

SPECTRASITE INC
Form 424B3
November 05, 2003

SpectraSite, Inc.

Exchange Offer for \$200,000,000

8 1/4% Senior Notes due 2010

We are offering to exchange all of our outstanding 8 1/4% Senior Notes due 2010, which were issued on May 21, 2003, and which we refer to as the initial notes, for a like aggregate amount of our registered 8 1/4% Senior Notes due 2010, which we refer to as the exchange notes. We will pay interest on the exchange notes semi-annually on May 15 and November 15 of each year. The exchange notes will mature on May 15, 2010.

We may redeem all or part of the exchange notes on or after May 15, 2006. Prior to May 15, 2006, we may redeem up to 35% of the exchange notes from the proceeds of certain equity offerings. Redemption prices are set forth under Description of the Notes Redemption Terms of Optional Redemption.

The exchange notes will be our senior unsecured obligations and will rank equally with all of our existing and future senior unsecured debt and senior to our future subordinated unsecured debt. The exchange notes also will effectively rank junior to all of our existing and future secured debt and to all liabilities of our subsidiaries. As of June 30, 2003, after giving effect to the offering of the initial notes, our only debt outstanding was the \$200.0 million of senior notes issued in the offering of the initial notes. As of June 30, 2003, our subsidiaries had approximately \$480.2 million of secured debt and the ability to borrow up to an additional \$200 million in secured debt and letters of credit under our credit facility, subject to certain conditions. Our subsidiaries will not guarantee the exchange notes.

Terms of the exchange offer

It will expire at 5:00 p.m., New York City time, on December 8, 2003, unless we extend it.

If all the conditions to this exchange offer are satisfied, we will exchange all of our initial notes that are validly tendered and not withdrawn for exchange notes.

You may withdraw your tender of initial notes at any time before the expiration of this exchange offer.

The exchange notes that we will issue to you in exchange for your initial notes will be substantially identical to your initial notes except that, unlike your initial notes, the exchange notes will have no transfer restrictions or registration rights.

The exchange notes that we will issue you in exchange for your initial notes are new securities with no established market for trading.

Before participating in this exchange offer, please refer to the section in this prospectus entitled Risk Factors commencing on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Each broker-dealer that receives exchange notes for its own account in exchange for initial notes, where such initial notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

The date of this prospectus is November 4, 2003.

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PROSPECTUS SUMMARY

You should read this entire prospectus carefully, including the Risk Factors section and the consolidated financial statements. Unless the context indicates or requires otherwise, the terms SpectraSite, we, our and company refer to SpectraSite, Inc. (formerly known as SpectraSite Holdings, Inc.), the issuer of the notes, and its wholly owned subsidiaries and all predecessor entities, collectively. In addition, Communications refers to SpectraSite Communications, Inc., a wholly owned subsidiary of SpectraSite. The term initial notes refers to the 8 1/4% Senior Notes due 2010 that were issued on May 21, 2003 in a private offering. The term exchange notes refers to the 8 1/4% Senior Notes due 2010 offered by this prospectus. The term notes refers to the initial notes and the exchange notes, collectively.

SpectraSite

Overview

We are one of the largest, in terms of number of towers, and fastest growing, in terms of revenue growth, wireless tower operators in the United States. Our primary business is owning, leasing and licensing antenna sites on wireless and broadcast towers, owning and licensing in-building shared infrastructure systems and managing access to rooftop telecommunications on commercial real estate. For the six months ended June 30, 2003, approximately 95% of our revenues came from our site leasing and licensing operations. We also provide design, fabrication, construction, modification and maintenance services for the broadcast tower industry.

We have a portfolio of over 7,500 towers, primarily located in the top 100 basic trading area, or BTA, markets in the United States. We believe that the growing use of wireless communications services together with capacity constraints in the top 100 BTA markets will continue to increase the demand for tower assets located in these markets and drive the growth of our business.

We emerged from bankruptcy on February 10, 2003. Under our plan of reorganization, we extinguished \$1.76 billion of indebtedness. Our reorganization is discussed in greater detail in other sections of this prospectus.

Our business is characterized by stable and recurring revenues, predictable operating costs and a low level of capital expenditures. We expect to continue to increase our revenues by adding new customers to our towers and by providing additional space to our existing customers. Revenues from our existing customers are expected to grow because of contractual provisions that increase our customers' payments to us on an annual basis. We also experience minimal customer turnover due to long-term customer contracts, the quality of our assets and the significant relocation costs for our existing customers. Approximately 83% of our revenues from our site leasing and licensing operations are derived from the six largest wireless service providers and their affiliates. Two of these wireless service providers and their affiliates are responsible for 51% of our revenues from our site leasing and licensing operations. In addition, we currently operate with the lowest levels of debt and leverage among publicly traded tower companies.

We incurred a net loss of approximately \$9.3 million in the five months ended June 30, 2003 and generated net income of \$345.0 million in the one month ended January 31, 2003. Our net income for the one month ended January 31, 2003 includes non-recurring amounts related to our reorganization, including a gain on debt discharge of approximately \$1.03 billion and reorganization expense items of \$668.6 million. We incurred net losses of approximately \$775.0 million in 2002, \$654.8 million in 2001 and \$157.6 million in 2000. As of December 31, 2002, prior to our emergence from bankruptcy, we had an accumulated deficit of \$1.7 billion and a stockholders' deficit of \$75.1 million.

Products and Services

Our business consists of site leasing and licensing operations and broadcast services.

Site Operations. As of June 30, 2003, we owned or operated 7,466 wireless towers and in-building systems and 73 broadcast towers. We have major metropolitan market clusters in Los Angeles, Chicago, San Francisco, Philadelphia, Detroit and Dallas. Our principal business is the leasing of space on our antenna sites to wireless carriers, which represents more than 92% of our monthly site operations revenues. Additionally, we have the exclusive rights to provide in-building systems to wireless carriers in over 300 retail shopping malls, casino/hotel resorts and office buildings. We are also the exclusive site manager for over 10,000 rooftop real estate properties in the United States. Because the costs of operating a tower are largely fixed, we believe that our highest returns will be achieved by leasing and licensing additional space on our existing sites.

Broadcast Services. We are a leading provider of broadcast tower analysis, design, fabrication, installation and technical services. We have over 50 years of experience in the broadcast tower industry and have worked on the development of more than 700 broadcast towers, which we believe represent approximately 50% of the existing broadcast towers in the United States.

Recent Developments

The financial difficulties experienced by the telecommunications and broadcast industries in recent years have severely impacted capital availability within the wireless telecommunications and broadcast sectors. Many of our customers were forced to reduce scheduled capital expenditures, which in turn impeded our revenue and earnings growth and, therefore, our ability to service our long-term debt. In November 2002, after a review of our business and our prospects, we concluded that recoveries to creditors and equity holders would be maximized by a consensual restructuring implemented under chapter 11 of the Bankruptcy Code. In connection with this restructuring, we extinguished \$1.76 billion of indebtedness in return for issuing approximately 47.5 million shares of our common stock. Also, in connection with this restructuring, all of our common stock outstanding prior to our bankruptcy was cancelled in exchange for warrants to purchase an aggregate of approximately 2.5 million shares of our common stock.

Our operating subsidiaries, including SpectraSite Communications, Inc., or Communications, were not part of the bankruptcy reorganization. Our senior management team remained with the company through the reorganization. After our emergence from bankruptcy, our largest stockholders are affiliates of Apollo Management V, L.P., and certain funds managed by Oaktree Capital Management, LLC. Members of our management team have options representing an aggregate of 10.0% of our common stock on a fully diluted basis.

In order to focus on our core leasing and licensing business, which we refer to as our site operations business, we completed the sale of our network services division on December 31, 2002. In connection with the sale, we reduced the number of our employees by more than 1,000. Also, on February 10, 2003, we sold 545 towers to Cingular. We used all of the net proceeds from the sale of the 545 towers to repay approximately \$73.5 million of outstanding term loans under our credit facility.

Effective May 14, 2003, we amended our credit facility to, among other things, reduce our unused \$300 million commitment under our revolving credit facility by \$100 million in exchange for moderately increasing the ratios in our leverage covenant in future periods.

Effective October 24, 2003, we completed an amendment to our credit facility which reduced the interest rate on our term loan from, at Communication s option, Canadian Imperial Bank of Commerce s base rate plus 2.75% per annum or the Eurodollar rate plus 4.00% per annum to Canadian Imperial Bank of Commerce s base rate plus 1.75% per annum or the Eurodollar rate plus 3.00% per annum.

Summary of the Exchange Offer

We are offering to exchange \$200,000,000 aggregate principal amount of our exchange notes for a like aggregate principal amount of our initial notes. In order to exchange your initial notes, you must properly tender them and we must accept your tender. We will exchange all outstanding initial notes that are validly tendered and not validly withdrawn.

Exchange Offer	We will exchange our exchange notes for a like aggregate principal amount of our initial notes.
Expiration Date	This exchange offer will expire at 5:00 p.m., New York City time, on December 8, 2003, unless we decide to extend it.
Conditions to the Exchange Offer	<p>We will complete this exchange offer only if:</p> <ul style="list-style-type: none">there is no change in the laws and regulations which would impair our ability to proceed with this exchange offer;there is no change in the current interpretation of the staff of the Securities and Exchange Commission which permits resales of the exchange notes;there is no stop order issued by the Securities and Exchange Commission which would suspend the effectiveness of the registration statement which includes this prospectus or the qualification of the exchange notes under the Trust Indenture Act of 1939;there is no litigation or threatened litigation which would impair our ability to proceed with this exchange offer; andwe obtain all the governmental approvals we deem necessary to complete this exchange offer. <p>For more information regarding the conditions to this exchange offer, please refer to the section in this prospectus entitled "The Exchange Offer - Conditions to the Exchange Offer."</p>
Procedures for Tendering Initial Notes	To participate in this exchange offer, you must complete, sign and date the letter of transmittal or its facsimile and transmit it, together with your initial notes to be exchanged and all other documents required by the letter of transmittal, to The Bank of New York, as exchange agent, at its address indicated under "The Exchange Offer - Exchange Agent." In the alternative, you can tender your initial notes by book-entry delivery following the procedures described in this prospectus. If your initial notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact that person promptly to tender your initial notes in this exchange offer. For more information on tendering your initial notes, please refer to the section in this prospectus entitled "The Exchange Offer - Procedures for Tendering Initial Notes."
Special Procedures for Beneficial Owners	If you are a beneficial owner of initial notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your initial notes in the

exchange offer, you should contact the registered holder promptly and instruct that person to tender on your behalf.

Guaranteed Delivery Procedures	If you wish to tender your initial notes and you cannot get the required documents to the exchange agent on time, you may tender your notes by using the guaranteed delivery procedures described under the section of this prospectus entitled "The Exchange Offer - Procedures for Tendering Initial Notes - Guaranteed Delivery Procedure."
Withdrawal Rights	You may withdraw the tender of your initial notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address indicated under "The Exchange Offer - Exchange Agent" before 5:00 p.m., New York City time, on the expiration date of the exchange offer. For more information on how to withdraw a tender of initial notes, please refer to the section of the prospectus entitled "The Exchange Offer - Withdrawal of Tenders."
Acceptance of Initial Notes and Delivery of Exchange Notes	If all the conditions to the completion of this exchange offer are satisfied, we will accept any and all initial notes that are properly tendered in this exchange offer on or before 5:00 p.m., New York City time, on the expiration date. We will return any initial note that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the exchange notes to you promptly after the expiration date and acceptance of your initial notes for exchange. Please refer to the section in this prospectus entitled "The Exchange Offer - Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes."
Federal Income Tax Considerations Relating to the Exchange Offer	Exchanging your initial notes for exchange notes will not be a taxable event to you for United States federal income tax purposes. Please refer to the section of this prospectus entitled "Material U.S. Federal Income Tax Consequences."
Exchange Agent	The Bank of New York is serving as exchange agent in the exchange offer.
Fees and Expenses	We will pay all expenses related to this exchange offer. Please refer to the section of this prospectus entitled "The Exchange Offer - Fees and Expenses."
Use of Proceeds	We will not receive any proceeds from the issuance of the exchange notes. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement entered into in connection with the offering of the initial notes.
Consequences to Holders Who Do Not Participate in the Exchange Offer	If you do not participate in this exchange offer:

except as set forth below, you will not necessarily be able to require us to register your initial notes under the Securities Act of 1933;

you will not be able to resell, offer to resell or otherwise transfer your initial notes unless they are registered under the Securities Act or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act; and

the trading market for your initial notes will become more limited to the extent other holders of initial notes participate in the exchange offer.

You will not be able to require us to register your initial notes under the Securities Act unless:

the initial purchasers request us to register initial notes that are not eligible to be exchanged for exchange notes in the exchange offer; or

you are not eligible to participate in the exchange offer or do not receive freely tradable exchange notes in the exchange offer.

In these cases, the registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for the benefit of the holders of the initial notes described in this paragraph. We do not currently anticipate that we will register under the Securities Act any notes that remain outstanding after completion of the exchange offer.

Please refer to the section of this prospectus entitled "The Exchange Offer - Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences."

Resales

It may be possible for you to resell the notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to the conditions described under "Obligations of Broker-Dealers" below.

To tender your initial notes in this exchange offer and resell the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act, you must make the following representations:

you are authorized to tender the initial notes and to acquire exchange notes, and that we will acquire good and unencumbered title thereto;

the exchange notes acquired by you are being acquired in the ordinary course of business;

you have no arrangement or understanding with any person to participate in a distribution of the exchange notes and are not participating in, and do not intend to participate in, the distribution of such exchange notes;

you are not an affiliate, as defined in Rule 405 under the Securities Act, of ours, or you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

if you are not a broker-dealer, you are not engaging in, and do not intend to engage in, a distribution of exchange notes; and

if you are a broker-dealer, initial notes to be exchanged were acquired by you as a result of market-making or other trading activities and you will deliver a prospectus in connection with any resale, offer to resell or other transfer of such exchange notes.

Please refer to the sections of this prospectus entitled "The Exchange Offer Procedures for Tendering Initial Notes Proper Execution and Delivery of Letters of Transmittal, Risk Factors Risks Relating to the Exchange Offer Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes and Plan of Distribution.

Obligations of Broker-Dealers

If you are a broker-dealer (1) that receives exchange notes, you must acknowledge that you will deliver a prospectus in connection with any resales of the exchange notes, (2) that acquired the initial notes as a result of market making or other trading activities, you may use the exchange offer prospectus as supplemented or amended, in connection with resales of the exchange notes, or (3) that acquired the initial notes directly from the issuer in the initial offering and not as a result of market making and trading activities, you must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in connection with resales of the exchange notes.

Summary of Terms of the Exchange Notes

Issuer	SpectraSite, Inc.
Exchange Notes	\$200,000,000 aggregate principal amount of 8 1/4% senior notes due 2010. The forms and terms of the exchange notes are the same as the form and terms of the initial notes except that the issuance of the exchange notes is registered under the Securities Act, will not bear legends restricting their transfer and will not be entitled to registration rights under the registration rights agreement. The exchange notes will evidence the same debt as the initial notes, and both the initial notes and the exchange notes will be governed by the same indenture.
Maturity Date	May 15, 2010.
Interest	8 1/4% per annum, payable semi-annually in arrears on May 15 and November 15, commencing November 15, 2003.
Security and Ranking	The notes will be our unsecured senior obligations and will rank equally with all of our unsecured senior debt. The notes will effectively rank junior to all of the debt and other liabilities of our subsidiaries. As of June 30, 2003, after giving effect to the offering of the initial notes, our only debt outstanding would have been the \$200.0 million of senior notes issued in the offering of the initial notes. Our subsidiaries would have had approximately \$480.2 million of secured debt and the ability to borrow up to an additional

\$200 million in secured debt and letters of credit under our credit facility, subject to certain conditions.

Optional Redemption

Except in the case of certain equity offerings by us, we cannot redeem the exchange notes until May 15, 2006. At any time, which may be more than once, after that date, we may redeem some or all of the exchange notes at certain specified prices, plus accrued interest. At any time, which may be more than once, before May 15, 2006, we can choose to buy back up to 35% of the exchange notes with money that we raise in certain equity offerings, as long as:

we pay 108.25% of the principal amount of the exchange notes bought, plus interest;

we buy the exchange notes back within 90 days of completing the equity offering; and

at least 65% of the exchange notes originally issued remain outstanding afterwards.

Please refer to the section of this prospectus entitled "Description of the Notes - Redemption."

Change of Control

Upon the occurrence of specified change of control events, we will be required to make an offer to repurchase all of the exchange notes. The purchase price will be 101% of the outstanding principal amount of the exchange notes plus any accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. Please refer to the section of this prospectus entitled "Description of the Notes - Change of Control." Our ability to complete a change of control repurchase may be limited by the terms of our credit facility or our other indebtedness and by the availability of sufficient funds to complete the repurchase.

Certain Covenants

The indenture governing the exchange notes will limit what we may do. The provisions of the indenture will limit our ability to:

incur more debt;

pay dividends and make distributions;

issue stock of subsidiaries;

make certain investments;

repurchase stock;

create liens;

enter into transactions with affiliates;

enter into sale-leaseback transactions;

merge or consolidate; and

transfer and sell assets.

These covenants are subject to important qualifications and exceptions, which are described under "Description of the Notes - Certain Covenants."

Absence of a Public Market for the Exchange Notes

The exchange notes are new securities with no established market for them. We cannot assure you that a market for these exchange notes will develop or that this market will be liquid. We do not expect to list the exchange notes on any national securities exchange nor do we intend to have the exchange notes qualified to trade on any other market system. Please refer to the section of this prospectus entitled "Risk Factors - Risks Relating to the Exchange Notes." There may be no active trading market for the notes.

Form of the Exchange Notes

The exchange notes will be represented by one or more permanent global securities in registered form deposited on behalf of The Depository Trust Company with The Bank of New York, as custodian. You will not receive exchange notes in certificated form unless one of the events described in the section of this prospectus entitled "Description of the Notes - Exchange of Book-Entry Notes for Certificated Notes" occurs. Instead, beneficial interests in the exchange notes will be shown on, and transfers of these exchange notes will be effected only through, records maintained in book entry form by The Depository Trust Company with respect to its participants.

Risk Factors

See "Risk Factors" immediately following this summary for a discussion of some of the risks relating to participating in the exchange offer and investing in the exchange notes.

Information About SpectraSite

We were incorporated in 1997. Our principal executive offices are located at 400 Regency Forest Drive, Cary, North Carolina 27511, and our telephone number at that address is (919) 468-0112. Our World Wide Web site address is <http://www.spectrasite.com>. The information in our website is not part of this prospectus.

Summary Consolidated Financial and Other Data

The following table sets forth summary historical consolidated financial and other data. We refer to the periods prior to our emergence from chapter 11 as predecessor company and to the periods subsequent to that date as reorganized company. The balance sheet data as of December 31, 2000, 2001 and 2002 and the statement of operations data for the years ended December 31, 2000, 2001 and 2002 are derived from our audited consolidated financial statements. The balance sheet data as of June 30, 2002, January 31, 2003 and June 30, 2003 and the statement of operations data for the six months ended June 30, 2002 and for the one month ended January 31, 2003 for the predecessor company and for the five months ended June 30, 2003 for the reorganized company are derived from our unaudited financial statements. In our opinion, the unaudited financial data include all adjustments (consisting only of normal recurring adjustments for the predecessor company for the six months ended June 30, 2002 and normal recurring adjustments and fresh start accounting adjustments for the predecessor company for the one month period ended January 31, 2003 and for the reorganized company for the five months ended June 30, 2003) necessary to present fairly the information set forth therein.

As a result of the implementation of fresh start accounting as of January 31, 2003, our financial statements after that date are not comparable to our financial statements for prior periods because of the differences in the bases of accounting and the capital structure for the predecessor company and the reorganized company. Operating results for the one month ended January 31, 2003 for the predecessor company and for the five months ended June 30, 2003 for the reorganized company are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

The information set forth below should be read in conjunction with Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. Prior period information has been restated to present the operations of the network services division as a discontinued operation.

	Predecessor Company(1)					Reorganized Company(1)
	Year Ended December 31,			Six Months Ended	One Month Ended	Five Months Ended
	2000	2001	2002	June 30, 2002(2)	January 31, 2003(2)	June 30, 2003(2)
(Dollars in thousands)						
Statement of Operations Data:						
Revenues:						
Site operations	\$ 116,476	\$ 221,614	\$ 282,525	\$ 135,585	\$ 25,556	\$ 128,567
Broadcast services	38,593	38,211	26,809	12,688	1,237	6,988
Total revenues	155,069	259,825	309,334	148,273	26,793	135,555
Operating expenses:						
Costs of operations (excluding depreciation, amortization and accretion expense):						
Site operations	\$ 46,667	\$ 91,689	\$ 108,540	\$ 52,210	\$ 8,840	\$ 42,824
Broadcast services	26,245	29,538	21,158	10,375	1,492	6,427
Selling, general and administrative expenses	51,825	72,431	58,037	30,976	4,280	21,275
Depreciation, amortization and accretion expense(3)	78,103	165,267	189,936	95,263	16,075	42,452
Restructuring and non-recurring charges		142,599	28,570	28,570		
Total operating expenses	202,840	501,524	406,241	217,394	30,687	112,978
Operating income (loss)	\$ (47,771)	\$ (241,699)	\$ (96,907)	\$ (69,121)	\$ (3,894)	\$ 22,577
Gain on debt discharge					1,034,764	
Income (loss) from continuing operations	\$ (163,059)	\$ (660,627)	\$ (338,979)	\$ (200,561)	\$ 1,025,788	\$ (8,670)

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	Predecessor Company(1)			Reorganized Company(1)		
	Year Ended December 31,			Six Months Ended	One Month Ended	Five Months Ended
	2000	2001	2002	June 30, 2002(2)	January 31, 2003(2)	June 30, 2003(2)
(Dollars in thousands)						
Statement of Cash Flows Data:						
Net cash provided by (used in) operating activities	\$ 11,365	\$ (12,133)	\$ 36,286	\$ (15,688)	\$ 5,892	\$ 28,550
Net cash provided by (used in) investing activities	(1,108,690)	(984,724)	(69,966)	(59,347)	(2,737)	65,702
Net cash provided by (used in) financing activities	1,612,200	475,751	83,094	88,795	(10,884)	(108,731)
Purchases of property and equipment	658,283	958,945	71,248	48,530	2,737	6,181
Balance Sheet Data (at end of period):						
Cash and cash equivalents	\$ 552,653	\$ 31,547	\$ 80,961	\$ 45,307	\$ 73,442	\$ 58,753
Total assets	3,054,105	3,203,425	2,578,456	2,721,271	2,577,575	1,556,185
Total long-term obligations	1,708,273	2,326,177	792,083	2,477,881	849,350	732,929
Liabilities subject to compromise			1,763,286		1,763,286	
Total stockholders' equity (deficit)	1,224,800	719,345	(75,127)	119,984	(96,678)	681,594
Selected Operating Data (at end of period):						
Adjusted EBITDA(4)	\$ 21,761	\$ (143,284)	\$ 82,100	\$ 14,960	\$ 11,688	\$ 61,959
Ratio of earnings to fixed charges(5)					133.1	
Deficiency of earnings to cover fixed charges(5)	(158,814)	(613,580)	(337,394)	(200,699)		(7,467)
Number of owned or operated towers	5,030	7,925	8,036	7,994	8,036	7,539

- (1) On February 10, 2003, we emerged from chapter 11. In accordance with AICPA Statement of Position 90-7 *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code* (SOP 90-7), we adopted fresh start accounting as of January 31, 2003 and our emergence from chapter 11 resulted in a new reporting entity. Under fresh start accounting, the reorganization value of the entity is allocated to the entity's assets based on fair values, and liabilities are stated at the present value of amounts to be paid determined at appropriate current interest rates. The net effect of all fresh start accounting adjustments resulted in a charge of \$644.7 million, which is reflected in the statement of operations for the one month ended January 31, 2003. The effective date is considered to be the close of business on January 31, 2003 for financial reporting purposes. The periods presented prior to January 31, 2003 have been designated predecessor company and the periods subsequent to January 31, 2003 have been designated reorganized company. As a result of the implementation of fresh start accounting as of January 31, 2003, our financial statements after the effective date are not comparable to our financial statements for prior periods because of differences in the bases of accounting and the capital structure for the predecessor company and the reorganized company.
- (2) On February 10, 2003, we sold 545 towers to Cingular. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Tower Acquisitions and Dispositions for a discussion of the impact of the sale of these towers on our results of operations and financial position.
- (3) Depreciation, amortization and accretion expense for the one-month and five-month periods are not proportional because the predecessor company and the reorganized company used different bases of accounting.
- (4) Adjusted EBITDA consists of net income (loss) before depreciation, amortization and accretion, interest, income tax expense (benefit) and, if applicable, before discontinued operations and cumulative effect of change in accounting principle. For the periods prior to January 31, 2003, Adjusted EBITDA also excludes gain on debt discharge, reorganization items and writeoffs of investments in and loans to affiliates. We use a different definition of Adjusted EBITDA for the fiscal periods prior to our reorganization to enable investors to view our operating performance on a consistent basis before the impact of the items discussed above on the predecessor company. Each of these historical items was incurred prior to, or in connection with, our bankruptcy and is excluded from Adjusted EBITDA to reflect, as accurately as possible, the results of our core operations. Management does not expect any of our pre-reorganization items to have a material financial impact on our operations on a going-forward

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basis because none of these pre-reorganization items is expected to occur in the foreseeable future. Investors may use both of these definitions of Adjusted EBITDA to evaluate and compare the results of our operations from period to period before the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) on our operating results. We more fully discuss Adjusted EBITDA and the limitations of this financial measure under Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures Adjusted EBITDA.

Adjusted EBITDA was calculated as follows for the periods indicated:

	Predecessor Company			Reorganized Company		
	Year Ended December 31,			Six Months Ended	One Month Ended	Five Months Ended
	2000	2001	2002	June 30, 2002	January 31, 2003	June 30, 2003
	(Dollars in thousands)					
Net income (loss)	\$ (157,616)	\$ (654,769)	\$ (774,984)	\$ (580,099)	\$ 344,970	