AMERICAN TOWER CORP /MA/
Form 10-Q
October 31, 2017

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

FORM 10-Q

(Mark One):

x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. For the quarterly period ended September 30, 2017.

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

Commission File Number: 001-14195

AMERICAN TOWER CORPORATION
(Exact name of registrant as specified in its charter)

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

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

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

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

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨
Emerging growth company	¨		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

As of October 24, 2017, there were 428,856,376 shares of common stock outstanding.

AMERICAN TOWER CORPORATION
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FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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

	September 30, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$799,467	$787,161
Restricted cash	155,208	149,281
Short-term investments	1,032	4,026
Accounts receivable, net	508,626	308,369
Prepaid and other current assets	499,241	441,033
Total current assets	1,963,574	1,689,870
PROPERTY AND EQUIPMENT, net	10,795,057	10,517,258
GOODWILL	5,371,679	5,070,680
OTHER INTANGIBLE ASSETS, net	11,580,994	11,274,611
DEFERRED TAX ASSET	221,759	195,678
DEFERRED RENT ASSET	1,454,780	1,289,530
NOTES RECEIVABLE AND OTHER NON-CURRENT ASSETS	931,483	841,523
TOTAL	$32,319,326	$30,879,150
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$119,745	$118,666
Accrued expenses	774,072	620,563
Distributions payable	286,911	250,550
Accrued interest	103,242	157,297
Current portion of long-term obligations	687,382	238,806
Unearned revenue	288,884	245,387
Total current liabilities	2,260,236	1,631,269
LONG-TERM OBLIGATIONS	18,581,381	18,294,659
ASSET RETIREMENT OBLIGATIONS	1,054,092	965,507
DEFERRED TAX LIABILITY	976,725	777,572
OTHER NON-CURRENT LIABILITIES	1,190,486	1,142,723
Total liabilities	24,062,920	22,811,730
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTERESTS	1,146,773	1,091,220
EQUITY:		
Preferred stock: $.01 par value; 20,000,000 shares authorized;		
5.25%, Series A, 6,000,000 shares issued, 0 and 6,000,000 shares outstanding; aggregate liquidation value of $0 and $600,000, respectively	—	60
5.50%, Series B, 1,375,000 shares issued, 1,374,986 and 1,375,000 shares outstanding; aggregate liquidation value of $1,374,986 and $1,375,000, respectively	14	14
Common stock: $.01 par value; 1,000,000,000 shares authorized; 437,510,284 and 429,912,536 shares issued; and 429,243,720 and 427,102,510 shares outstanding, respectively	4,375	4,299
Additional paid-in capital	10,212,535	10,043,559
Distributions in excess of earnings	(975,158)	(1,076,965)

Accumulated other comprehensive loss	(1,839,029)	(1,999,332)
Treasury stock (8,266,564 and 2,810,026 shares at cost, respectively)	(884,610)	(207,740)
Total American Tower Corporation equity	6,518,127	6,763,895
Noncontrolling interests	591,506	212,305
Total equity	7,109,633	6,976,200
TOTAL	$32,319,326	$30,879,150

See accompanying notes to unaudited consolidated and condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
REVENUES:				
Property	$1,655,349	$1,497,936	$4,887,588	$4,191,779
Services	25,417	16,909	71,850	54,340
Total operating revenues	1,680,766	1,514,845	4,959,438	4,246,119
OPERATING EXPENSES:				
Costs of operations (exclusive of items shown separately below):				
Property (including stock-based compensation expense of $476, $426, $1,776 and $1,325, respectively)	511,151	485,525	1,504,552	1,280,386
Services (including stock-based compensation expense of $189, $172, $613 and $578, respectively)	8,608	5,712	25,098	22,007
Depreciation, amortization and accretion	432,354	397,999	1,249,849	1,137,398
Selling, general, administrative and development expense (including stock-based compensation expense of $23,798, $19,628, $84,034 and $68,309, respectively)	147,961	131,537	465,905	405,086
Other operating expenses	19,541	14,998	44,595	37,509
Total operating expenses	1,119,615	1,035,771	3,289,999	2,882,386
OPERATING INCOME	561,151	479,074	1,669,439	1,363,733
OTHER INCOME (EXPENSE):				
Interest income, TV Azteca, net of interest expense of $292, $279, $874 and $846, respectively	2,713	2,742	8,183	8,206
Interest income	8,313	6,376	26,551	16,378
Interest expense	(188,784)	(190,160)	(559,507)	(531,076)
(Loss) gain on retirement of long-term obligations	(14,183)	—	(69,897)	830
Other (expense) income (including unrealized foreign currency (losses) gains of ($5,344), ($8,321), $30,392 and ($3,544), respectively)	(1,114)	(12,260)	39,970	(25,894)
Total other expense	(193,055)	(193,302)	(554,700)	(531,556)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	368,096	285,772	1,114,739	832,177
Income tax provision	(33,412)	(22,037)	(84,155)	(94,671)
NET INCOME	334,684	263,735	1,030,584	737,506
Net (income) loss attributable to noncontrolling interests	(17,416)	774	(30,185)	(10,288)
NET INCOME ATTRIBUTABLE TO AMERICAN TOWER CORPORATION STOCKHOLDERS	317,268	264,509	1,000,399	727,218
Dividends on preferred stock	(18,907)	(26,781)	(68,531)	(80,344)
NET INCOME ATTRIBUTABLE TO AMERICAN TOWER CORPORATION COMMON STOCKHOLDERS	$298,361	$237,728	$931,868	$646,874
NET INCOME PER COMMON SHARE AMOUNTS:				
Basic net income attributable to American Tower Corporation common stockholders	$0.70	$0.56	$2.18	$1.52
Diluted net income attributable to American Tower Corporation common stockholders	$0.69	$0.55	$2.16	$1.51

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	429,281	425,517	427,960	424,831
DILUTED	432,831	429,925	431,319	429,019
DISTRIBUTIONS DECLARED PER COMMON SHARE	$0.66	$0.55	$1.92	$1.59

See accompanying notes to unaudited consolidated and condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$334,684	$263,735	$1,030,584	$737,506
Other comprehensive income (loss):				
Changes in fair value of cash flow hedges, net of tax of $0	14	(432)	(286)	(367)
Reclassification of unrealized losses (gains) on cash flow hedges to net income, net of tax of $0	19	(108)	(99)	(173)
Foreign currency translation adjustments, net of tax expense (benefit) of $2,292, ($1,495), $4,714 and $5,388, respectively	12,581	(91,608)	252,016	(43,282)
Other comprehensive income (loss)	12,614	(92,148)	251,631	(43,822)
Comprehensive income	347,298	171,587	1,282,215	693,684
Comprehensive income attributable to noncontrolling interests	(20,256)	(12,454)	(121,513)	(5,844)
Comprehensive income attributable to American Tower Corporation stockholders	$327,042	$159,133	$1,160,702	$687,840

See accompanying notes to unaudited consolidated and condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$1,030,584	$737,506
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, amortization and accretion	1,249,849	1,137,398
Stock-based compensation expense	86,423	70,212
Loss (gain) on early retirement of long-term obligations	69,897	(830)
Other non-cash items reflected in statements of operations	(6,574)	120,170
(Increase) decrease in restricted cash	(4,822)	4,126
Increase in net deferred rent balances	(106,048)	(51,762)
Increase in assets	(265,641)	(8,863)
Increase (decrease) in liabilities	78,084	(29,526)
Cash provided by operating activities	2,131,752	1,978,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property and equipment and construction activities	(554,967)	(475,174)
Payments for acquisitions, net of cash acquired	(956,943)	(1,309,915)
Payment for Verizon transaction	—	(4,748)
Proceeds from sale of short-term investments and other non-current assets	10,144	4,459
Deposits, restricted cash, investments and other	(8,730)	(824)
Cash used for investing activities	(1,510,496)	(1,786,202)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings, net	—	(7,337)
Borrowings under credit facilities	3,667,020	1,600,283
Proceeds from issuance of senior notes, net	1,279,435	3,236,383
Repayments of notes payable, credit facilities, senior notes, term loan and capital leases	(4,295,715)	(4,116,645)
Contributions from (distributions to) noncontrolling interest holders, net	264,685	(700)
Purchases of common stock	(669,690)	—
Proceeds from stock options and ESPP	105,717	76,601
Distributions paid on common stock	(789,522)	(651,966)
Distributions paid on preferred stock	(72,468)	(80,344)
Payment for early retirement of long-term obligations	(75,274)	(125)
Deferred financing costs and other financing activities	(28,114)	(29,423)
Cash (used for) provided by financing activities	(613,926)	26,727
Net effect of changes in foreign currency exchange rates on cash and cash equivalents	4,976	(9,284)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,306	209,672
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	787,161	320,686
CASH AND CASH EQUIVALENTS, END OF PERIOD	$799,467	$530,358
CASH PAID FOR INCOME TAXES (NET OF REFUNDS OF $19,832 AND $16,219, RESPECTIVELY)	$87,672	$71,868
CASH PAID FOR INTEREST	$584,310	$516,382
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Increase (decrease) in accounts payable and accrued expenses for purchases of property and equipment and construction activities	$21,019	$(36,609)
Purchases of property and equipment under capital leases	$33,713	$37,049

See accompanying notes to unaudited consolidated and condensed consolidated financial statements.

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

	Preferred Stock - Series A		Preferred Stock - Series B		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulate Other Comprehen Loss
	Issued Shares	Amount	Issued Shares	Amount	Issued Shares	Amount	Shares	Amount		
BALANCE, JANUARY 1, 2016	6,000,000	$60	1,375,000	$14	426,695,279	$4,267	(2,810,026)	$(207,740)	$9,690,609	$(1,836,996
Stock-based compensation related activity	—	—	—	—	1,691,546	17	—	—	123,359	—
Issuance of common stock—stock purchase plan	—	—	—	—	44,733	—	—	—	3,847	—
Changes in fair value of cash flow hedges, net of tax	—	—	—	—	—	—	—	—	—	(367
Reclassification of unrealized gains on cash flow hedges to net income	—	—	—	—	—	—	—	—	—	(173
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	—	—	—	(38,838
Contributions from noncontrolling interest holders	—	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	—
Common stock distributions declared	—	—	—	—	—	—	—	—	—	—
Preferred stock dividends declared	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—
BALANCE, SEPTEMBER 30, 2016	6,000,000	$60	1,375,000	$14	428,431,558	$4,284	(2,810,026)	$(207,740)	$9,817,815	$(1,876,374

BALANCE, JANUARY 1, 2017	6,000,000	$60	1,375,000	$14	429,912,536	$4,299	(2,810,026)	$(207,740)	$10,043,559	$(1,999,332
Stock-based compensation related activity	—	—	—	—	1,942,412	19	—	—	164,424	—
Issuance of common stock—stock purchase plan	—	—	—	—	53,062	1	—	—	4,554	—
Conversion of preferred stock	(6,000,000)	(60)	(14)	0	5,602,274	56	—	—	(2)	—
Treasury stock activity	—	—	—	—	—	—	(5,456,538)	(676,870)	—	—
Changes in fair value of cash flow hedges, net of tax	—	—	—	—	—	—	—	—	—	(286
Reclassification of unrealized gains on cash flow hedges to net income	—	—	—	—	—	—	—	—	—	(99
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	—	—	—	160,688
Contributions from noncontrolling interest holders	—	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	—
Common stock distributions declared	—	—	—	—	—	—	—	—	—	—
Preferred stock dividends declared	—	—	—	—	—	—				
Net income	—	—	—	—	—	—	—	—	—	—
SEPTEMBER 30, 2017	—	$—	1,374,986	$14	437,510,284	$4,375	(8,266,564)	$(884,610)	$10,212,535	$(1,839,029

See accompanying notes to unaudited consolidated and condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

American Tower Corporation (together with its subsidiaries, “ATC” or the “Company”) is one of the largest global real estate investment trusts and a leading independent owner, operator and developer of multitenant communications real estate. The Company’s primary business is the leasing of space on communications sites to wireless service providers, radio and television broadcast companies, wireless data providers, government agencies and municipalities and tenants in a number of other industries. The Company refers to this business as its property operations. Additionally, the Company offers tower-related services in the United States, which the Company refers to as its services operations. These services include site acquisition, zoning and permitting and structural analysis, which primarily support the Company’s site leasing business, including the addition of new tenants and equipment on its sites.
The Company’s portfolio primarily consists of towers it owns and towers it operates pursuant to long-term lease arrangements, as well as distributed antenna system (“DAS”) networks, which provide seamless coverage solutions in certain in-building and certain outdoor wireless environments. In addition to the communications sites in its portfolio, the Company manages rooftop and tower sites for property owners under various contractual arrangements. The Company also holds other telecommunications infrastructure and property interests that it leases to communications service providers and third-party tower operators.

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

The Company operates as a real estate investment trust for U.S. federal income tax purposes (“REIT”). Accordingly, the Company generally is not subject to U.S. federal income taxes on income generated by its REIT operations, including the income derived from leasing space on its towers, as it receives a dividends paid deduction for distributions to stockholders that generally offsets its REIT income and gains. However, the Company remains obligated to pay U.S. federal income taxes on earnings from its domestic taxable REIT subsidiaries (“TRSs”). In addition, the Company’s international assets and operations, regardless of their designation for U.S. tax purposes, continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted.

The use of TRSs enables the Company to continue to engage in certain businesses while complying with REIT qualification requirements. The Company may, from time to time, change the election of previously designated TRSs to be included as part of the REIT. As of September 30, 2017, the Company’s REIT-qualified businesses included its U.S. tower leasing business, most of its operations in Costa Rica, Germany and Mexico and a majority of its indoor DAS networks business and services segment.

The accompanying consolidated and condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. The financial information included herein is unaudited. However, the Company believes that all adjustments, which are of a normal and recurring nature, considered necessary for a fair presentation of its financial position and results of operations for such periods have been included herein. The consolidated and condensed consolidated financial statements and related notes should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 (the “2016 Form 10-K”). The results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the entire year.

Principles of Consolidation and Basis of Presentation—The accompanying consolidated and condensed consolidated financial statements include the accounts of the Company and those entities in which it has a controlling interest. Investments in entities that the Company does not control are accounted for using the equity or cost method, depending upon the Company’s ability to exercise significant influence over operating and financial policies. All intercompany accounts and transactions have been eliminated. As of September 30, 2017, the Company holds (i) a 51% controlling interest, and MTN Group Limited holds a 49% noncontrolling interest, in each of two joint ventures, one in Ghana and one in Uganda, (ii) a 51% controlling interest, and PGGM holds a 49% noncontrolling interest, in a joint venture ("ATC Europe") in Europe, (iii) an approximate 75% controlling interest, and the South African investors hold an approximate 25% noncontrolling interest, in a subsidiary of the Company in South Africa and (iv) a 51% controlling interest in ATC Telecom Infrastructure Private Limited ("ATC TIPL"), formerly Viom Networks Limited ("Viom"), in India.

Significant Accounting Policies—The Company's significant accounting policies are described in note 1 to the Company's consolidated financial statements included in the 2016 Form 10-K. There have been no material changes to the Company's significant accounting policies during the nine months ended September 30, 2017.
Accounting Standards Updates—In May 2014, the Financial Accounting Standards Board (the "FASB") issued new guidance on revenue recognition, which requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of promised goods or services to customers. The standard will replace most existing revenue recognition guidance and will become effective for the Company on January 1, 2018. Early adoption is permitted for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method. Leases are not included in the scope of this standard. The revenue to which the Company must apply this standard is generally limited to services revenue, certain power and fuel charges and other fees charged to tenants. As of September 30, 2017, this revenue was approximately 13% of total revenue. Although the Company is finalizing its analysis of the impact of this standard on its financial statements, it does not expect changes in the timing of revenue recognition to have a material effect on its financial statements. The Company intends to adopt this standard using a modified retrospective approach.

In January 2016, the FASB issued new guidance on the recognition and measurement of financial assets and financial liabilities. The guidance amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

In February 2016, the FASB issued new guidance on the accounting for leases. The guidance amends the existing accounting standards for lease accounting, including the requirement that lessees recognize right of use assets and lease liabilities for leases with terms greater than twelve months in the statement of financial position. Under the new guidance, lessor accounting is largely unchanged. This guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018. The standard is required to be applied using a modified retrospective approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented. The Company (i) has established a multidisciplinary team to assess and implement the new guidance, (ii) expects the guidance to have a material impact on its consolidated balance sheets due to the recording of right of use assets and lease liabilities for leases in which it is a lessee and which it currently treats as operating leases and (iii) continues to evaluate the impact of the new guidance.

In November 2016, the FASB issued new guidance on amounts described as restricted cash or restricted cash equivalents within the statement of cash flows. The guidance requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period balances on the statement of cash flows. The guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The standard is required to be applied using a retrospective transition method to each period presented. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

In January 2017, the FASB issued new guidance that clarifies the definition of a business that an entity uses to determine whether a transaction should be accounted for as an asset acquisition (or disposal) or a business combination. The Company early adopted this guidance during the first quarter of 2017. As a result, the Company expects that more transactions will be accounted for as asset acquisitions instead of business combinations.

In January 2017, the FASB issued new guidance on accounting for goodwill impairments. The guidance eliminates Step 2 from the goodwill impairment test and requires, among other things, recognition of an impairment loss when the carrying value of a reporting unit exceeds its fair value. The loss recognized is limited to the total amount of goodwill

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

allocated to that reporting unit. The guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

In May 2017, the FASB issued new guidance on accounting for stock-based compensation. The guidance clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. The guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017. The Company early adopted this guidance during the second quarter of 2017. The adoption of this guidance did not have a material effect on the Company's financial statements.

In August 2017, the FASB issued new guidance on hedge and derivative accounting. The guidance simplifies accounting rules around hedge accounting and the disclosures of hedging arrangements. Among other things, the guidance eliminates the need to separately measure and report hedge ineffectiveness and generally requires the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material effect on its financial statements.

2. PREPAID AND OTHER CURRENT ASSETS

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

	As of September 30, 2017	December 31, 2016
Prepaid operating ground leases	$133,534	$ 134,167
Prepaid income tax	123,239	127,142
Unbilled receivables	109,143	57,661
Prepaid assets	50,029	36,300
Value added tax and other consumption tax receivables	27,188	31,570
Other miscellaneous current assets	56,108	54,193
Prepaids and other current assets	$499,241	$ 441,033

3. GOODWILL AND OTHER INTANGIBLE ASSETS

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

	Property					
	U.S.	Asia	EMEA	Latin America	Services	Total
Balance as of January 1, 2017	$3,379,163	$1,029,313	$150,511	$509,705	$ 1,988	$5,070,680
Additions and adjustments (1)	—	400	220,172	642	—	221,214
Effect of foreign currency translation	—	41,694	23,048	15,043	—	79,785
Balance as of September 30, 2017	$3,379,163	$1,071,407	$393,731	$525,390	$ 1,988	$5,371,679

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

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company’s other intangible assets subject to amortization consisted of the following:

		As of September 30, 2017			As of December 31, 2016		
	Estimated Useful Lives (years)	Gross Carrying Value (in thousands)	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Acquired network location intangibles (1)	Up to 20	$4,860,063	$(1,468,966)	$3,391,097	$4,622,316	$(1,280,284)	$3,342,032
Acquired tenant-related intangibles	15-20	10,796,003	(2,641,297)	8,154,706	10,130,466	(2,224,119)	7,906,347
Acquired licenses and other intangibles	3-20	39,286	(7,355)	31,931	28,140	(4,827)	23,313
Economic Rights, TV Azteca	70	15,776	(12,516)	3,260	13,893	(10,974)	2,919
Total other intangible assets		$15,711,128	$(4,130,134)	$11,580,994	$14,794,815	$(3,520,204)	$11,274,611

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

The acquired network location intangibles represent the value to the Company of the incremental revenue growth that could potentially be obtained from leasing the excess capacity on acquired communications sites. The acquired tenant-related intangibles typically represent the value to the Company of tenant contracts and relationships in place at the time of an acquisition or similar transaction, including assumptions regarding estimated renewals.

The Company amortizes its acquired network location intangibles and tenant-related intangibles on a straight-line basis over their estimated useful lives. As of September 30, 2017, the remaining weighted average amortization period of the Company’s intangible assets, excluding the TV Azteca Economic Rights detailed in note 5 to the Company’s consolidated financial statements included in the 2016 Form 10-K, was 15 years. Amortization of intangible assets for the three and nine months ended September 30, 2017 was $203.6 million and $579.0 million, respectively, and amortization of intangible assets for the three and nine months ended September 30, 2016 was $183.9 million and $521.0 million, respectively. Based on current exchange rates, the Company expects to record amortization expense as follows over the remaining current year and the five subsequent years (in millions):

Fiscal Year	
Remainder of 2017	$190.1
2018	764.5
2019	761.3
2020	742.9
2021	732.1
2022	727.6

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4. ACCRUED EXPENSES

Accrued expenses consisted of the following (in thousands):

	As of	
	September 30, 2017	December 31, 2016
Accrued property and real estate taxes	$149,563	$ 138,361
Accrued pass-through costs	79,631	68,584
Payroll and related withholdings	68,552	76,141
Accrued rent	53,855	50,951
Amounts payable to tenants	47,376	32,326
Accrued income tax payable	45,887	11,551
Accrued construction costs	38,740	28,587
Accrued treasury stock purchases	7,180	—
Other accrued expenses	283,288	214,062
Total accrued expenses	$774,072	$ 620,563

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5. LONG-TERM OBLIGATIONS

Outstanding amounts under the Company's long-term obligations, reflecting discounts, premiums, debt issuance costs and fair value adjustments due to interest rate swaps consisted of the following (in thousands):

	As of September 30, 2017	December 31, 2016	Maturity Date
2013 Credit Facility (1)	$1,959,896	$539,975	June 28, 2020
Term Loan (1)	995,143	993,936	January 31, 2022
2014 Credit Facility (1)	1,055,000	1,385,000	January 31, 2022
4.500% senior notes	—	998,676	N/A
3.40% senior notes	999,813	999,716	February 15, 2019
7.25% senior notes	—	297,032	N/A
2.800% senior notes	745,988	744,917	June 1, 2020
5.050% senior notes	697,853	697,352	September 1, 2020
3.300% senior notes	745,660	744,762	February 15, 2021
3.450% senior notes	644,761	643,848	September 15, 2021
5.900% senior notes	497,707	497,343	November 1, 2021
2.250% senior notes	576,984	572,764	January 15, 2022
4.70% senior notes	696,529	696,013	March 15, 2022
3.50% senior notes	990,470	989,269	January 31, 2023
5.00% senior notes	1,002,499	1,002,742	February 15, 2024
1.375% senior notes	579,406	—	April 4, 2025
4.000% senior notes	740,748	739,985	June 1, 2025
4.400% senior notes	495,538	495,212	February 15, 2026
3.375% senior notes	984,460	983,369	October 15, 2026
3.125% senior notes	396,980	396,713	January 15, 2027
3.55% senior notes	742,661	—	July 15, 2027
Total American Tower Corporation debt	15,548,096	14,418,624	
Series 2013-1A securities (2)	499,524	498,642	March 15, 2018
Series 2013-2A securities (3)	1,291,451	1,290,267	March 15, 2023
Series 2015-1 notes (4)	347,743	347,108	June 15, 2020
Series 2015-2 notes (5)	519,932	519,437	June 16, 2025
2012 GTP notes	—	179,459	N/A
Unison notes	—	132,960	N/A
India indebtedness (6)	528,768	549,528	Various
India preference shares (7)	25,532	24,537	March 2, 2020
Shareholder loans (8)	102,804	151,045	Various
Other subsidiary debt (1) (9)	258,338	286,009	Various
Total American Tower subsidiary debt	3,574,092	3,978,992	
Other debt, including capital lease obligations	146,575	135,849	
Total	19,268,763	18,533,465	
Less current portion of long-term obligations	(687,382)	(238,806)	
Long-term obligations	$18,581,381	$18,294,659	

(1) Accrues interest at a variable rate.
(2) Maturity date reflects the anticipated repayment date; final legal maturity is March 15, 2043.
(3) Maturity date reflects the anticipated repayment date; final legal maturity is March 15, 2048.
(4) Maturity date reflects the anticipated repayment date; final legal maturity is June 15, 2045.
(5) Maturity date reflects the anticipated repayment date; final legal maturity is June 15, 2050.
(6) Denominated in Indian Rupees ("INR"). Includes India working capital facility, remaining debt assumed by the Company in connection with the Viom Acquisition (as defined in note 9) and debt that has been entered into by ATC TIPL.

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(7) Mandatorily redeemable preference shares (the “Preference Shares”) classified as debt. On March 2, 2017, ATC TIPL issued the Preference Shares and used the proceeds to redeem the preference shares previously issued by Viom (the “Viom Preference Shares”). The Preference Shares are to be redeemed on March 2, 2020 and have a dividend rate of 10.25% per annum.

(8) Reflects balances owed to the Company’s joint venture partners in Ghana and Uganda. The Ghana loan is denominated in Ghanaian Cedi and the Uganda loan is denominated in Ugandan Shillings (“UGX”). Effective January 1, 2017, the Uganda loan, which had an outstanding balance of $80.0 million and accrued interest at a variable rate, was converted by the holder to a new shareholder note for 114.5 billion UGX ($31.8 million at the time of conversion), bearing interest at a fixed rate of 16.8% per annum. The remaining balance of the Uganda loan was converted into equity.

(9) Includes the BR Towers debentures, which are denominated in Brazilian Reais (“BRL”) and amortize through October 15, 2023, the South African credit facility, which is denominated in South African Rand and amortizes through December 17, 2020, the Colombian credit facility, which is denominated in Colombian Pesos and amortizes through April 24, 2021 and the Brazil credit facility, which is denominated in BRL and matures on January 15, 2022.

Current portion of long-term obligations—The Company’s current portion of long-term obligations primarily includes (i) $499.5 million under the Secured Tower Revenue Securities, Series 2013-1A and (ii) 7.6 billion INR ($116.5 million) of India indebtedness.

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

Senior Notes

1.375% Senior Notes Offering—On April 6, 2017, the Company completed a registered public offering of 500.0 million Euros ($532.2 million at the date of issuance) aggregate principal amount of 1.375% senior unsecured notes due 2025 (the “1.375% Notes”). The net proceeds from this offering were approximately 489.8 million Euros (approximately $521.4 million at the date of issuance), after deducting commissions and estimated expenses. The Company used the net proceeds to repay existing indebtedness under its multicurrency senior unsecured revolving credit facility entered into in June 2013, as amended (the “2013 Credit Facility”), and for general corporate purposes.

The 1.375% Notes will mature on April 4, 2025 and bear interest at a rate of 1.375% per annum. Accrued and unpaid interest on the 1.375% Notes will be payable in Euros in arrears on April 4 of each year, beginning on April 4, 2018. Interest on the 1.375% Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the 1.375% Notes and commenced accruing on April 6, 2017.

3.55% Senior Notes Offering—On June 30, 2017, the Company completed a registered public offering of $750.0 million aggregate principal amount of 3.55% senior unsecured notes due 2027 (the “3.55% Notes”). The net proceeds from this offering were approximately $741.8 million, after deducting commissions and estimated expenses. The Company used the net proceeds to repay existing indebtedness under the 2013 Credit Facility.

The 3.55% Notes will mature on July 15, 2027 and bear interest at a rate of 3.55% per annum. Accrued and unpaid interest on the 3.55% Notes will be payable in U.S. Dollars semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2018. Interest on the 3.55% Notes is computed on the basis of a 360-day year comprised of twelve 30-day months and commenced accruing on June 30, 2017.

The Company may redeem each series of senior notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes plus a make-whole premium, together with accrued interest to the redemption date. If the Company redeems the 1.375% Notes on or after January 4, 2025 or the 3.55% Notes on or after April 15, 2027, it will not be required to pay a make-whole premium. In addition, if the Company undergoes a change of control and corresponding ratings decline, each as defined in the applicable supplemental indenture, it may be required to repurchase all of the applicable notes at a purchase price equal to 101% of the principal amount of such notes, plus accrued and unpaid interest (including additional interest, if any), up to but not including the repurchase date. The notes rank equally with all of the Company’s other senior unsecured debt and are structurally subordinated to all existing and future indebtedness and other obligations of its subsidiaries.

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The supplemental indentures contain certain covenants that restrict the Company’s ability to merge, consolidate or sell assets and its (together with its subsidiaries’) ability to incur liens. These covenants are subject to a number of exceptions, including that the Company and its subsidiaries may incur certain liens on assets, mortgages or other liens securing indebtedness if the aggregate amount of such liens does not exceed 3.5x Adjusted EBITDA, as defined in the applicable supplemental indenture.

Bank Facilities
2013 Credit Facility—During the nine months ended September 30, 2017, the Company borrowed an aggregate of $3.4 billion and repaid an aggregate of $2.0 billion of revolving indebtedness under the 2013 Credit Facility. The Company used the borrowings to fund acquisitions, repay existing indebtedness and for general corporate purposes.

2014 Credit Facility—During the nine months ended September 30, 2017, the Company borrowed an aggregate of $200.0 million and repaid an aggregate of $530.0 million of revolving indebtedness under its senior unsecured revolving credit facility entered into in January 2012 and amended and restated in September 2014, as further amended (the “2014 Credit Facility”).

As of September 30, 2017, the key terms under the 2013 Credit Facility, the 2014 Credit Facility and the Company’s unsecured term loan entered into in October 2013, as amended (the “Term Loan”), were as follows:

	Outstanding Principal Balance (in millions)	Undrawn letters of credit (in millions)	Maturity Date	Current margin over LIBOR (1)	Current commitment fee (2)
2013 Credit Facility	$ 1,959.9	$ 4.6	June 28, 2020 (3)	1.250 %	0.150 %
2014 Credit Facility	$ 1,055.0	$ 6.4	January 31, 2022 (3)	1.250 %	0.150 %
Term Loan	$ 1,000.0	$ —	January 31, 2022	1.250 %	N/A

(1) LIBOR means the London Interbank Offered Rate.
(2) Fee on undrawn portion of each credit facility.
(3) Subject to two optional renewal periods.

Repayment of 2012 GTP Notes and Unison Notes and Redemption of Senior Notes—On February 15, 2017, the Company repaid the $173.5 million remaining principal amount outstanding under the Secured Cellular Site Revenue Notes, Series 2012-2 Class A, Series 2012-2 Class B and Series 2012-2 Class C issued by GTP Cellular Sites, LLC, plus prepayment consideration and accrued and unpaid interest. The Company recorded a loss on retirement of long-term obligations of $1.8 million, which includes prepayment consideration of $7.2 million offset by the remaining portion of the unamortized premium.

On February 15, 2017, the Company repaid the $129.0 million principal amount outstanding under the Secured Cellular Site Revenue Notes, Series 2010-2, Class C and Series 2010-2, Class F issued by Unison Ground Lease Funding, LLC, plus prepayment consideration and accrued and unpaid interest. The Company recorded a loss on retirement of long-term obligations of $14.5 million, which includes prepayment consideration of $18.3 million offset by the remaining portion of the unamortized premium.

On February 10, 2017, the Company redeemed all of the outstanding 7.25% senior unsecured notes due 2019 (the "7.25% Notes") at a price equal to 112.0854% of the principal amount, plus accrued and unpaid interest up to, but excluding, February 10, 2017, for an aggregate redemption price of $341.4 million, including $5.1 million in accrued and unpaid interest. The Company recorded a loss on retirement of long-term obligations of $39.2 million, which includes prepayment consideration of $36.3 million and the remaining portion of the unamortized discount and deferred financing costs. Upon completion of the redemption, none of the 7.25% Notes remained outstanding.

On July 31, 2017, the Company redeemed all of the outstanding 4.500% senior unsecured notes due 2018 (the "4.500% Notes") at a price equal to 101.3510% of the principal amount, plus accrued and unpaid interest up to, but excluding, July 31, 2017, for an aggregate redemption price of $1.0 billion, including $2.0 million in accrued and unpaid interest. The Company recorded a loss on retirement of long-term obligations of $14.1 million which includes prepayment

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consideration of $13.5 million and the remaining portion of the unamortized discount and deferred financing costs. Upon completion of the redemption, none of the 4.500% Notes remained outstanding.

The repayments and the redemptions described above were funded with borrowings under the 2013 Credit Facility and cash on hand.

6. FAIR VALUE MEASUREMENTS

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

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

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

	September 30, 2017 Fair Value Measurements Using			December 31, 2016 Fair Value Measurements Using		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Short-term investments (1)	$1,032	—	—	$4,026	—	—
Interest rate swap agreements	—	—	—	—	$3	—
Embedded derivative in lease agreement	—	—	$12,623	—	—	$13,290
Liabilities:						
Interest rate swap agreements	—	$22,409	—	—	$24,682	—
Acquisition-related contingent consideration	—	—	$16,045	—	—	$15,444

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

During the nine months ended September 30, 2017, the Company has made no changes to the methods described in note 11 to its consolidated financial statements included in the 2016 Form 10-K that it used to measure the fair value of its interest rate swap agreements, the embedded derivative in one of its lease agreements and acquisition-related contingent consideration. The changes in fair value during the nine months ended September 30, 2017 and 2016 were not material to the consolidated financial statements. As of September 30, 2017, the Company estimated the value of all potential acquisition-related contingent consideration payments to be between zero and $47.6 million.

Items Measured at Fair Value on a Nonrecurring Basis
Assets Held and Used—The Company’s long-lived assets are recorded at amortized cost and, if impaired, are adjusted to fair value using Level 3 inputs. During the three and nine months ended September 30, 2017 and 2016, the Company did not record any material asset impairment charges. There were no other items measured at fair value on a nonrecurring basis during the nine months ended September 30, 2017 or 2016.

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In October 2017, one of the Company's tenants in Asia, Tata Teleservices Limited ("Tata Teleservices"), informed the Department of Telecommunications in India of its intent to exit the wireless telecommunications business and announced plans to transfer its business to another telecommunications provider. The Company will continue to monitor the status of these developments, as it is possible that the estimated future cash flows may differ from original estimates. Changes in estimated cash flows from Tata Teleservices could have an impact on previously recorded tangible and intangible assets, including amounts originally recorded as tenant-related intangibles, which have a current net book value of $445.0 million.

Fair Value of Financial Instruments—The Company's financial instruments for which the carrying value reasonably approximates fair value at September 30, 2017 and December 31, 2016 include cash and cash equivalents, restricted cash, accounts receivable and accounts payable. The Company's estimates of fair value of its long-term obligations, including the current portion, are based primarily upon reported market values. For long-term debt not actively traded, fair value is estimated using either indicative price quotes or a discounted cash flow analysis using rates for debt with similar terms and maturities. As of September 30, 2017 and December 31, 2016, the carrying value of long-term obligations, including the current portion, was $19.3 billion and $18.5 billion, respectively. As of September 30, 2017, the fair value of long-term obligations, including the current portion, was $19.8 billion, of which $12.0 billion was measured using Level 1 inputs and $7.8 billion was measured using Level 2 inputs. As of December 31, 2016, the fair value of long-term obligations, including the current portion, was $18.8 billion, of which $11.8 billion was measured using Level 1 inputs and $7.0 billion was measured using Level 2 inputs.

7. INCOME TAXES

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate ("ETR") for the full fiscal year. Cumulative adjustments to the Company's estimate are recorded in the interim period in which a change in the estimated annual ETR is determined. Under the provisions of the Internal Revenue Code of 1986, as amended, the Company may deduct amounts distributed to stockholders against the income generated by its REIT operations. The Company continues to be subject to income taxes on the income of its TRSs and income taxes in foreign jurisdictions where it conducts operations. In addition, the Company is able to offset certain income by utilizing its net operating losses, subject to specified limitations.

The Company provides valuation allowances if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets.

As of September 30, 2017 and December 31, 2016, the total unrecognized tax benefits that would impact the ETR, if recognized, were approximately $107.4 million and $102.9 million, respectively. The amount of unrecognized tax benefits during the three and nine months ended September 30, 2017 includes additions to the Company's existing tax positions of $1.9 million and $5.7 million, respectively, foreign currency fluctuations of $1.0 million and $3.7 million, respectively, and reductions due to the expiration of the statute of limitations in certain jurisdictions of $0.4 million during each of the three and nine months ended September 30, 2017. Unrecognized tax benefits are expected to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this time frame, as described in note 12 to the Company's consolidated financial statements included in the 2016 Form 10-K. The impact of the amount of these changes to previously recorded uncertain tax positions could range from zero to $11.5 million.

The Company recorded the following penalties and income tax-related interest expense during the three and nine months ended September 30, 2017 and 2016 (in thousands):

	Three Months Ended	Nine Months Ended

	September 30,		September 30,	
	2017	2016	2017	2016
Penalties and income tax-related interest expense	$1,045	$1,806	$3,392	$7,023

As of September 30, 2017 and December 31, 2016, the total amount of accrued income tax related interest and penalties included in the consolidated balance sheets was $28.9 million and $24.3 million, respectively.

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During the nine months ended September 30, 2017, the Ghana Revenue Authority issued a clarification to its income tax law, which resulted in a benefit to income tax expense of $11.6 million.

8. STOCK-BASED COMPENSATION

Summary of Stock-Based Compensation Plans—The Company maintains equity incentive plans that provide for the grant of stock-based awards to its directors, officers and employees. The 2007 Equity Incentive Plan, as amended (the “2007 Plan”), provides for the grant of non-qualified and incentive stock options, as well as restricted stock units, restricted stock and other stock-based awards. Exercise prices for non-qualified and incentive stock options are not less than the fair value of the underlying common stock on the date of grant. Equity awards typically vest ratably, generally over four years for time-based restricted stock units (“RSUs”) and stock options and three years for performance-based restricted stock units (“PSUs”). Stock options generally expire ten years from the date of grant. As of September 30, 2017, the Company had the ability to grant stock-based awards with respect to an aggregate of 8.5 million shares of common stock under the 2007 Plan. In addition, the Company maintains an employee stock purchase plan (“ESPP”) pursuant to which eligible employees may purchase shares of the Company’s common stock on the last day of each bi-annual offering period at a 15% discount from the lower of the closing market value on the first or last day of such offering period. The offering periods run from June 1 through November 30 and from December 1 through May 31 of each year.

During the three and nine months ended September 30, 2017 and 2016, the Company recorded and capitalized the following stock-based compensation expense (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Stock-based compensation expense	$24,463	$20,226	$86,423	$70,212
Stock-based compensation expense capitalized as property and equipment	$368	$353	$1,338	$1,115

Stock Options—As of September 30, 2017, total unrecognized compensation expense related to unvested stock options was $15.2 million, which is expected to be recognized over a weighted average period of approximately two years.

The Company’s option activity for the nine months ended September 30, 2017 was as follows:

	Number of Options
Outstanding as of January 1, 2017	7,269,376
Granted	6,534
Exercised	(1,501,905)
Forfeited	(42,247)
Expired	—
Outstanding as of September 30, 2017	5,731,758

Restricted Stock Units—As of September 30, 2017, total unrecognized compensation expense related to unvested RSUs granted under the 2007 Plan was $115.8 million and is expected to be recognized over a weighted average period of approximately two years.

Performance-Based Restricted Stock Units—During the nine months ended September 30, 2017 and 2016, the Company’s Compensation Committee granted an aggregate of 154,520 PSUs (the “2017 PSUs”) and 169,340 PSUs (the “2016 PSUs”), respectively, to its executive officers and established the performance metrics for these awards. Threshold, target and maximum parameters were established for the metrics for a three-year performance period with respect to the 2017 PSUs and the 2016 PSUs, and for each year in the three-year performance period with respect to PSUs granted to executive officers in 2015 (the “2015 PSUs”), and will be used to calculate the number of shares that will be issuable when each award vests, which may range from zero to 200% of the target amounts. At the end of each

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three-year performance period, the number of shares that vest will depend on the degree of achievement against the pre-established performance goals. PSUs will be paid out in common stock at the end of each performance period, subject generally to the executive's continued employment. In the event of the executive's death, disability or qualifying retirement, PSUs will be paid out pro rata in accordance with the terms of the applicable award agreement. PSUs will accrue dividend equivalents prior to vesting, which will be paid out only in respect of shares that actually vest.

Restricted Stock Units and Performance-Based Restricted Stock Units—The Company's RSU and PSU activity for the nine months ended September 30, 2017 was as follows:

	RSUs	PSUs
Outstanding as of January 1, 2017 (1)	1,663,743	242,757
Granted (2)	828,532	177,897
Vested	(652,797)	—
Forfeited	(62,979)	—
Outstanding as of September 30, 2017	1,776,499	420,654

(1) PSUs consist of the shares issuable for the 2015 PSUs at the end of the three-year performance cycle based on achievement against the performance metric for the first and second year's performance periods, or 73,417 shares, and the target number of shares issuable at the end of the three-year performance period for the 2016 PSUs, or 169,340 shares.

(2) PSUs consist of the target number of shares issuable at the end of the three-year performance cycle attributable to the third year's performance period for the 2015 PSUs, or 23,377 shares, and the target number of shares issuable at the end of the three-year performance cycle for the 2017 PSUs, or 154,520 shares.

During the three and nine months ended September 30, 2017, the Company recorded $6.5 million and $18.0 million, respectively, in stock-based compensation expense for equity awards in which the performance goals had been established and were probable of being achieved. The remaining unrecognized compensation expense related to these awards at September 30, 2017 was $27.9 million based on the Company's current assessment of the probability of achieving the performance goals. The weighted average period over which the cost will be recognized is approximately two years.

9. REDEEMABLE NONCONTROLLING INTERESTS

Redeemable Noncontrolling Interests—On April 21, 2016, the Company, through its wholly owned subsidiary, ATC Asia Pacific Pte. Ltd., acquired a 51% controlling ownership interest in Viom, a telecommunications infrastructure company that owns and operates wireless communications towers and indoor DAS networks in India (the "Viom Acquisition").

In connection with the Viom Acquisition, the Company, through one of its subsidiaries, entered into a shareholders agreement (the "Shareholders Agreement") with Viom and the following remaining Viom shareholders: Tata Sons Limited, Tata Teleservices, IDFC Private Equity Fund III, Macquarie SBI Infrastructure Investments Pte Limited and SBI Macquarie Infrastructure Trust (collectively, the "Remaining Shareholders"). The Shareholders Agreement provides for, among other things, put options held by certain of the Remaining Shareholders, which allow the Remaining Shareholders to sell outstanding shares of ATC TIPL, and call options held by the Company, which allow the Company to buy the noncontrolling shares of ATC TIPL. The put options, which are not under the Company's control, cannot be separated from the noncontrolling interests. As a result, the combination of the noncontrolling interests and the redemption feature require classification as redeemable noncontrolling interests in the consolidated balance sheet, separate from equity.

Given the provisions governing the put rights, the redeemable noncontrolling interests are recorded outside of permanent equity at their redemption value. The noncontrolling interests become redeemable after the passage of time, and therefore, the Company records the carrying amount of the noncontrolling interests at the greater of (i) the initial carrying amount, increased or decreased for the noncontrolling interests' share of net income or loss and foreign currency translation adjustments, and (ii) the redemption value. If required, the Company will adjust the redeemable noncontrolling interests to redemption value on each balance sheet date with changes in redemption value recognized as an adjustment to Distributions in excess of earnings.

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The put options may be exercised, requiring the Company to purchase the Remaining Shareholders' equity interests, on specified dates beginning April 1, 2018 through March 31, 2021. The price of the put options will be based on the fair market value of the exercising Remaining Shareholder's interest in the Company's India operations at the time the option is exercised. Put options held by certain of the Remaining Shareholders are subject to a floor price of 216 INR per share.

The changes in Redeemable noncontrolling interests for the nine months ended September 30, 2017 were as follows (in thousands):

Balance as of January 1, 2017	$1,091,220
Net income attributable to noncontrolling interests	12,158
Foreign currency translation adjustment attributable to noncontrolling interests	43,395
Balance as of September 30, 2017	$1,146,773

10. EQUITY

Series A Preferred Stock—In May 2014, the Company issued 6,000,000 shares of its 5.25% Mandatory Convertible Preferred Stock, Series A, par value $0.01 per share (the "Series A Preferred Stock"). During the nine months ended September 30, 2017, all outstanding shares of the Series A Preferred Stock converted at a rate of 0.9337 per share into an aggregate of 5,602,153 shares of the Company's common stock pursuant to the provisions of the Certificate of Designations governing the Series A Preferred Stock. The Company paid cash in lieu of fractional shares of the Company's common stock. These payments were recorded as a reduction to Additional paid-in capital.

On May 15, 2017, the Company paid the final dividend of $7.9 million to holders of record of the Series A Preferred Stock at the close of business on May 1, 2017.

Series B Preferred Stock—The Company has 13,749,860 depositary shares, each representing a 1/10th interest in a share of its 5.50% Mandatory Convertible Preferred Stock, Series B, par value $0.01 per share (the "Series B Preferred Stock") outstanding, after giving effect to the early conversion of 140 depositary shares at the option of the holder at a conversion rate of 0.8687 per depositary share in May 2017. The Company paid cash in lieu of fractional shares of the Company's common stock. This payment was recorded as a reduction to Additional paid-in capital. The Series B Preferred Stock was issued in March 2015.

Unless converted or redeemed earlier, each share of the Series B Preferred Stock will automatically convert on February 15, 2018, into between 8.6870 and 10.4244 shares of the Company's common stock, depending on the applicable market value of the Company's common stock and subject to anti-dilution adjustments. Subject to certain restrictions, at any time prior to February 15, 2018, holders of the Series B Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate then in effect.

Dividends on shares of the Series B Preferred Stock are payable on a cumulative basis when, as and if declared by the Company's Board of Directors at an annual rate of 5.50% on the liquidation preference of $1,000.00 per share (and, correspondingly, $100.00 per share with respect to the depositary shares) on February 15, May 15, August 15 and November 15 of each year, commencing on May 15, 2015 to, and including, February 15, 2018.

The Company may pay dividends in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock. The terms of the Series B Preferred Stock provide that, unless full cumulative dividends have been paid or set aside for payment on all outstanding Series B Preferred Stock for all prior dividend periods, no dividends may be declared or paid on common stock.

Sales of Equity Securities—The Company receives proceeds from the sale of its equity securities pursuant to the ESPP and upon exercise of stock options granted under its equity incentive plan. During the nine months ended September 30, 2017, the Company received an aggregate of $105.7 million in proceeds upon exercises of stock options and sales pursuant to the ESPP.

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

During the nine months ended September 30, 2017, the Company resumed the 2011 Buyback and repurchased 5,456,538 shares of its common stock thereunder for an aggregate of $676.9 million (of which $7.2 million was accrued as of September 30, 2017), including commissions and fees. As of September 30, 2017, the Company had repurchased a total of 11,713,442 shares of its common stock under the 2011 Buyback for an aggregate of $1.1 billion, including commissions and fees.
Under the 2011 Buyback, the Company is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices in accordance with securities laws and other legal requirements, and subject to market conditions and other factors. To facilitate repurchases, the Company makes purchases pursuant to trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, which allows the Company to repurchase shares during periods when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods.

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

Distributions—During the nine months ended September 30, 2017, the Company declared or paid the following cash distributions:

Declaration Date	Payment Date	Record Date	Distribution per share	Aggregate Payment Amount (in millions)
Common Stock				
December 14, 2016	January 13, 2017	December 28, 2016	$ 0.58	$ 247.7
March 9, 2017	April 28, 2017	April 12, 2017	$ 0.62	$ 264.3
June 1, 2017	July 14, 2017	June 19, 2017	$ 0.64	$ 274.7
September 11, 2017	October 17, 2017	September 29, 2017	$ 0.66	$ 283.3
Series A Preferred Stock				
January 13, 2017	February 15, 2017	February 1, 2017	$ 1.3125	$ 7.9
April 13, 2017	May 15, 2017	May 1, 2017	$ 1.3125	$ 7.9
Series B Preferred Stock				
January 13, 2017	February 15, 2017	February 1, 2017	$ 13.75	$ 18.9
April 13, 2017	May 15, 2017	May 1, 2017	$ 13.75	$ 18.9
July 14, 2017	August 15, 2017	August 1, 2017	$ 13.75	$ 18.9

The Company accrues distributions on unvested restricted stock units, which are payable upon vesting. As of September 30, 2017, the amount accrued for distributions payable related to unvested restricted stock units was $8.0 million. During the nine months ended September 30, 2017, the Company paid $2.9 million of distributions upon the vesting of restricted stock units. To maintain its qualification for taxation as a REIT, the Company expects to continue paying distributions, the amount, timing and frequency of which will be determined, and subject to adjustment, by the

Company's Board of Directors.

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11. EARNINGS PER COMMON SHARE

The following table sets forth basic and diluted net income per common share computational data (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income attributable to American Tower Corporation stockholders	$317,268	$264,509	$1,000,399	$727,218
Dividends on preferred stock	(18,907)	(26,781)	(68,531)	(80,344)
Net income attributable to American Tower Corporation common stockholders	298,361	237,728	931,868	646,874
Basic weighted average common shares outstanding	429,281	425,517	427,960	424,831
Dilutive securities	3,550	4,408	3,359	4,188
Diluted weighted average common shares outstanding	432,831	429,925	431,319	429,019
Basic net income attributable to American Tower Corporation common stockholders per common share	$0.70	$0.56	$2.18	$1.52
Diluted net income attributable to American Tower Corporation common stockholders per common share	$0.69	$0.55	$2.16	$1.51

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Restricted stock units	—	—	3	2
Stock options	—	8	11	1,619
Preferred stock	11,993	17,473	14,693	17,473

12. COMMITMENTS AND CONTINGENCIES

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

Verizon Transaction—In March 2015, the Company entered into an agreement with various operating entities of Verizon Communications Inc. ("Verizon") that provides for the lease, sublease or management of 11,286 wireless communications sites commencing March 27, 2015. The average term of the lease or sublease for all sites at the inception of the agreement was approximately 28 years, assuming renewals or extensions of the underlying ground leases for the sites. The Company has the option to purchase the leased sites in tranches, subject to the applicable lease, sublease or management rights upon its scheduled expiration. Each tower is assigned to an annual tranche, ranging from 2034 to 2047, which represents the outside expiration date for the sublease rights to the towers in that tranche. The purchase price for each tranche is a fixed amount stated in the lease for such tranche plus the fair market value of certain alterations made to the related towers. The aggregate purchase option price for the towers leased and subleased is approximately $5.0 billion. Verizon will occupy the sites as a tenant for an initial term of ten years with eight optional successive five-year terms; each such term shall be governed by standard master lease agreement terms established as a part of the transaction.

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AT&T Transaction—The Company has an agreement with SBC Communications Inc., a predecessor entity to AT&T Inc. ("AT&T"), that currently provides for the lease or sublease of approximately 2,350 towers commencing between December 2000 and August 2004. Substantially all of the towers are part of the Company's 2013 securitization transaction. The average term of the lease or sublease for all sites at the inception of the agreement was approximately 27 years, assuming renewals or extensions of the underlying ground leases for the sites. The Company has the option to purchase the sites subject to the applicable lease or sublease upon its expiration. Each tower is assigned to an annual tranche, ranging from 2013 to 2032, which represents the outside expiration date for the sublease rights to that tower. The purchase price for each site is a fixed amount stated in the lease for that site plus the fair market value of certain alterations made to the related tower by AT&T. As of September 30, 2017, the Company has purchased an aggregate of 77 of the subleased towers upon expiration of the applicable agreement. The aggregate purchase option price for the remaining towers leased and subleased is $816.0 million and will accrete at a rate of 10% per annum through the applicable expiration of the lease or sublease of a site. For all such sites purchased by the Company prior to June 30, 2020, AT&T will continue to lease the reserved space at the then-current monthly fee, which shall escalate in accordance with the standard master lease agreement for the remainder of AT&T's tenancy. Thereafter, AT&T shall have the right to renew such lease for up to four successive five-year terms. For all such sites purchased by the Company subsequent to June 30, 2020, AT&T has the right to continue to lease the reserved space for successive one-year terms at a rent equal to the lesser of the agreed upon market rate or the then-current monthly fee, which is subject to an annual increase based on changes in the U.S. Consumer Price Index.

ALLTEL Transaction—In December 2000, the Company entered into an agreement with ALLTEL Communications, LLC, a predecessor entity to Verizon Wireless, to acquire towers through a 15-year sublease agreement. Pursuant to the agreement, as amended, with Verizon Wireless, the Company acquired rights to approximately 1,800 towers in tranches between April 2001 and March 2002. The Company has the option to purchase each tower at the expiration of the applicable sublease. The Company exercised the purchase options for approximately 1,523 towers in a single closing, which occurred on December 8, 2016. The Company has provided notice to the tower owner, Verizon's assignee, of its intent to exercise the purchase options related to the 243 remaining towers. As of September 30, 2017, the purchase price per tower was $42,844 payable in cash or, at the tower owner's option, with 769 shares of the Company's common stock per tower. The aggregate cash purchase option price for the subleased towers was $10.4 million as of September 30, 2017.

Other Contingencies—The Company is subject to income tax and other taxes in the geographic areas where it operates, and periodically receives notifications of audits, assessments or other actions by taxing authorities. In certain jurisdictions, taxing authorities may issue preliminary notices or assessments while audits are being conducted. These preliminary notices or assessments do not represent amounts that the Company is obligated to pay and are often not reflective of the actual tax liability for which the Company will ultimately be liable. The Company evaluates the circumstances of each notification or assessment based on the information available and records a liability for any potential outcome that is probable or more likely than not unfavorable if the liability is also reasonably estimable.

On December 5, 2016, the Company received an income tax assessment of Essar Telecom Infrastructure Private Limited ("ETIPL") for the fiscal year ending 2008 in the amount of 4.75 billion INR ($69.8 million on the date of assessment) related to capital contributions. The Company is challenging the assessment before India's tax authorities and estimates that there is a more likely than not probability that the Company's position will be sustained. Accordingly, no such liability has been recorded. Additionally, the assessment was made with respect to transactions that took place in the tax year commencing in 2007, prior to the Company's acquisition of ETIPL. Under the Company's definitive acquisition agreement of ETIPL, the seller is obligated to indemnify and defend the Company with respect to any tax-related liability that may arise from activities prior to March 31, 2010.

Tenant Leases—The Company's lease agreements with its tenants vary depending upon the region and the industry of the tenant, and generally have initial terms of ten years with multiple renewal terms at the option of the tenant.

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Future minimum rental receipts expected from tenants under non-cancellable operating lease agreements in effect at September 30, 2017 were as follows (in millions):

Remainder of 2017	$1,302
2018	5,029
2019	4,782
2020	4,492
2021	4,030
Thereafter	14,066
Total	$33,701

Lease Obligations—The Company leases certain land, office and tower space under operating leases that expire over various terms. Many of the leases contain renewal options with specified increases in lease payments upon exercise of the renewal option. Escalation clauses present in operating leases, excluding those tied to a consumer price index or other inflation-based indices, are recognized on a straight-line basis over the non-cancellable term of the leases. Future minimum rental payments under non-cancellable operating leases include payments for certain renewal periods at the Company's option because failure to renew could result in a loss of the applicable communications sites and related revenues from tenant leases, thereby making it reasonably assured that the Company will renew the leases. Such payments at September 30, 2017 are as follows (in millions):

Remainder of 2017	$233
2018	908
2019	872
2020	829
2021	788
Thereafter	6,833
Total	$10,463

13. ACQUISITIONS

Impact of current year acquisitions—The Company typically acquires communications sites from wireless carriers or other tower operators and subsequently integrates those sites into its existing portfolio of communications sites. The financial results of the Company's acquisitions have been included in the Company's consolidated statements of operations for the three and nine months ended September 30, 2017 from the date of the respective acquisition. The date of acquisition, and by extension the point at which the Company begins to recognize the results of an acquisition, may depend on, among other things, the receipt of contractual consents, the commencement and extent of leasing arrangements and the timing of the transfer of title or rights to the assets, which may be accomplished in phases. Sites acquired from communications service providers may never have been operated as a business and may instead have been utilized solely by the seller as a component of its network infrastructure. An acquisition may or may not involve the transfer of business operations or employees.

The Company evaluates each of its acquisitions under the accounting guidance framework to determine whether to treat an acquisition as an asset acquisition or a business combination. For those transactions treated as asset acquisitions, the purchase price is allocated to the assets acquired, with no recognition of goodwill.

For those acquisitions accounted for as business combinations, the Company recognizes acquisition and merger related expenses in the period in which they are incurred and services are received; for transactions accounted for as asset acquisitions, these costs are capitalized as part of the purchase price. Acquisition and merger related costs may include finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees and general administrative costs directly related to the transaction. Integration costs include incremental and non-recurring costs necessary to convert data, retain employees and otherwise enable the Company to operate new businesses or assets efficiently. The Co

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mpany records acquisition and merger related expenses for business combinations, as well as integration costs for all acquisitions, in Other operating expenses in the consolidated statements of operations.

During the three and nine months ended September 30, 2017 and 2016, the Company recorded acquisition and merger related expenses for business combinations and integration costs as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Acquisition and merger related expenses	$4,231	$1,124	$12,313	$7,844
Integration costs	$2,803	$1,846	$11,181	$8,351

The Company also recorded aggregate purchase price refunds of $22.2 million during the nine months ended September 30, 2017. The refunds were primarily related to an acquisition in Brazil in 2014 for which the measurement period has closed.

2017 Transactions

The estimated aggregate impact of the acquisitions completed in 2017 on the Company's revenues and gross margin for the three months ended September 30, 2017 was approximately $21.2 million and $13.2 million, respectively, and for the nine months ended September 30, 2017 was approximately $47.5 million and $35.2 million, respectively. The revenues and gross margin amounts also reflect incremental revenues from the addition of new tenants to such sites subsequent to the transaction date.

FPS Towers France—On February 15, 2017, ATC Europe acquired 100% of the outstanding shares of FPS Towers ("FPS") from Antin Infrastructure Partners and the individuals party to the purchase agreement (the "FPS Acquisition"), for total consideration of 727.2 million Euros ($771.2 million at the date of acquisition). FPS owns and operates nearly 2,500 wireless tower sites in France. The Company made a loan to fund 225.0 million Euros ($238.6 million at the date of acquisition) of the total consideration. The remainder of the purchase price of 502.2 million Euros ($532.6 million at the date of acquisition) was funded by the Company and PGGM in proportion to their respective interests in ATC Europe. The Company funded its portion of the purchase price with borrowings under the 2013 Credit Facility and cash on hand. The acquisition is consistent with the Company's strategy to expand in selected geographic areas. The acquisition was accounted for as a business combination and is subject to post-closing adjustments.

Other Acquisitions—During the nine months ended September 30, 2017, the Company acquired a total of 1,112 communications sites in the United States, Brazil, Chile, Germany, Mexico, Nigeria, Paraguay and Peru for an aggregate purchase price of $214.6 million. Of the aggregate purchase price, $3.0 million is reflected in Accounts payable in the consolidated balance sheet as of September 30, 2017. These acquisitions were accounted for as asset acquisitions.

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The following table summarizes the allocations of the purchase prices for the fiscal year 2017 acquisitions based upon their estimated fair value at the date of acquisition (in thousands):

	EMEA FPS Towers France (1)		Other (2)
	Preliminary Allocation	Updated Allocation	
Current assets	$31,048	$33,809	$6,322
Non-current assets	9,142	16,615	10,470
Property and equipment (3)	113,981	113,982	100,728
Intangible assets (4):			
Tenant-related intangible assets	400,901	399,766	76,827
Network location intangible assets	164,441	165,989	25,416
Other intangible assets	7,954	7,826	
Current liabilities	(29,326)	(30,855)	(1,611)
Deferred tax liability	(134,488)	(136,022)	—
Other non-current liabilities	(16,703)	(20,062)	(3,589)
Net assets acquired	546,950	551,048	214,563
Goodwill (5)	224,270	220,172	—
Fair value of net assets acquired	771,220	771,220	214,563
Debt assumed	—	—	—
Purchase price	$771,220	$771,220	$214,563

(1) Accounted for as a business combination.
(2) Accounted for as asset acquisitions.
(3) Other includes 60 sites in Peru held pursuant to long-term capital leases.
(4) Tenant-related intangible assets and network location intangible assets are amortized on a straight-line basis over periods of up to 20 years.
(5) Primarily results from purchase accounting adjustments, which are not deductible for tax purposes.

2016 Transactions

During the nine months ended September 30, 2017, post-closing adjustments impacted the 2016 acquisitions as follows:

Viom Acquisition—On April 21, 2016, the Company acquired a 51% controlling ownership interest in Viom. Consideration for the acquisition included 76.4 billion INR in cash ($1.1 billion at the date of acquisition), as well as the assumption of approximately 52.3 billion INR ($0.8 billion at the date of the acquisition) of existing debt, which included 1.7 billion INR ($25.1 million at the date of the acquisition) of the Viom Preference Shares.
Other Acquisitions—During the year ended December 31, 2016, the Company acquired a total of 891 communications sites in the United States, Brazil, Chile, Germany, Mexico, Nigeria and South Africa, and a company holding urban telecommunications assets and fiber in Argentina, for an aggregate purchase price of $304.4 million (including contingent consideration of $8.8 million).

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The following table summarizes the preliminary and updated allocations of the purchase prices paid and the amounts of assets acquired and liabilities assumed for the fiscal year 2016 acquisitions based upon their estimated fair value at the date of acquisition (in thousands). Balances are reflected in the accompanying consolidated balance sheet as of September 30, 2017.

	Preliminary Allocation (1)		Updated Allocation	
	Asia Viom	Other (2)	Asia Viom (3)	Other
Current assets	$276,560	$25,477	$281,930	$24,538
Non-current assets	57,645	2,336	52,275	2,336
Property and equipment	701,988	81,521	705,849	81,472
Intangible assets (4):				
Tenant-related intangible assets	1,369,580	105,557	1,369,580	105,557
Network location intangible assets	666,364	83,645	666,364	83,645
Current liabilities	(195,900)	(14,782)	(201,142)	(14,782)
Deferred tax liability	(619,070)	(43,756)	(619,074)	(43,410)
Other non-current liabilities	(102,751)	(29,472)	(101,766)	(29,472)
Net assets acquired				