CBS and ARS providing for, among other things, the orderly separation of ARS and ATC, the allocation of certain tax liabilities to ATC, certain closing date adjustments relating to ARS, the lease to ARS by ATC of space on certain towers previously owned by ARS and transferred to ATC, the lease of corporate office space and certain indemnification obligations (including with respect to securities law matters) of ATC.

The Separation Agreement required ATC to reimburse CBS on a "make-whole" (after tax) basis for the tax liabilities incurred by ARS attributable to the distribution of the Common Stock to the ARS security holders and certain related transactions to the extent that the aggregate amount of taxes required to be paid by ARS exceeds \$20.0 million. The amount of that tax liability was dependent on the "fair market value" of the Common Stock at the time of the consummation of the CBS Merger. ATC received an appraisal from an independent appraisal firm that the "fair market value" of ARS's stock interest in ATC was equal to \$17.25 per share. Based on such appraisal, ARS paid estimated taxes of approximately \$212.0 million and was reimbursed therefor by ATC. As required by the Separation Agreement, ATC provided CBS with security of \$9.8 million in cash (which may be replaced at ATC's option with a letter of credit reasonably satisfactory to CBS) in connection with the filing of estimated tax returns based on such appraisal. Such appraisal is not, of course, binding on the Internal Revenue Service or other taxing authorities. The Company financed its tax reimbursement obligations to CBS with the Interim Preferred Stock proceeds discussed below. The \$212.0 million payment also included estimated payments for the "make-whole" provisions of the liability associated with the conversion of the Convertible Preferred Stock and the working capital adjustment described below. Such taxes gave effect to estimated deductions of approximately \$85.1 million available to ARS as a consequence of the cancellation or exercise of ARS stock options pursuant to the CBS Merger. ATC's reimbursement obligation with respect to

such taxes would change by approximately \$21.0 million for each \$1.00 change in the "fair market value" of the Class A Common Stock under the tax reporting method followed. The average of the high and low trading prices of the Class A Common Stock in the when-issued over-the-counter market on June 4, 1998 was \$20.50.

The \$212.0 million payment did not include all the taxes payable with respect to the shares of Class A Common Stock deliverable upon conversion of the Convertible Preferred Stock; such taxes will be based on the "fair market value" of the Class A Common Stock at the time of conversion. Conversions have occurred at various times since June 4, 1998. As of the date hereof, holders of Depositary Shares representing approximately 43% of the Convertible Preferred Stock have converted or have presented for conversion. ATC has recorded a liability of approximately \$4.7 million due to CBS associated with these conversions, and ATC estimates that its remaining reimbursement obligation with respect to the taxes on the remaining ARS Convertible Preferred Stock will be approximately \$13.5 million under the tax reporting method followed. Such estimate is based on the August 10, 1998 fair market value of the Class A Common Stock of \$23.25 per share. ATC's obligation for such conversions would change by approximately \$1.2 million for each \$1.00 change in the fair market value.

ARS has agreed that it will pursue, for the benefit of and at the cost of ATC, a refund claim, attributable to the "make-whole" provision, estimated at between \$40.0 million to \$45.0 million, based on the appraised "fair market value" and the estimated taxes attributable to conversions of the Convertible Preferred Stock set forth above. Any such refund claim will, in fact, be based on the actual amount of taxes paid. In light of existing tax law, there can, of course, be no assurance that any such refund claim will be successful.

The Separation Agreement provides for closing date balance sheet adjustments based upon the working capital, as defined, and debt levels of ARS. ATC will benefit from or bear the cost of such adjustments. ATC's preliminary estimate of such adjustments is that it will be required to make a payment of not more than \$50.0 million and that, in addition, it will be required to reimburse CBS for the tax consequences of any such payment. The estimated taxes and refund amount stated above include such tax reimbursement amount. Since the amounts of working capital and debt are dependent upon the uncertainty, among other things, of recent operating results and cash capital contributions, as well as CBS Merger expenses, the ultimate payment will differ from the estimate provided herein and ATC is unable to state definitively what payments will be owed by ATC to CBS. Based on the above estimates, ATC has recorded a \$50.0 million liability due to CBS and corresponding reduction in equity to reflect management's estimate at this time.

Interim Preferred Stock Financing: On June 4, 1998, ATC issued \$300.0 million of Interim Preferred Stock and used the proceeds to fund its tax reimbursement obligation to CBS, pay the commitment and other fees and expenses of the issue and sale of such stock and to reduce bank borrowings. As discussed below, the Interim Preferred Stock was redeemed on July 9, 1998 and as a result, the Company incurred an extraordinary loss of approximately \$7.4 million, net of a tax benefit of \$4.9 million, during the third quarter of 1998 representing the write-off of certain commitment, deferred financing and redemption fees.

Due to its short-term nature, the Interim Preferred Stock obligation has been classified as a short-term liability. Dividends, which accrued at a rate equal to the three-month LIBOR then in effect (approximately 5.69%) plus an agreed upon adjustable spread (5.0% for the period in which the obligation was outstanding), have been recorded as interest expense in the accompanying financial statements.

Public Offering of Class A Common Stock: On July 8, 1998, the Company completed a public offering of 27,861,987 shares of Class A Common Stock, \$.01 par value per share (including 2,361,987 shares sold by the Company pursuant to the exercise in full of the underwriters' over-allotment option) at \$23.50 per share. Certain selling stockholders sold an additional 3,874,911 shares in the offering. The Company's net proceeds of the offering (after deduction of the underwriting discount and estimated offering expenses) were approximately \$625.4 million. On July 9, 1998, the Company used approximately \$306.1 million of the net proceeds from the offering to redeem all of the outstanding shares of the Interim Preferred Stock at a price of 101% of the stock's liquidation preference plus accrued on unpaid dividends. The balance was invested in short-term investment grade securities and will be used, together with borrowings under the New Credit Facilities, to fund future acquisitions and construction activities.

New Credit Facilities: In June 1998, ATC and its Borrower Subsidiaries entered into definitive agreements with respect to the New Credit Facilities. The New Credit Facilities with ATS provide for a \$150.0 million term loan maturing at the earlier of (i) eight and one-half years or (ii) December 31, 2006, amortizing quarterly in an amount equal to 2.5% of the principal amount outstanding at June 30, 2001 at the end of each quarter between such date and June 30, 2006, both inclusive, and the balance in two equal installments on September 30, and December 31, 2006. The ATC New Credit Facility was fully drawn at closing and provides for interest rates determined, at the option of ATC, of either the LIBOR Rate (as to be defined) plus 3.50% or the Base Rate (as defined) plus 2.5%. The New Credit Facilities with the Borrower Subsidiaries provide for \$900.0 million credit facilities maturing at the earlier of (a) eight years or (b) June 30, 2006 consisting of the following: (i) a \$250.0 million multiple-draw term loan, (ii) a \$400.0 million reducing revolving credit facility and (iii) a \$250.0 million 364-day revolving credit facility that converts to a term loan facility thereafter. The Borrower Subsidiaries borrowed \$125.0 million in the form of a term loan and an additional approximately \$19.0 million under the revolving credit arrangements that was repaid out of the proceeds of the Interim Preferred Stock sale. The interest rate provisions are similar to those in the prior credit agreement, except that the range over the Base Rate is between 0.00% and 1.250% and the range over the LIBOR Rate is between 0.750% and 2.250%. Borrowings under the Borrower Subsidiaries' New Credit Facilities are conditioned upon compliance with certain financial ratios and are required to be repaid, commencing June 30, 2001, in increasing quarterly amounts designed to amortize the loans at maturity. The loans to ATC and the Borrower Subsidiaries are cross-guaranteed and cross-collateralized by substantially all of the assets of the consolidated group. The Borrower Subsidiaries are required to pay quarterly commitment fees equal to 0.375% or 0.250% per annum, depending on their consolidated financial leverage, on the aggregate unused portion of the aggregate commitment (other than, until take down, the 364-day facility on which it is 0.125% until so taken down). Other provisions of the Borrower Subsidiaries' New Credit Facilities are comparable to the prior credit agreement, although the financial and other covenants are somewhat more favorable to the Borrower Subsidiaries in certain respects, including an increase of the Total Debt (of the Borrower Subsidiaries and their Restricted Subsidiaries) to Annualized Operating Cash Flow ratio from 6.0:1 to 6.5:1 and the inclusion of a Total Debt (of ATC and its Restricted Subsidiaries) to Annualized Operating Cash Flow ratio of 8.0:1. The New Credit Facility of ATC restricts the payment of cash dividends and other distributions and the redemption, purchase or other acquisition of equity securities. In connection with repayment of borrowings under the prior credit agreement out of proceeds of borrowings under the New Credit Facilities, ATC recognized an extraordinary loss of approximately \$1.4 million, net of a tax benefit of \$0.9 million, during the second quarter of 1998.

A substantial portion of ATC's cash flow from operations is required for debt service. Accordingly, ATC's leverage could make it vulnerable to a downturn in the operating performance of its tower properties or in economic conditions. ATC believes that its cash flows from operations will be sufficient to meet its debt service requirements for interest and scheduled payments of principal under the New Credit Facilities. If such cash flow were not sufficient to meet such debt service requirements, ATC might be required to sell equity securities, refinance its obligations or dispose of one or more of its properties in order to make such scheduled payments. There can be no assurance that ATC would be able to effect any of such transactions on favorable terms.

ATC believes that it has sufficient financial resources available to it, including borrowings under the New Credit Facilities to finance operations for the foreseeable future. ATC intends to finance its obligations under pending acquisitions out of borrowings under the New Credit Facilities.

During the six months ended June 30, 1998, ATC had capital expenditures of approximately \$36.2 million primarily related to construction activities. During 1998, ATC (including acquired companies) plans to build or commence construction of approximately 500 towers (most of which are on a build to suit basis) at an estimated aggregate cost of approximately \$100.0 million. If additional substantial acquisition or construction opportunities become available, ATC may require additional financing during 1998. Any such financing could take the form of an increase in the maximum borrowing levels under the New Credit Facilities (which would be dependent on

the ability to meet certain leverage ratios), the issuance of debt or senior equity securities (which could have the effect of increasing its consolidated leverage ratios) or equity securities (which, in the case of Common Stock or securities convertible into or exercisable for Common Stock, would have a dilutive effect on the proportionate ownership of ATC of its then existing common stockholders). There can be no assurance that any such financing would be available on favorable terms.

Management expects that the consummated acquisitions, including the ATC Merger, and current and future construction activities will have a material impact on liquidity. Management believes that the acquisition activities, once integrated, will have a favorable impact on liquidity and will offset the initial effects of the funding requirements. Management also believes that the construction activities may initially have an adverse effect on the future liquidity of ATC as newly constructed towers will initially decrease overall liquidity, although, as such sites become more fully operational and achieve higher utilization, they should generate cash flow, and in the long-term, increase liquidity.

YEAR 2000

ATC is aware of the issues associated with the Year 2000 as it relates to information systems. The Year 2000 is not expected to have a material impact on ATC's current information systems because its software is either already Year 2000 compliant or required changes are not expected to generate material costs. Based on the nature of ATC's business, ATC anticipates it is not likely to experience material business interruption due to the impact of Year 2000 compliance on its customers and vendors. As a result, ATC does not anticipate that incremental expenditures to address Year 2000 compliance will be material to ATC's liquidity, financial position or results of operations over the next few years.

INFLATION

The impact of inflation on ATC's operations has not been significant to date. However, there can be no assurance that a high rate of inflation in the future will not have material adverse effect on ATC's operating results.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB released FAS No. 131 "Disclosures about Segments of an Enterprise and Related Information" (FAS 131). FAS 131 established standards for reporting information about the operating segments in its annual report and interim reports. ATC will provide the required disclosure in its full year 1998 financial information and will provide required interim disclosure commencing with its first fiscal quarter of 1999.

In February 1998, the FASB released FAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits" (FAS 132), which ATC will be required to adopt in 1998. FAS 132 will require additional disclosure concerning changes in ATC's pension obligations and assets and eliminates certain other disclosures no longer considered useful. Adoption of this standard will have no effect on reported consolidated results of operations or financial position.

In June 1998, the FASB issued Statement of Financial Accounting Standards (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." FAS No. 133 establishes standards for accounting and reporting for derivative instruments, and conforms the requirements for treatment of different types of hedging activities. This statement is effective for all fixed quarters of years beginning after June 1999. The Company has not completed its evaluations of FAS No. 133, but does not expect it to significantly affect the accounting and reporting of its current hedging activities.

PART II. OTHER INFORMATION.

ITEM 1.--LEGAL PROCEEDINGS.

In the normal course of business, the Company is subject to certain suits and other matters. Management believes that the eventual resolution of any pending matters, either individually or in the aggregate, will not have a material effect on financial position, liquidity or results of operations.

ITEM 2.--CHANGES IN SECURITIES AND USE OF PROCEEDS.

Changes in Securities -- None

Recent Sales of Unregistered Securities -- On June 4, 1998, the Company entered into the Interim Financing Agreement with respect to a preferred stock financing which provided for the issuance and sale by ATC of up to \$400.0 million of the Interim Preferred Stock to finance ATC's obligation to CBS with respect to tax reimbursement. Pursuant to the Interim Financing Agreement, ATC issued 300,000 shares of Interim Preferred Stock with an initial aggregate liquidation preference of \$300.0 million to several institutional investors. On July 9, 1998, the Company paid approximately \$306.1 million to redeem all of the outstanding shares of the Interim Preferred Stock at a price of 101% of the stock's liquidation preference plus accrued and unpaid dividends.

On June 17, 1998, the Company merged with a company owning a broadcasting tower in the Boston, Massachusetts area and issued 720,000 shares of Class A Common Stock. In connection with this transaction, ATC acquired a \$12.0 million note receivable in connection with the merger and issued a corresponding nonrecourse note payable which is payable only to the extent that payments on the note receivable are made to ATC.

All of the shares referred to in the foregoing paragraphs were issued by ATC in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. Each holder represented that it was acquiring its shares for investment purposes and not with a view to distribution within the meaning of the Securities Act. The stock certificates issued to all such holders bore restrictive legends. No underwriting discounts or commissions were paid by ATC in connection with the foregoing transactions.

Use of Proceeds -- The Company's Registration Statement on Form S-1 (File No. 333-52481) under the Securities Act of 1933, as amended, for its public equity offering (the "Registration Statement") became effective on July 1, 1998 and the offering commenced on July 2, 1998. The offering terminated after the sale of all securities that were registered under the Registration Statement. Credit Suisse First Boston Corporation, BT Alex. Brown Incorporated, Lehman Brothers Inc., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co., Inc., Merrill Lynch Pierce Fenner & Smith Incorporated were the managing underwriters of the offering. The Company registered and sold 27,861,987 shares of Class A Common Stock (including 2,361,987 shares sold by the Company pursuant to the exercise in full of the underwriters' over-allotment option) at \$23.50 per share. The Company's net proceeds of the offering (after deduction of the underwriting discount and estimated offering expenses) were approximately \$625.4 million. On July 9, 1998, the Company used approximately \$306.1 million of the net proceeds from the offering to redeem all of the outstanding shares of the Interim Preferred Stock at a price of 101% of the stock's liquidation preference plus accrued and unpaid dividends. The balance was invested in short-term investment grade securities and will be used to fund future acquisitions and construction activities. None of the expenses paid in connection with the registration and distribution of the Class A Common Stock in the offering, and none of the net offering proceeds, were paid directly or indirectly to directors, officers, or general partners of the Company or their associates, persons owning 10% or more of any class of the Company's securities, or affiliates of the Company.

ITEM 5.--OTHER INFORMATION.

The Company has not scheduled its annual shareholders' meeting for 1999. However, the Company anticipates that the meeting will be held in the month of May. Shareholder proposals intended to be presented at the 1999 annual shareholders' meeting must be received by the Secretary of ATC no later than, January 1, 1999 in order to be included in the Company's proxy statement. Failure to submit such shareholder proposals by the specified date will result in management proxies being allowed to use their discretionary voting authority when the proposal is raised at the annual meeting, without any discussion of the matter in the proxy statement.

ITEM 6.--EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

Listed below are the exhibits which are filed as part of this Form 10-Q (according to the number assigned to them in Item 601 of Regulation S-K). Each exhibit marked by a (*) is incorporated by reference to Amendment No. 2 to ATS's Registration Statement on Form S-1 (File No. 333-52481) as filed with the Securities and Exchange Commission on June 30, 1998. Exhibit numbers in parenthesis refer to the exhibit number in the above Registration Statement.

EXHIBIT NO.	DESCRIPTION OF DOCUMENT	EXHIBIT FILE NO.
3(i).1	Restated Certificate of Incorporation of ATS, as filed with the Secretary of State of the State of Delaware on June 5, 1998.....	(*3(i).1)
3(i).2	Certificate of Designation relating to Exchange Pay-In-Kind Preferred Stock, as filed with the Secretary of State of the State of Delaware on June 4, 1998.....	(*3(i).2)
3(i).3	Certificate of Designation relating to Series A Redeemable Pay-In-Kind Preferred Stock, as filed with the Secretary of State of the State of Delaware on June 4, 1998.....	(*3(i).3)
3(ii).1	By-Laws of ATS.....	(*3(ii).1)
10.1	Parent Loan Agreement, dated as of June 16, 1998, by and among ATS, Toronto Dominion (Texas), Inc., as Administrative Agent, and the Lenders parties thereto..	(*10.1)
10.2A	ATS Facility A Loan Agreement, dated as of June 16, 1998, by and among American Tower Systems, L.P. ("ATSLP") and American Tower Systems (Delaware), Inc. ("ATSI"), as borrowers, and Toronto Dominion (Texas), Inc., as Administrative Agent, and the Banks parties thereto.....	(*10.2A)
10.2B	ATS Facility B Loan Agreement, dated as of June 16, 1998, by and among ATSLP and ATSI, as borrowers, and Toronto Dominion (Texas), Inc., as Administrative Agent, and the Banks parties thereto.....	(*10.2B)
10.3	Registration Rights Agreement, dated as of January 22, 1998, by and among ATS and each of the Parties named therein.....	Filed herewith as Exhibit 10.3
10.4	ARS-ATS Separation Agreement, dated as of June 4, 1998 by and among American Radio Systems Corporation, ATS and CBS Corporation.....	(*10.30)
10.5	Securities Purchase Agreement, dated as of June 4, 1998, by and among ATS, Credit Suisse First Boston Corporation and each of the Purchasers named therein....	(*10.31)
10.6	Registration Rights Agreement, dated as of June 4, 1998, by and among ATS, Credit Suisse First Boston Corporation, Conseco Life Insurance, American Travelers Life Insurance Co. and Great American Reserve Insurance Co. ..	(*10.32)
10.7	Escrow Agreement, dated as of June 4, 1998, by and among ATS	

and Harris Trust and Savings
Bank..... (*10.33)
Financial Data Schedule..... Filed herewith as Exhibit 27

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(b) Reports on Form 8-K.

1. Form 8-K (Items 5 and 7) on May 1, 1998.
2. Form 8-K (Items 5 and 7) on June 4, 1998.
3. Form 8-K (Items 2, 5 and 7) on June 10, 1998.
4. Form 8-K (Items 5 and 7) on July 16, 1998.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

American Tower Corporation

Date: August 14, 1998

By: /s/ Joseph L. Winn

Joseph L. Winn
Treasurer & Chief Financial Officer
(Duly Authorized Officer)

Date: August 14, 1998

By: /s/ Justin D. Benincasa

Justin D. Benincasa
Vice President & Corporate
Controller
(Duly Authorized Officer)

REGISTRATION RIGHTS AGREEMENT
AMONG
AMERICAN TOWER SYSTEMS CORPORATION
and
THE STOCKHOLDERS NAMED HEREIN

January 22, 1998

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of January 22, 1998, by and among American Tower Systems Corporation, a Delaware corporation ("ATS"), and the undersigned Persons which have heretofore agreed to acquire or have acquired the Registrable Securities (individually a "Stockholder" and collectively the "Stockholders" which term is further defined in Section 12(a)).

WHEREAS, American Radio Systems Corporation, a Delaware corporation ("ARS"), and certain of the Stockholders entered into that certain Registration Rights Agreement dated as of November 1, 1993, as heretofore amended and restated (as so amended and restated, the "ARS Agreement"); and

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of September 19, 1997, as amended and restated as of December 18, 1997, by and among ARS, CBS Corporation (formerly, Westinghouse Electric Corporation) and R Acquisition Corp. (the "ARS Merger Agreement"), the Stockholders who are parties to the ARS Agreement will receive shares of Common Stock of ATS; and

WHEREAS, ATS has agreed to grant to those Persons who were a party to the ARS Agreement and who are or may be deemed to be Affiliates of ATS registration rights comparable to those contained in the ARS Agreement; and

WHEREAS, ATS has entered into a Stock Purchase Agreement, dated as of January 8, 1998, with certain of the Stockholders relating to the issue and sale of shares of Common Stock of ATS (the "ATS Stock Purchase Agreement"), and it is a condition of the obligation of such Stockholders to consummate the transactions contemplated by the ATS Stock Purchase Agreement that ATS enter into an agreement substantially in the form of this Agreement; and

WHEREAS, ATS has entered into and may in the future enter into agreements pursuant to which it has agreed or will have agreed to issue securities the holders of which have required or will require registration rights of a nature set forth in this Agreement;

NOW, THEREFORE, in consideration of the recitals, the mutual covenants and agreements herein contained, and other valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

1. Registration of Securities.

(a) Registration by ATS. If at any time or from time to time ATS shall

propose to file on its behalf or on behalf of any of its security holders a registration statement under the Securities Act with respect to any class of Common Stock, except in connection with an Excluded Offering, ATS shall, except to the extent not required to do so pursuant to the provisions of Section 1(d) or 1(e), in each case:

(i) promptly give written notice to each Stockholder at least thirty (30) days (or such shorter period as ATS deems reasonable under the circumstances) before the anticipated filing date. Such notice shall include the anticipated offering price or range thereof and the plan of distribution;

(ii) include in such registration (and any related qualification under blue sky or other state securities laws), and, at the request of a Stockholder, in any underwriting involved therein, all Registrable Securities specified in a written request or requests, made within ten (10) business days after such written notice from ATS, by any Stockholder; and

(iii) use its reasonable business efforts to cause the managing underwriter or underwriters of any proposed underwritten offering of any class of Common Stock to permit the Registrable Securities requested to be included in the Registration Statement for such offering on the same terms and conditions as the Common Stock of ATS included therein. Notwithstanding the foregoing, if the managing underwriters of such offering deliver a written opinion to the holders of such Registrable Securities that marketing considerations require a limitation on the Registrable Securities included in any Registration Statement filed under this Section, then, subject to the advice of said managing underwriter or underwriters as to the size and composition of the offering, and subject to the provisions of Section 1(d), such limitation will be imposed pro rata (based upon the relative proposed public offering price of the Registrable Securities proposed to be included) among all holders of Registrable Securities who requested inclusion in the registration pursuant to this Section.

If any Stockholder desires to have Registrable Securities registered under this Section, it shall be required so to advise ATS in writing within ten (10) business days after the date of ATS' notice, setting forth the number or amount of Registrable Securities for which registration is so requested. Neither the delivery of the notice by ATS nor of the request by any Stockholders shall in any way obligate ATS to file a Registration Statement and, notwithstanding such filing, ATS may, at any time prior to the effective date thereof, determine not to offer the securities to which the registration statement relates without liability to any of the Stockholders. No registration of Registrable Securities effected under this Section shall relieve ATS of its obligation to effect registration of Registrable Securities upon any request made pursuant to the provisions of Section 1(b).

(b) Registration at Stockholders' Request. Upon the written request of any

Significant Stockholder requesting that ATS effect the registration under the Securities Act of all or part of the Registrable Securities held by such Stockholder, specifying the intended method or methods of disposition of such Registrable Securities, ATS shall, except to the extent not required to do so pursuant to the provisions of this Section 1(b) or Section 1(d) or (e), promptly (and in any event within five (5) business days) give written notice of such requested registration to all holders of Registrable Securities and thereupon will expeditiously prepare and, within forty-five (45) days, use its reasonable business efforts to file under the Securities Act a registration statement and effect the registration of:

(i) the Registrable Securities which ATS has been so requested to register by such Stockholders, for disposition in accordance with the intended method of disposition stated in such request, and

(ii) all other Registrable Securities which ATS has been requested to register by the holders of Registrable Securities by written request delivered to ATS within ten (10) business days after the giving of such notice by ATS (which request shall specify the intended method of disposition of such Registrable Securities).

Each registration requested pursuant to this Section shall be effected by the filing of a Registration Statement on Form S-1 (or such other form as the Commission may from time to time require in order to effectuate a public offering of common stock of a company such as ATS and in a method of disposition such as that proposed), unless the use of a different form has been agreed upon in writing by holders of not less than a majority in value (based upon the proposed public offering price) of the Registrable Securities as to which registration has so been requested. Notwithstanding the preceding sentence, ATS need not so cause a

Registration Statement so filed pursuant to the provisions of this Section on a Form S-1 (or any successor form) to become effective under the Securities Act on more than three (3) occasions; provided, however, that there shall be no limit on the number of times ATS is obligated to file Registration Statements on Form S-2 or S-3 (or any successor forms) pursuant to the provisions of this Section (except as contemplated by the definition of Significant Stockholder); and provided further, however, that any registration of Registrable Securities requested by one or more Stockholders pursuant to this Section which shall not have become and remained effective in accordance with the provisions of Section 1(c) shall not be deemed to be a registration for purposes of this Section.

ATS shall not grant to any person the right to request ATS to register, nor shall ATS include in any registration pursuant to this Section, any securities other than the Registrable Securities, without the written consent of holders of not less than a majority in value (based upon the proposed public offering price) of the Registrable Securities as to which registration has been so requested.

Whenever registration requested by one or more Stockholders pursuant to this Section is for an underwritten offering, only Registrable Securities which are to be distributed by the underwriters designated by such Stockholders may be included in such registration, without the written consent of holders of not less than a majority in value (based upon the proposed public offering price) of the Registrable Securities as to which registration has been so requested. If Stockholders holding not less than a majority in value of the Registrable Securities (based upon the proposed public offering price) to be included in such registration shall determine that the number of Registrable Securities should be limited due to market conditions or otherwise, all holders of Registrable Securities proposing to sell Registrable Securities in such underwritten offering shall share pro rata in the number of Registrable Securities to be excluded from such underwritten offering, such sharing to be based on the value (based upon the proposed public offering price) of the respective numbers of Registrable Securities as to which registration has been requested by such Stockholders.

(c) Registration Generally. If and when ATS shall be required by the ----- provisions of this Section to effect the registration of Registrable Securities under the Securities Act, ATS will use its reasonable business efforts to effect such registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto it will, subject to the provisions of Section 1(d) and 1(e), as expeditiously as possible:

(i) before filing a Registration Statement or Prospectus or any amendments or supplements thereto, furnish to the holders of the Registrable Securities covered by such Registration Statement and the managing underwriters, if any, copies of all such documents proposed to be filed, which documents will be made available, on a timely basis, for review by such holders and underwriters, and their respective counsel, and ATS will not file any Registration Statement or amendment thereto or any Prospectus or any supplement thereto to which the holders of not less than a majority in value (based upon the proposed public offering price) of the Registrable Securities covered by such Registration Statement or the managing underwriters, if any, shall reasonably have objected;

(ii) prepare and file with the Commission such amendments and post-effective amendments to any Registration Statement, and such supplements to the Prospectus, as may be reasonably requested by any holder of Registrable Securities included in such Registration Statement or any underwriter of Registrable Securities or as may be required by the rules, regulations or instructions applicable to the registration form utilized by ATS or by the Securities Act, the Exchange Act or otherwise necessary to keep such Registration Statement effective for the applicable period and cause the Prospectus as so supplemented to be filed pursuant to Rule 424 under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all Registrable

Securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of disposition by the holders of such Registrable Securities set forth in such Registration Statement or Prospectus as so supplemented;

(iii) notify the selling holders of Registrable Securities and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such advice in writing,

(A) when the Prospectus or any supplement thereto or any amendment or post-effective amendment to the Registration Statement has been filed, and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective,

(B) of any request by the Commission for amendments or post-effective amendments to the Registration Statement or supplements to the Prospectus or for additional information,

(C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threatening of any proceeding for such purpose,

(D) if at any time the representations and warranties of ATS contemplated by paragraph (xv) below cease to be true and correct in all material respects,

(E) of the receipt by ATS of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, and

(F) of the existence of any Event which results in the Registration Statement, the Prospectus or any document incorporated therein by reference containing an untrue statement of material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(iv) use its reasonable business efforts to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement or any qualification referred to in paragraphs (iii)(C) and (iii)(E) at the earliest possible moment;

(v) if requested by the managing underwriters or a holder of Registrable Securities being sold in connection with an underwritten offering, immediately incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as the managing underwriters or the holders of not less than a majority in value (based upon the proposed public offering price) of the Registrable Securities being sold reasonably request to have included therein relating to the plan of distribution with respect to such Registrable Securities, including, without limitation, information with respect to the amount of other Registrable Securities being sold to such underwriters, the purchase price being paid therefor by such underwriters and with respect to any other terms of the underwritten (or best efforts underwritten) offering of the Registrable Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment promptly after being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(vi) at the request of any selling holder of Registrable Securities, furnish to such selling holder of Registrable Securities and each managing underwriter, if any, without charge, at least one signed copy of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(vii) deliver to each selling holder of Registrable Securities and the underwriters, if any, without charge, as many copies of the Registration Statement, each Prospectus (including each preliminary prospectus) and any amendment or supplement thereto (in each case including all exhibits, except that ATS shall not be obligated to furnish any such selling holder more than two copies of such exhibits other than incorporation documents), as such persons may reasonably request, together with such documents incorporated by reference in such Registration Statement or Prospectus, and such other documents as such selling holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities covered by such registration statement; ATS consents to the use of each Prospectus or any supplement thereto by each selling holder of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by each Registration Statement or any amendment thereto;

(viii) prior to any public offering of Registrable Securities, use its reasonable business efforts to register or qualify or cooperate with the selling holders of Registrable Securities, the underwriters, if any, and their respective counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions as any selling holder or underwriter reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, however, that ATS will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process or general taxation in any such jurisdiction where it is not then so subject;

(ix) cooperate with the selling holders of Registrable Securities and the underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations and registered in such names as the underwriters may reasonably request at least two (2) business days prior to any sale of Registrable Securities to the underwriters;

(x) use its reasonable business efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary or advisable to enable the sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(xi) if any event contemplated by paragraph (iii) (F) above shall exist, prepare and furnish to such holders a post-effective amendment to the Registration Statement or supplement to the Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xii) cause all Registrable Securities covered by the Registration Statement to be listed on each securities exchange or other trading market on which securities of the same class are then listed

or traded or, if the Registrable Securities are not then listed on a securities exchange, and if the NASD is reasonably likely to permit the inclusion of the Registrable Securities on NASDAQ, use its reasonable business efforts to facilitate the inclusion of the Registrable Securities on NASDAQ;

(xiii) not later than the effective date of the Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent or agents with printed certificates or instruments for the Registrable Securities which are in a form eligible for deposit with Depository Trust Company or other transferee and otherwise meeting the requirements of any securities exchange or other trading market on which such Registrable Securities are listed or traded;

(xiv) pay all Registration Expenses in connection with any registration pursuant to the provisions of this Section. Without limiting the generality of the foregoing, in connection with each Registration Statement required hereunder, ATS will reimburse the holders of Registrable Securities being registered pursuant to such Registration Statement for the reasonable fees and disbursements of not more than one counsel (or more than one counsel if a conflict exists among such selling holders in the exercise of the reasonable judgment of counsel for the selling holders and counsel for ATS, provided that such selling holders shall use their reasonable business efforts to minimize conflicts of counsel) chosen by the holders of not less than a majority in value (based on the proposed public offering price) of the Registrable Securities being sold;

(xv) enter into agreements (including underwriting agreements) and take all other appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in such connection, whether or not an underwriting agreement is entered into and whether or not the offer and sale of the Registrable Securities is an underwritten offering:

(A) make such representations and warranties to the holders of such Registrable Securities and the underwriters, if any, in form, substance and scope, reasonably satisfactory to such holders and underwriters, as are customarily made by issuers to underwriters in primary underwritten offerings;

(B) obtain opinions and updates thereof of counsel which counsel and opinions to ATS (in form, scope and substance) shall be reasonably satisfactory to the underwriters, if any, and the holders of not less than a majority in value (based on the proposed public offering price) of the Registrable Securities being sold, addressed to each selling holder and the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such holders and underwriters;

(C) obtain so-called "cold comfort" letters and updates thereof from ATS' independent public accountants addressed to the selling holders of Registrable Securities and the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with primary underwritten offerings and such other matters as may be reasonably requested by such holders and underwriters;

(D) if an underwriting agreement is entered into, cause the same to set forth in full the indemnification provisions and procedures of Section 3 (or such other substantially similar provisions and procedures as the underwriters shall reasonably request) with respect to all parties to be indemnified pursuant to said Section; and

(E) deliver such documents and certificates as may be reasonably requested by the holders of not less than a majority in value (based on the proposed public offering price) of the Registrable Securities being sold or the underwriters, if any, to evidence compliance with the provisions of this Section and with any customary conditions contained in the underwriting agreement or other agreement entered into by ATS.

The requirements of subparagraphs (B), (C) and (D) of this paragraph (xv) shall be complied with at the effectiveness of such Registration Statement, each closing under any underwriting or similar agreement as and to the extent required thereunder and from time to time as may reasonably be requested by a majority in value (based on the proposed public offering price) of Registrable Securities being sold pursuant to such Registration Statement, all in a manner consistent with customary industry practice;

(xvi) make available to a representative of the holders of not less than a majority in value (based on the proposed public offering price) of the Registrable Securities, any underwriter participating in any disposition pursuant to such Registration Statement, and any attorney or accountant retained by such holders or underwriter, all financial, corporate and other records and documents of ATS, and cause ATS' officers, directors and employees to supply all information reasonably requested by any such representatives, underwriter, attorney or accountant in connection with the registration, with respect to each at such time or times as the person requesting such information shall reasonably determine; provided, however, that any records, information or documents that are designated by ATS in writing as confidential shall be kept confidential by such persons unless disclosure of such records, information or documents is required by court or administrative order or applicable law or otherwise becomes public without breach of the provisions of this paragraph;

(xvii) otherwise use its reasonable business efforts to comply with the Securities Act, the Exchange Act, all applicable rules and regulations of the Commission and all applicable state blue sky and other securities laws, rules and regulations, and make generally available to its security holders, earnings statements satisfying the provisions of Section 11(a) of the Securities Act, no later than thirty (30) days after the end of any 12-month period (or ninety (90) days if the end of such 12-month period coincides with the end of a fiscal quarter or fiscal year, respectively) of ATS (A) commencing at the end of any month in which Registrable Securities are sold to underwriters in an underwritten offering, or, if not sold to underwriters in such an offering, (B) beginning with the first month commencing after the effective date of the Registration Statement, which statements shall cover said 12-month periods;

(xviii) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter" that is required to be retained in accordance with the rules and regulations of the NASD);

(xix) promptly prior to the filing of any document which is to be incorporated by reference into the Registration Statement or the Prospectus (after the initial filing of the Registration Statement) provide copies of such document to the selling holders of Registrable Securities, the underwriters, if any, and their respective counsel, make ATS' representatives available for discussion of such document with such persons and make such changes in such document prior to the filing thereof as any such persons may reasonably request; and

(xx) cooperate and assist in any filings required to be made with the FCC, including without limitation the obtaining of any consents of the FCC required in connection with any change in control of ATS.

(d) Restrictions on Registration. Anything in Section 1 to the

contrary notwithstanding, ATS shall not be required to register Registrable Securities on behalf of any Stockholder to the following extent and subject to the following conditions: in the case of any registration initially proposed to be filed solely on behalf of ATS if, in the opinion of the managing underwriters of the proposed public offering (a copy of which opinion shall have been furnished to any Stockholder requesting registration (or each such holder if ATS has elected not to notify the holders of Registrable Securities pursuant to the provisions of Section 1(a) because it is not required to include any Registrable Securities in such registration pursuant to the provisions of this Section)), such registration (or such portion thereof as may be specified in such opinion) would adversely affect the proposed public offering price or the plan of distribution contemplated by the proposed ATS offering, in which event ATS shall (unless in the opinion of such managing underwriters (a copy of which shall be similarly furnished) to do so would materially and adversely affect the proposed public offering price or such plan of distribution)) cause such Registration Statement to remain in effect and to be phrased in such a manner so that the Stockholders requesting registration thereunder may, during a period commencing not less than sixty (60) days or more than ninety (90) days (or such other period as such managing underwriters may approve as not so adversely affecting the proposed public offering price or such plan of distribution) after the closing of the sale to the underwriters pursuant to the original distribution thereunder, offer and sell under such Registration Statement the Registrable Securities referred to in the request of registration pursuant to this Section 1.

(e) Additional Restrictions on Registration. Anything in this Agreement to

the contrary notwithstanding, ATS shall not be required to file a registration statement requested pursuant to this Section 1 if ATS has furnished, to the Stockholders requesting a registration statement to be filed, a certificate signed by the Chief Executive Officer or the Chief Financial Officer of ATS stating that in the good faith judgment of the signer of such certificate the filing of a registration statement would require the disclosure of material information that ATS has a bona fide business purpose for preserving as confidential and that is not then otherwise required to be disclosed; provided, however, that ATS' obligation to use its reasonable business efforts to effect a registration pursuant to this Section 1 may not be deferred pursuant to this paragraph (e) for more than ninety (90) days from the date of receipt of a written request from such Stockholders, and provided further, however, that ATS shall not utilize this right more than once during any twelve (12) month period unless the Stockholders requesting such registration have been afforded a reasonable period (not less than ninety (90) days) during such twelve (12) month period to effect such registration.

2. Conditions to Registration.

Each Stockholder's right to have Registrable Securities included in any Registration Statement filed by ATS in accordance with the provisions of Section 1 shall be subject to the following conditions:

(a) The holders on whose behalf such Registrable Securities are to be included shall be required to furnish ATS in a timely manner with all information required by the applicable rules and regulations of the Commission concerning the proposed method of sale or other disposition of such Registrable Securities, the identity of and compensation to be paid to any proposed underwriters to be employed in connection therewith, and such other information as may be reasonably requested by ATS or its counsel properly to prepare and file such Registration Statement in accordance with applicable provisions of the Securities Act;

(b) If any such holder desires to sell and distribute Registrable Securities over a period of time, or from time to time, at then prevailing market prices, then any such holder shall execute and deliver to ATS such written undertakings as ATS and its counsel may reasonably request in order to assure full compliance with applicable provisions of the Securities Act and the Exchange Act;

(c) In the case of any underwritten offering on behalf of the holders of Registrable Securities pursuant to the provisions of Section 1(b), the managing underwriters shall be subject to the approval of ATS, such approval not to be unreasonably withheld, delayed or conditioned;

(d) In the case of any registration requested pursuant to the provisions of Section 1(a), the offering price for any Registrable Securities to be so registered shall be no less than for any securities of the same class then to be registered for sale for the account of ATS or other security holders, unless such Registrable Securities are to be offered from time to time based on the prevailing market price;

(e) Upon receipt of any notice from ATS of the existence of any event of the nature referred to in paragraph (iii) of Section 1(c), such holder will forthwith discontinue disposition of Registrable Securities until such holders receipt of the copies of the supplemented or amended Prospectus contemplated by such paragraph, or until it is advised in writing by ATS that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the Prospectus, and, if so directed by ATS, such holder will deliver to ATS (at its expense) all copies, other than permanent file copies then in such holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice; and

(f) In the event any filing with or consent of the FCC is required, cooperate and assist in any such filings, including without limitation providing all information required in obtaining any consents of the FCC required in connection with any change in control of ATS.

3. Indemnification.

(a) Indemnification by ATS. In the event of the registration of any

Registrable Securities under the Securities Act pursuant to the provisions hereof, ATS will, to the extent permitted by Applicable Law, indemnify and hold harmless each Stockholder on whose behalf such Registrable Securities shall have been registered, its partners, trustees, advisory committee members, directors, officers, employees, representatives and agents, each underwriter, broker and dealer, if any, who participates in the offering or sale of such Registrable Securities, and each other Person, if any, who controls such Stockholder or any such underwriter, broker or dealer within the meaning of the Securities Act or the Exchange Act (each such person being hereinafter sometimes referred to as an "indemnified person"), from and against any Claims, joint or several, to which such indemnified person may become subject, including without limitation under the Securities Act, the Exchange Act or any state securities or blue sky law, insofar as such Claims arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in any Registration Statement or Prospectus or any amendment or supplement thereto or in any preliminary prospectus, or any document incorporated by reference therein, or arise out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse each such indemnified person for any legal or any other expenses reasonably incurred by such indemnified person in connection with investigating or defending, settling or satisfying any such Claim; provided, however, that ATS will not be liable in any such case to the extent that any such Claim arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made or

incorporated by reference in the Registration Statement, Prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to ATS by such indemnified person specifically stating that it is for use in preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of such Registrable Securities by such Stockholder

(b) Indemnification by Holders of Registrable Securities. In the event of

the registration of any Registrable Securities under the Securities Act pursuant to the provisions hereof, each Stockholder on whose behalf such Registrable Securities shall have been registered will, to the extent permitted by Applicable Law, severally but not jointly, indemnify and hold harmless, ATS, each director of ATS, each officer of ATS who signs the registration statement, each underwriter, broker and dealer, if any, who participates in the offering and sale of such Registrable Securities and each other Person, if any, who controls ATS or any such underwriter, broker or dealer within the meaning of the Securities Act or the Exchange Act (each such person including without limitation ATS being hereinafter sometimes referred to as an "indemnified person"), against any Claims, joint or several, to which such indemnified person may become subject, including without limitation under the Securities Act, the Exchange Act or any state securities or blue sky law, insofar as such Claims arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in any Registration Statement or Prospectus or any amendment or supplement thereto or any document incorporated by reference therein, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, provided that such untrue statement or alleged untrue statement or omission or alleged omission has been made or incorporated therein in reliance upon and in conformity with written information furnished to ATS by such Stockholder specifically stating that it is for use in preparation thereof, and will reimburse each such indemnified person for any legal or any other expenses reasonably incurred by ATS or such indemnified person in connection with investigating or defending, settling or satisfying any such Claim. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of such Registrable Securities by such Stockholder. In no event shall the liability of any such Stockholder hereunder be greater in amount than the dollar amount of the proceeds received by such Stockholder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Procedure. Promptly after receipt by an indemnified party of notice of

the commencement of any action (including any governmental investigation or inquiry), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to such indemnifying party of the commencement thereof, but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than pursuant to the provisions of this Section and then only to the extent such indemnifying party has been prejudiced, or otherwise adversely affected thereby and in no event shall such failure relieve the indemnifying party from any other liability which it may have to the indemnified party. In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party, the indemnifying party shall not, except as hereinafter provided, be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable cost of investigation. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such Claim.

Such indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be the expense of such indemnified party, unless (i) the indemnifying party has agreed to pay such fees and expenses, (ii) the indemnifying party shall have failed to assume the defense of such action or proceeding or has failed to employ counsel reasonably satisfactory to such indemnified party in any such action or proceeding, or (iii) the named parties to any such action or proceeding (including any impleaded parties) include both such indemnified party and the indemnifying party, and such indemnified party shall have been advised in writing by counsel that representation of both parties by the same counsel would be inappropriate due to actual or potential material differing interests between them (in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action or proceeding on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys at any time for such indemnified party and any other indemnified parties, which firm shall be designated in writing by such indemnified parties). The indemnifying party shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the indemnifying party agrees to indemnify and hold harmless such indemnified parties from and against any loss or liability by reason of such settlement or judgment.

(d) Contribution. If the indemnification provided for in this Section or

in Section 4 is unavailable, because prohibited or restricted by Applicable Law, to a party that would have been an indemnified party under either such Section in respect of any Claims referred to therein, then each party that would have been an indemnifying party thereunder shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such Claims in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and such indemnified party on the other in connection with the statement or omission which resulted in such Claims, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or such indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Notwithstanding the provisions of this Section, a holder of Registrable Securities shall not, as an indemnified party, be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such indemnified party or its Affiliates and distributed to the public were offered to the public exceeds the amount of any damages which such indemnified party or its Affiliates have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. ATS and each holder of Registrable Securities agrees that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The amount paid or payable by an indemnified party as a result of the Claims referred to above in this Section or Section 4 shall include any legal or other expenses reasonably incurred by such indemnified party in connection with investigation or defending any such action or claim (which shall be limited as provided in Section 3(c) if the indemnifying party has assumed the defense of any such action in accordance with the provisions thereof). The obligations of each Stockholder under this Section 3(d) are several and not joint.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Indemnification or, if appropriate, contribution, similar to that specified in the preceding provisions of this Section (with appropriate modifications) shall be given by ATS and each seller of Registrable Securities with respect to any required registration or other qualification of Registrable Securities under any Applicable Law other than the Securities Act.

In the event of any underwritten offering of Registrable Securities under the Securities Act pursuant to the provisions of Section 1, ATS and each Stockholder on whose behalf Registrable Securities shall have been registered agree to enter into an underwriting agreement, in standard form, with the underwriters, which underwriting agreement may contain additional provisions with respect to indemnification and contribution in lieu of the provisions of this Section.

4. Exchange Act Registration.

ATS covenants and agrees that, at its expense, until such time as the Stockholders no longer hold any Registrable Securities:

(a) it will, if required by law, maintain a registration statement (containing such information and documents as the Commission shall specify) with respect to the Common Stock of ATS under Section 12(b) or 12(g) of the Exchange Act effective and will file on time such information, documents and reports as the Commission may require or prescribe for companies whose stock has been registered pursuant to said Section 12(b) or 12(g);

(b) it will, if a registration statement with respect to the Common Stock of ATS under Section 12(b) or Section 12(g) is effective, upon the request of any Stockholder, make whatever other filings with the Commission or otherwise make generally available to the public such financial and other information as any Stockholder may deem necessary or advisable in order to enable him to be permitted to sell shares of Common Stock pursuant to the provisions of Rule 144 promulgated under the Securities Act (or any successor rule or regulation thereto or any statute hereafter adopted to replace or to establish the exemption that is now covered by said Rule 144);

(c) it will, if not subject to Section 13 to 15(d) of the Exchange Act, upon the request of any Significant Stockholder made on or after December 31, 1998, make publicly available the information specified in subparagraph (c)(2) of said Rule 144, and will take such further action as any Stockholder may reasonably request, all to the extent required from time to time to enable such Stockholder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by said Rule 144 (or any successor rule or regulation to either thereof or any statute hereafter adopted to replace or to establish the exemption that is now covered by said Rule 144); and

(d) it will, if not subject to Section 13 to 15(d) of the Exchange Act, upon the request of any Stockholder agree to furnish to a prospective purchaser (subject to the execution by it of a confidentiality agreement in form, scope and substance reasonably satisfactory to ATS) the information specified in subparagraph (d)(4) of Rule 144A promulgated under the Securities Act (or any successor rule or regulation thereto or any statute hereafter adopted to replace or to establish the exemption that is now covered by said Rule 144A), and will take such further action as any Stockholder may reasonably request, all to the extent required from time to time to enable such Stockholder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by said Rule 144A (or any successor rule or regulation thereto or any statute hereafter adopted to replace or to establish the exemption that is now covered by said Rule 144A); and

(e) upon the request of any Stockholder, it will deliver to such Stockholder a written statement as to whether it has complied with the requirements of this Section.

ATS represents and warrants that any such registration statement or any information, documents or report filed with the Commission in connection therewith or any information so made public shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. ATS shall, to the extent permitted by Applicable Law, indemnify and hold harmless (or to the extent the same is not enforceable, make contribution to) the Stockholders, their partners, trustees, advisory committee members, officers, directors, employees, representatives and agents, each broker, dealer or underwriter (within the meaning of the Securities Act) acting for any Stockholder in connection with any offering or sale by such Stockholder of Registrable Securities or any person, firm or corporation controlling (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) such Stockholder or any such broker, dealer or underwriter from and against any and all Claims arising out of or resulting from any breach of the foregoing representation or warranty, all on terms and conditions comparable to those set forth in Section 3; provided, however, that ATS shall be given written notice and an opportunity to participate in, and, to the extent that it may wish, to assume on terms and conditions comparable to those set forth in Section 3, the defense thereof.

5. Termination of Registration Obligations.

The obligations of ATS to any Stockholder with respect to its rights of registration provided for in Section 1:

(a) shall continue until such time as Sullivan & Worcester LLP, or other counsel for ATS knowledgeable in securities law matters and reasonably acceptable to such Stockholder has delivered a written opinion to ATS and such Stockholder to the effect that either (i) such Stockholder has no further obligation to comply with the registration requirements of the Securities Act or to deliver a prospectus meeting the requirements of Section 10(a)(3) of the Securities Act in connection with further sales by such Stockholder of Registrable Securities or (ii) such Stockholder is able to sell all of the Registrable Securities owned by him pursuant to the provisions of Rule 144 under the Securities Act in a three-month period; and

(b) shall not apply to any proposed sales or other dispositions or offers therefor of any Registrable Securities with respect to which Sullivan & Worcester LLP, or other counsel for ATS knowledgeable in securities law matters and reasonably acceptable to such Stockholder has delivered a written opinion to ATS and the Stockholder proposing to make such offer, sale or other disposition to the effect that such Stockholder has no obligation to comply with the registration requirements of the Securities Act or to deliver a prospectus meeting the requirements of Section 10(a)(3) of the Securities Act.

Any such opinion (a copy of which shall be addressed to such Stockholder) shall be reasonably satisfactory (in the case of such opinion as to form, scope and substance) to such Stockholder.

ATS shall, to the extent permitted by Applicable Law, indemnify and hold harmless each Stockholder, its partners, trustees, advisory committee members, officers, directors, employees, representatives and agents and each person, if any, who controls such Stockholder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, against any Claims to which such Stockholder, or such partners, trustees, advisory committee members, officers, directors, employees, representatives and agents or

controlling persons may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims arise out of or are based upon the failure to register the Registrable Securities because of the invocation by ATS of the provisions of this Section under the Securities Act, all on terms and conditions comparable to those set forth in Section 3; provided, however, that ATS shall be given written notice and an opportunity to participate in, and to the extent that it may wish, to assume, on terms and conditions comparable to those set forth in Section 3, the defense thereof.

The indemnification and contributions provisions of Sections 3 and 4 and this Section, and the obligations of each Stockholder pursuant to the provisions of Section 9, shall survive any termination of ATS' obligations pursuant to this Section.

6. Registration Rights of Others.

ATS represents and warrants that it has not previously entered into any agreement with respect to its securities granting any registration rights to any Person.

7. Mergers, etc.

In addition to any other restrictions on mergers, consolidations and reorganizations contained in the Restated Certificate of Incorporation, by-laws or agreements of ATS, ATS covenants and agrees that it shall not, directly or indirectly, enter into any merger, consolidation, sale of all or substantially all of its assets or business, liquidation, dissolution or reorganization in which ATS shall not be the surviving corporation unless the surviving corporation shall, prior to such merger, consolidation or reorganization, agree in a writing to assume all of the obligations of ATS under this Agreement, and for that purpose references hereunder to "Registrable Securities" shall be deemed to include the securities which such holders would be entitled to receive in exchange for Registrable Securities pursuant to any such merger, consolidation, sale of all or substantially all of its assets or business, liquidation, dissolution or reorganization.

8. Annual and Quarterly Reports; Other Information.

ATS will deliver to each Stockholder so long as such Stockholder holds any Registrable Securities:

(a) as soon as practicable after the end of each fiscal year and each quarter, audited annual and unaudited consolidated quarterly financial statements of ATS, including a consolidated balance sheet, a consolidated statement of operations, and a consolidated statement of cash flow, for such year or quarter, all prepared in accordance with generally accepted accounting principles;

(b) as soon as available, copies of all documents filed with the Commission; and

(c) such other financial and other information as may, from time to time, be reasonably requested by any Significant Stockholder.

9. Lock-Up Agreement.

Each Stockholder (other than any Stockholder who is not a director and owns, at such time, 2% or less of all of the Common Stock) agrees that, if required in connection with the contemplated offering by the managing underwriter, (a) it and the Restricted Securities shall be bound by any "lock-up" or other agreement between ATS and any underwriter of Common Stock (or other equity securities of ATS) which may be entered into in connection with each underwritten public offering of the Common Stock (or other equity securities of ATS) so long as the "lock-up" period does not exceed ninety (90) days (or such longer period (not exceeding

one hundred and eighty (180) days) in connection with the initial underwritten public offering of Class A Common Stock as the managing underwriters shall have requested) following the commencement of the public offering, and (b) it will execute such agreements or other documents as may be reasonably requested by any such underwriter in order to evidence its agreement set forth in this Section.

10. Withdrawals.

Any Stockholder may at any time withdraw any request made pursuant to Section 1 for registration of its Registrable Securities; provided, however, that to the extent that such withdrawal or withdrawals result in a termination of any offering proposed to be made pursuant to Section 1, ATS shall be deemed to have consummated such offering for purposes of Section 1 unless such Stockholder(s) agree to reimburse ATS for all Registration Expenses incurred by ATS in connection with such terminated offering. Notwithstanding anything in the foregoing provisions of this Section to the contrary, the provisions of this Section shall not be applicable in the event that any such withdrawal or withdrawals resulting in such termination is or are effected on account of (a) ATS' failure to disclose any material fact required to be disclosed in the registration statement or any prospectus relating to such offering or (b) any material adverse change in ATS, its business, assets or condition (financial or other).

11. Definitions.

As used herein, unless the context otherwise requires, the terms (or any variant in the form thereof) set forth in this Agreement shall have the respective meanings so set forth. Terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa, and the reference to

any gender shall be deemed to include all genders. Unless otherwise defined or the context otherwise clearly requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each agreement, notice, certificate, communication, opinion or other document executed or required to be executed pursuant hereto or thereto or otherwise delivered, from time to time, pursuant hereto or thereto.

"AFFILIATE" of any Person shall mean any Person which, directly or indirectly, owns or controls, is under common ownership or control with, or is owned or controlled by, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power to direct or cause the direction of the management or policies of such Person or the disposition of its assets or property, whether by stock, equity or other ownership, contract, arrangement or understanding, or otherwise.

"AGREEMENT" is defined in the first paragraph.

"APPLICABLE LAW" shall mean any Law of any Authority, whether domestic or foreign, including without limitation all federal and state Laws, to which the Person in question is subject or by which it or any of its business or operations is subject or any of its property is bound.

"ARS" is defined in the first Whereas clause.

"ARS AGREEMENT" is defined in the first Whereas clause.

"ATS" is defined in the first paragraph.

"AUTHORITY" shall mean any governmental or quasi-governmental authority, whether executive, legislative, judicial, administrative or other, or any combination thereof, including without limitation any federal, state, territorial, county, municipal or other government or governmental or quasi-governmental

agency, arbitrator, board, body, branch, bureau or comparable agency or Entity, commission, corporation, court, department, instrumentality, mediator, panel, system or other political unit or subdivision or other Entity of any of the foregoing, whether domestic or foreign.

"CLAIMS" shall mean, with respect to any Person, any and all debts, liabilities, obligations, losses, damages, deficiencies, assessments and penalties of or against such Person, together with all Legal Actions, pending or threatened, claims and judgments of whatever kind and nature relating thereto, and all fees, costs, expenses and disbursements (including without limitation reasonable attorneys' and other legal fees, costs and expenses) relating to any of the foregoing.

"COMMON STOCK", "CLASS A COMMON", "CLASS B COMMON" or "CLASS C COMMON", shall mean those respective securities described in the Restated Certificate of Incorporation of ATS.

"COMMISSION" shall mean the Securities and Exchange Commission or any successor Authority.

"EXCLUDED OFFERING" shall mean (a) an offering relating solely to dividend reinvestment plans or stock option or other employee benefit plans, (b) any merger, consolidation or acquisition, (c) any exchange or tender offer, whether with existing security holders of ATS or any other Person, or (d) a firm underwritten offering relating solely to convertible securities or units consisting of securities senior to Common Stock and warrants, options and rights to acquire Common Stock in which the managing underwriters shall have objected to the inclusion of any Registrable Securities.

"ENTITY" shall mean any corporation, firm, unincorporated organization, association, partnership, a trust (inter vivos or testamentary), an estate of a deceased, insane or incompetent individual, business trust, joint stock company, joint venture or other organization, entity or business, whether acting in an individual, fiduciary or other capacity, or any Authority.

"EQUITY AGREEMENT" shall mean any one of (i) the ARS Agreement, (ii) the ATS Stock Purchase Agreement; (iii) the Gearon Agreement and (iv) any other agreements approved from time to time by Board of Directors of ATS pursuant to which Common Stock of ATS may be issued. "EQUITY AGREEMENTS" shall mean all of the foregoing agreements.

"EVENT" shall mean the existence or occurrence of any act, action, activity, circumstances, condition, event, fact, failure to act, omission, incident or practice, or any set or combination of any of the foregoing.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, and the rules and regulations of the Commission thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"FCC" shall mean the Federal Communications Commission or any successor Authority.

"GEARON AGREEMENT" shall mean the Agreement and Plan of Merger, dated as of November 21, 1997, by and among ATS, American Tower Systems, Inc., Gearon & Co., Inc. and J. Michael Gearon, Jr.

"GEARON STOCKHOLDERS" shall mean the parties who received ATS Class A Common Stock in exchange for their capital stock in Gearon & Co., Inc. pursuant to terms and provisions of the Gearon Agreement. All registration decisions of the Gearon Stockholders under this Agreement shall be made by the

holders of not less than a majority in value (based on the proposed public offering) of the Registrable Securities held by such Gearon Stockholders.

"LAW" shall mean any (a) administrative, judicial, legislative or other action, code, consent decree, constitution, decree, directive, enactment, finding, law, injunction, interpretation, judgment, order, ordinance, policy statement, proclamation, promulgation, regulation, requirement, rule, rule of law, rule of public policy, settlement agreement, statute, or writ of any Authority, domestic or foreign; (b) the common law, or other legal precedent; or (c) arbitrator's, mediator's or referee's award, decision, finding or recommendation.

"LEGAL ACTION" shall mean, with respect to any Person, any and all litigation or legal or other actions, arbitrations, counterclaims, investigations, proceedings, requests for material information by or pursuant to the order of any Authority or suits, at law or in arbitration, equity or admiralty, whether or not purported to be brought on behalf of such Person, affecting such Person or any of such Person's business, property or assets.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"NASDAQ" shall mean the automatic quotation system of NASD.

"ORIGINAL ARS AGREEMENT" is defined in the first Whereas clause.

"PERSON" shall mean any natural individual or any Entity.

"PROSPECTUS" shall mean each prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement and by all other amendments and supplements to the prospectus, including each preliminary prospectus and post-effective amendments and all material incorporated by reference in such prospectus.

"REGISTRABLE SECURITIES" shall mean (a) all shares of Class A Common Stock acquired by any of the Stockholders (i) pursuant to any of the Equity Agreements, or (ii) directly or indirectly through one or more such conversions or exchanges, upon the exercise of conversion or exchange provisions set forth in other securities of ATS issued pursuant to the provisions of any of the Equity Agreements, or pursuant to the redemption or repurchase of any such securities, and (b) all shares of Common Stock of whatever series or class or other equity securities of ATS derived from the Registrable Securities, whether as a result of merger, consolidation, stock split, stock dividend, stock distribution, stock combination, recapitalization or similar event.

"REGISTRATION EXPENSES" shall mean all (or where appropriate any one or more) of the following:

(a) all registration, filing and listing fees;

(b) fees and expenses of compliance with securities or blue sky laws (including without limitation reasonable fees and disbursements of counsel for the underwriters or selling holders in connection with blue sky and state securities qualifications of the Registrable Securities under the laws of such jurisdictions as the managing underwriters or the holders of not less than a majority in value (based on the proposed public offering price) of the Registrable Securities being sold may designate);

(c) printing (including without limitation expenses of printing or engraving certificates for the Registrable Securities in a form eligible for deposit with Depositary Trust Company and otherwise

meeting the requirements of any securities exchange on which they are listed and of printing Prospectuses), word processing, messenger, telephone and delivery expenses;

(d) fees and disbursements of counsel for ATS, and reasonable fees and disbursements of counsel for the underwriters and for the selling holders of the Registrable Securities in accordance with the provisions of Section 1(c)(xiv) (subject to any provisions to the contrary in this Agreement);

(e) fees and disbursements of all independent public accountants of ATS (including without limitation the expenses of any annual or special audit and "cold comfort" letters required by the provisions of this Agreement);

(f) fees and disbursements of underwriters (excluding discounts, commissions or fees of underwriters), selling brokers, dealer managers or similar securities industry professionals relating to the distribution of the Registrable Securities or legal expenses of any Person other than ATS, the underwriters and the selling holders;

(g) securities act liability insurance if ATS so desires or if the underwriters or the holders of not less than a majority in value (based on the proposed public offering price) of the Registrable Securities being sold so require;

(h) fees and expenses of other Persons, including any experts, retained by ATS;

(i) fees and expenses incurred in connection with the listing of the Registrable Securities on each securities exchange on which securities of the same class are then listed;

(j) fees and expenses associated with any NASD filing required to be made in connection with any Registration Statement, including, if applicable, the fees and expenses of any "qualified independent underwriter" (and its counsel) that is required to be retained in accordance with the rules and regulations of the NASD;

(k) ATS' internal expenses (including without limitation all salaries and expenses of its officers and employees performing legal or accounting duties); and

(l) all other costs and expenses normally associated with the issuance and sale of newly issued public securities.

"REGISTRATION STATEMENT" shall mean any registration statement of ATS which covers Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments, including post-effective amendments to such registration statement, and supplements to such Prospectus and all exhibits and all material incorporated by reference in such registration statement.

"SECURITIES ACT" shall mean the Securities Act of 1933, and the rules and regulations of the Commission thereunder, all as from time to time in effect, or any successor law, rules or regulations, and any reference to any statutory or regulatory provision shall be deemed to be a reference to any successor statutory or regulatory provision.

"SIGNIFICANT STOCKHOLDER" shall mean any Stockholder, or group of Stockholders acting together, which owns not less than the following percentage or amount of Common Stock:

(a) if ATS is not then subject to Section 13 or 15(d) of the Exchange Act, (i) shares of Common Stock with a market value (based on the proposed public offering price if the Common Stock is not, at the time, publicly traded) of not less than \$25,000,000, or (ii) 15.38% of the outstanding shares of Common Stock (on a fully diluted basis);

(b) if ATS is then so subject to Section 13 or 15(d) of the Exchange Act, shares of Common Stock with a market value of not less than \$10,000,000; provided, however, that notwithstanding the foregoing, in the event ATS is, at the time of any request made pursuant to the provisions of Section 1(b), eligible to file a Registration Statement on Form S-3 (or any successor form) with respect to the proposed disposition of the Registrable Securities with respect to which such request has been made, and such form is acceptable to the holders making such request, the minimum market value of the Registrable Securities shall be not less than \$5,000,000; and

(c) J. Michael Gearon, Jr. so long as he holds not less than fifty percent (50%) of the shares of Registrable Securities received by him pursuant to the consummation of the Gearon Agreement and proposes to register shares of Registrable Securities with a market value of not less than \$10,000,000.

"STOCKHOLDERS" shall mean those persons who executed this Agreement or who hereafter become parties to this Agreement by executing a counterpart hereof, and is further defined in Section 12(a).

"SUBSIDIARY" shall mean, with respect to any Person, any Entity a majority of the capital stock ordinarily entitled to vote for the election of directors, or if no such voting stock is outstanding a majority of the equity interests, of which is owned directly or indirectly by such Person or any Subsidiary of such Person.

12. Miscellaneous.

(a) Assignment; Successors and Assigns. In the event that ATS shall be

merged with, or consolidated into, any other Entity or in the event that it shall sell and transfer substantially all of its assets to another Entity, the terms of this Agreement shall inure to the benefit of, and be assumed by, the Entity resulting from such merger or consolidation, or to which ATS' assets shall be sold and transferred. Anything in this Agreement to the contrary notwithstanding, the term "Stockholders" as used in this Agreement shall be deemed to include the holders from time to time of any of the Registrable Securities, whether or not they become parties to this Agreement, except for holders who have acquired Registrable Securities in connection with an offering registered under the Securities Act or pursuant to sales made in accordance with Rule 144 (or any successor rule or regulation or statute in substitution therefor). The rights to cause ATS to register Registrable Securities pursuant to Section 1 may be assigned in connection with any transfer or assignment by a holder of Registrable Securities; provided, however, that (i) such transfer may otherwise be effected in accordance with applicable securities laws and (ii) such transfer is effected in compliance with the restrictions on transfer contained in any agreement between ATS and such holder. ATS' obligations under this Agreement shall not be assigned, and its duties under this Agreement shall not be delegated, except as provided in the first sentence of this Section. Nothing in this Agreement expressed or implied is intended to and shall not be construed to confer upon or create in any Person (other than the parties hereto and their permitted successors and assigns) any rights or remedies under or by reason of this Agreement, including without limitation any rights to enforce this Agreement.

(b) Specific Performance; Other Rights and Remedies. Each party recognizes

and agrees that the other parties' remedies at law for any breach of the provisions of this Agreement would be inadequate and agrees that for breach of such provisions, each such party shall, in addition to such other remedies as may be available to it at law or in equity or as provided in this Agreement, be entitled to injunctive relief and to enforce its rights by an action for specific performance to the extent permitted by Law. Each party hereby waives any

requirement for security or the posting of any bond or other surety in connection with any temporary or permanent award of injunctive, mandatory or other equitable relief. Nothing herein contained shall be construed as prohibiting any party from pursuing any other remedies available to it for such breach or threatened breach, including without limitation the recovery of damages.

(c) Expenses. Each party shall pay its own expenses incident to the

negotiation, preparation, performance and enforcement of this Agreement (including all fees and expenses of its counsel, accountants and other consultants, advisors and representatives for all activities of such persons undertaken pursuant to this Agreement), except to the extent otherwise specifically set forth in this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement

among the parties with respect to the subject matter hereof and supersedes all prior agreements, arrangements, covenants, promises, conditions, understandings, inducements, representations and negotiations, expressed or implied, oral or written, among them as to such subject matter.

(e) Waivers; Amendments. Notwithstanding anything in this Agreement to the

contrary, amendments to and modifications of this Agreement may be made, required consents and approvals may be granted, compliance with any term, covenant, agreement, condition or other provision set forth herein may be omitted or waived, either generally or in a particular instance and either retroactively or prospectively with, but only with, the written consent of ATS (to the extent it is entitled to the benefit thereof) and (i) with respect to the rights of the Stockholders set forth in Section 1(b), including without limitation the definition of Significant Stockholder (except with respect to clause (c) of the definition of Significant Stockholder which cannot be amended or modified without the prior written consent of J. Michael Gearon, Jr., or his respective successors or assigns), two-thirds (2/3) in interest of the Stockholders, and (ii) with respect to all other rights and obligations of the Stockholders, a majority in interest of the Stockholders (to the extent they are entitled to the benefit thereof or obligated thereby); provided, however, that (x) in the event any such amendment, modification, consent, approval or waiver shall be for the benefit of or materially adverse to less than all of the Stockholders, such amendment, modification, consent, approval or waiver shall require a majority in interest of those Stockholders who are not so benefitted or who are so materially adversely affected and (y) ATS may from time to time amend this Agreement solely to add Stockholders to this Agreement, subject only to the approval of the Board of Directors in accordance with Section 6.

(f) Notices. All notices and other communications which by any provision

of this Agreement are required or permitted to be given shall be given in writing and shall be (a) mailed by first-class or express mail, postage prepaid, (b) sent by telex, telegram, telecopy or other form of rapid transmission, confirmed by mailing (by first class or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or (c) personally delivered to the receiving party (which if other than an individual shall be an officer or other responsible party of the receiving party). All such notices and communications shall be mailed, sent or delivered as follows:

If to American Tower Systems Corporation, at

116 Huntington Avenue
Boston, MA 02116
Attention: Steven B. Dodge, Chairman of the Board and Chief
Executive Officer
Facsimile: (617) 375-7575

with a copy to:

Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109
Attention: Norman A. Bikales, Esq.
Facsimile: (617) 338-2880

If to any Stockholder, at his address as it appears on the stock records of ATS, and/or to such other person(s), telex or facsimile number(s) or address(es) as the party to receive any such communication or notice may have designated by written notice to the other parties.

(g) Severability. If any provision of this Agreement shall be held or

deemed to be, or shall in fact be, invalid, inoperative, illegal or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases, because of the conflicting of any provision with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question invalid, inoperative, illegal or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative, illegal or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy, but this Agreement shall be reformed and construed in any such jurisdiction or case as if such invalid, inoperative, illegal or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such jurisdiction or in such case, except when such reformation and construction could operate as an undue hardship on either party, or constitute a substantial deviation from the general intent and purpose of such party as reflected in this Agreement. The parties shall endeavor in good faith negotiations to replace the invalid, inoperative, illegal or unenforceable provisions with valid, operative, legal and enforceable provisions the economic effect of which comes as close as possible to that of the invalid, inoperative, illegal or unenforceable provisions.

(h) Counterparts. This Agreement may be executed in several counterparts,

each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, binding upon all the parties hereto. In pleading or proving any provision of this Agreement, it shall not be necessary to produce more than one of such counterparts.

(i) Section Headings. The headings contained in this Agreement are for

reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(j) Governing Law. The validity, interpretation, construction and

performance of this Agreement shall be governed by the applicable laws of the United States of America and the domestic substantive laws of the State of New York without giving effect to any choice or conflict of laws provision or rule that would cause the application of domestic substantive laws of any other jurisdiction.

(k) Further Acts. Each party agrees that at any time, and from time to

time, before and after the consummation of the transactions contemplated by this Agreement, it will do all such things and execute and deliver all such agreements, assignments, instruments, other documents and assurances, as any other party or its counsel reasonably deems necessary or desirable in order to carry out the terms and conditions of this Agreement and the transactions contemplated hereby or to facilitate the enjoyment of any of the rights created hereby or to be created hereunder.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement as of January 22, 1998.

American Tower Systems Corporation

By: _____

Name: Steven B. Dodge

Title: Chairman of the Board and Chief Executive Officer

Steven B. Dodge

Thomas S. Dodge Irrevocable Trust

By: _____

Name:

Title:

Kristen A. Dodge Irrevocable Trust

By: _____

Name:

Title:

Benjamin P. Dodge Irrevocable Trust

By: _____

Name:

Title:

Norman A. Bikales

Alan L. Box

Charlton H. Buckley

Chase Equity Associates, L.P.
By Chase Capital Partners, General Partner

By: _____

Name:
Title:

James S. Eisenastein

Arthur C. Kellar

Michael B. Milson

Steven J. Moskowitz

Joseph L. Winn

Thomas H. Stoner

Thomas H. Stoner and Bessemer Trust Company,
Trustees of Ruth H. Spencer Irrevocable Trust

By: _____

Bessemer Trust Company, Trustee of
Thomas H. Stoner Irrevocable Trust,

By: _____

Name:
Title:

Katharine E. Stoner

Ruth Rochelle Stoner

Thomas Stoner, Jr.

Theodore A. Stoner

Katharine E. Stoner, Trustee of
Alden Ellsworth Stoner 30 Trust

Katharine E. Stoner, Trustee of
Lavonne Elizabeth Ellsworth 21 Trust

Bessemer Trust Company, Trustee of
Alden Elizabeth Stoner 35 Trust

By: _____
Name:
Title:

Katharine and Thomas Stoner Foundation

By: _____
Name:
Title:

Thomas H. Stoner Charitable Remainder Unitrust
dated May 3, 1993

By: _____
Name:
Title:

Gearon Stockholders:

J. Michael Gearon, Jr.

The 1997 Gearon Family Trust

By: J. Michael Gearon, Sr., Trustee

Dan King Brainard

Jeff Ebihara

Doug Wiest

American Tower Corporation Stockholders:

Fred R. Lummis

Clear Channel Communications, Inc.

By: _____

Name: Randall Mays
Title: Chief Financial Officer

Chase Manhattan Capital Corporation

By: _____

Name: Matthew Lori
Title: Principal

3-MOS

	DEC-31-1998	
	JUN-30-1998	
		63,716
		0
	13,874	
	661	
		0
	82,138	
		356,883
	10,142	
	1,137,701	
381,554		
		300,524
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		0
		785
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1,137,701		
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	23,082	
		0
	24,291	
	13,541	
	230	
	7,472	
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	1,382	
		0
	19,799	
	(0.35)	
	(0.35)	