SPECTRASITE INC
Form 424B3
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Registration No. 333-106118

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to this exchange offer are satisfied, we will exchange all of our initial notes that are validly tendered and not withdrawn for exchange notes.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	We will complete this exchange offer only if: 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; and we obtain all the governmental approvals we deem necessary to complete this exchange offer. 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.
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 June 30,	One Month Ended January 31,	Five Months Ended June 30,
	2000	2001	2002	2002(2)	2003(2)	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 June 30, 2002(2)	One Month Ended January 31, 2003(2)	Five Months Ended June 30, 2003(2)
	2000	2001	2002			
	(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

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 June 30,	One Month Ended January 31,	Five Months Ended June 30,
	2000	2001	2002	2002	2003	2003
	(Dollars in thousands)					
Net income (loss)	$(157,616)	$(654,769)	$(774,984)	$(580,099)	$ 344,970	$ (9,266)
Depreciation, amortization and accretion expense	78,103	165,267	189,936	95,263	16,075	42,452
Interest income	(28,391)	(17,037)	(855)	(377)	(137)	(496)
Interest expense	134,664	212,174	226,536	120,492	4,721	27,865
Gain on debt discharge					(1,034,764)	
Writeoff of investments in affiliates		129,404				
Writeoff of loans to affiliates		26,980				
Income tax expense	444	555	1,133	143	5	808
Reorganization items:						
Adjust accounts to fair value					644,688	
Professional and other fees			4,329		23,894	
Loss (income) from operations of discontinued segment, net of income tax expense	(5,443)	(5,858)	12,268	2,785		
Loss on disposal of discontinued segment			46,984			596
Cumulative effect of change in accounting principle			376,753	376,753	12,236	
Adjusted EBITDA	$ 21,761	$(143,284)	$ 82,100	$ 14,960	$ 11,688	$61,959

(5) The ratio of earnings to fixed charges is computed by dividing income (loss) before income taxes and fixed charges by fixed charges. Fixed charges consist of interest charges, amortization of debt discount and debt issuance costs, and that portion of rental expense SpectraSite believes to be representative of interest. Earnings were not sufficient to cover fixed charges and, therefore, the ratio is not meaningful, for all periods presented in the table, except for the one month ended January 31, 2003.

RISK FACTORS

Investing in the exchange notes involves substantial risks. In addition to the other information in this prospectus, you should carefully consider the following factors before investing in the exchange notes.

Our substantial indebtedness could impair our financial condition and make it more difficult for us to fund our operations.

Even after our recent restructuring, we are, and may continue to be, highly leveraged. As of June 30, 2003, we had $680.2 million of consolidated indebtedness. Our high level of indebtedness could have important negative consequences for us. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing;
- require the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, reducing available cash flow to fund other projects;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- place us at a competitive disadvantage relative to less leveraged competitors.

Our ability to generate sufficient cash flow from operations to pay the principal of, and interest on, our indebtedness is uncertain. In particular, we may not meet our anticipated revenue growth and operating expense targets, and, as a result, our future debt service obligations, including our obligations on the exchange notes, could exceed cash available to us. Further, we may not be able to refinance any of our indebtedness on commercially reasonable terms or at all.

In addition, we may be able to incur significant additional indebtedness in the future. To the extent new debt is added to our current debt levels, the risks described above would increase, which could make a material adverse effect on our operations and our ability to run our business more likely and may make it difficult for us to satisfy our obligations on the exchange notes.

We recently emerged from a chapter 11 bankruptcy reorganization, have a history of losses and may not become profitable.

Because we recently emerged from bankruptcy and have a history of losses, we cannot assure you that we will grow or achieve and maintain profitability in the near future, or at all. We emerged from our chapter 11 bankruptcy reorganization as a new reporting entity on February 10, 2003, approximately three months after filing a voluntary petition for bankruptcy reorganization. Prior to our reorganization, we incurred net losses of approximately $157.6 million in 2000, $654.8 million in 2001 and $775.0 million in 2002. In connection with our reorganization, we adopted fresh start accounting as of January 31, 2003. 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. If we cannot achieve and maintain profitability, the value of your investment in our exchange notes may decline.

You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our exchange notes.

As a result of our emergence from bankruptcy, we are operating our business with a new capital structure, and are subject to the fresh start accounting prescribed by generally accepted accounting principles. Accordingly, unlike other companies that have not previously filed for bankruptcy protection, our financial condition and results of operations are not comparable to the financial condition and results of operations reflected in our historical financial statements contained in this prospectus. Without historical financial statements to compare to our current performance, it may be more difficult for you to assess our future prospects when evaluating an investment in our exchange notes.

The financial and operating difficulties in the wireless telecommunications sector, which have negatively affected some of our customers, could adversely impact our revenues and profitability.

The slowdown and intense competition in the wireless and telecommunications industries over the past several years have impaired the financial condition of some of our customers. The financial uncertainties facing our customers could reduce demand for our communications sites, increase our bad debt expense and reduce prices on new customer contracts. Industry consolidation could reduce the number of our potential customers. In addition, we may be negatively impacted by our customers limited access to debt and equity capital, which may constrain their ability to conduct business with us. As a result, our growth strategy, revenues and profitability may be adversely affected.

A decrease in the demand for our wireless communications sites and our ability to secure additional customers could negatively impact our ability to achieve and maintain profitability.

Our business depends on demand for communications sites from wireless service providers, which in turn, depends on consumer demand for wireless services. A reduction in demand for our communications sites or increased competition for additional customers could have an adverse effect on our business. Our wireless service provider customers lease and license communications sites on our towers based on a number of factors, including the level of demand by consumers for wireless services, the financial condition and access to capital of those providers, the strategy of providers with respect to owning, leasing or sharing communications sites, available spectrum and related infrastructure, competitive pricing, consolidation among our customers and potential customers, government regulation of communications licenses, changes in telecommunications regulations, the characteristics of each company s technology and geographic terrain. Any decrease in the demand for our communications sites from current levels or in our ability to secure additional customers could decrease our ability to become and remain profitable and could decrease the value of your investment in the exchange notes.

Consolidation in the wireless industry could decrease the demand for our sites and may lead to reductions in our revenues.

Various wireless service providers, which are our primary existing and potential customers, could enter into mergers, acquisitions or joint ventures with each other over time. These consolidations could reduce the size of our customer base and have a negative impact on the demand for our services. Recent regulatory developments have made consolidation in the wireless industry easier and more likely. For example, the Federal Communications Commission, or FCC, has recently eliminated the spectrum aggregation cap in a geographic area in favor of a case-by-case review of spectrum transactions, enabled the ownership by a single entity of interests in both cellular carriers in an overlapping cellular service area and authorized spectrum leasing for a variety of wireless radio services. See Business Regulatory and Environmental Matters. It is possible that at least some wireless service providers may take advantage of this relaxation of spectrum and ownership limitations and consolidate their businesses. Any industry consolidation could decrease the demand for our sites, which may lead to reductions in our revenues.

An increase in the spectrum available for wireless services may impact the demand for our communication towers, which may negatively impact our operating results.

It is expected that additional spectrum for the provision of wireless services will be made available over the next few years. For example, the FCC is required to make available for commercial use a portion of the frequency spectrum currently reserved for government use. Some portion of this spectrum may be used to create new land mobile services or to expand existing offerings. Further, the FCC has auctioned or announced plans to auction large blocks of spectrum that will in the future be used to expand existing wireless networks and to create new or advanced wireless services. This additional spectrum could be used to replace existing spectrum and could be deployed in a manner that reduces the need for communications towers to transmit signals over existing spectrum. Any increased spectrum could have an adverse impact on our business and may impair our operating results.

Because a significant portion of our revenues depends on a small number of customers, the loss of any of these customers could decrease our revenues.

A significant portion or our revenues is derived from a small number of customers. For example, Nextel (including its affiliates) and Cingular represented approximately 28% and 20%, respectively, of our revenues for the year ended December 31, 2002 and 29% and 19%, respectively, of our revenues for the five months ended June 30, 2003. If Nextel, Cingular or any of our other customers were to suffer financial difficulties or were unwilling or unable to perform their obligations under their agreements with us, our revenues could be adversely affected.

In addition, from time to time in the ordinary course of our business, we have experienced conflicts or disputes with some of our customers and lessors. Most of these disputes relate to the interpretation of terms in our contracts. While we seek to resolve conflicts amicably and have generally resolved customer disputes on commercially reasonable terms, these disputes could lead to increased tensions and damaged relationships with these entities. In some cases, a dispute could result in a termination of our contracts with customers or lessors, some of whom are key to our business. In addition, if we are unable to resolve these differences amicably, we may be forced to litigate these disputes in order to enforce or defend our rights. Damaged or terminated relationships with our key customers, or any related litigation, could hurt our business and lead to decreased revenues (including as a result of losing a customer or lessor) or increased costs, any of which may have a negative impact on our operating results.

If we are unable to successfully compete, our business will suffer.

We believe that tower location and capacity, price, quality of service and density within a geographic market historically have been, and will continue to be, the most significant competitive factors affecting our site operations business. We compete for customers with:

- wireless service providers that own and operate their own towers and lease, or may in the future decide to lease, antenna space to other providers;

- other independent tower operators; and

- owners of non-tower antenna sites, including rooftops, water towers and other alternate structures.

Some of our competitors have significantly more financial resources than we do. The intense competition in our industry may make it more difficult for us to attract new customers, increase our gross margins or maintain or increase our market share.

Competing technologies and other service options offer alternatives to ground-based antenna systems and allow our customers to increase wireless capacity without increased use of ground-based facilities, both of which could reduce the demand for our sites.

Most types of wireless and broadcast services currently require ground-based network facilities, including communications sites for transmission and reception. The development and growth of communications and other new technologies that do not require ground-based sites could reduce the demand for space on our towers. For example, the growth in delivery of video, voice and data services by satellites, which allow communication directly to users terminals without the use of ground-based facilities, could lessen demand for our sites. Moreover, the FCC has issued licenses for several additional satellite systems (including low earth orbit systems) that are intended to provide more advanced, high-speed data services directly to consumers. These satellite systems compete with land-based wireless communications systems, thereby reducing the demand for the services that we provide. Technological developments are also making it possible for carriers to expand their use of existing facilities to provide service without additional tower facilities. The increased use by carriers of signal combining and related technologies, which allow two or more carriers to provide services on different transmission frequencies using the communications antenna and other facilities normally used by only one carrier, could reduce the demand for tower-based broadcast transmissions and antenna space. In addition to sharing transmitters, carriers are sharing (or considering the sharing of) telecommunications infrastructure in ways that might adversely impact the growth of our business. Furthermore, wireless service providers frequently enter into agreements with competitors allowing them to utilize one another s wireless communications facilities to accommodate customers who are out of range of their home providers services, so that the home providers do not need to lease space for their own antennas on communications sites we own. Any of the conditions and developments described above could reduce demand for our ground-based antenna sites, and may have an adverse effect on our business and revenues.

We may be unable to modify towers and add new customers, which could negatively impact our growth strategy and our business.

Our business depends on our ability to modify towers and add new customers as they expand their tower network infrastructure. Regulatory and other barriers could adversely affect our ability to modify towers in accordance with the requirements of our customers, and, as a result, we may not be able to meet our customers requirements. Our ability to modify towers and add new customers to towers may be affected by a number of factors beyond our control, including zoning and local permitting requirements, Federal Aviation Administration, or FAA, considerations, FCC tower registration procedures, availability of tower components and construction equipment, availability of skilled construction personnel, weather conditions and environmental compliance issues. In addition, because public concern over tower proliferation has grown in recent years, many communities now restrict tower modifications or delay granting permits required for adding new customers. In addition, we may not be able to overcome the barriers to modifying towers or adding new customers. Our failure to complete the necessary modifications could have an adverse effect on our growth strategy and our business.

We may encounter difficulties in integrating acquisitions with our operations, which could limit our revenue growth and our ability to achieve or sustain profitability.

We have agreed to complete the lease or sublease of 600 towers from SBC between May 2003 and August 2004. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties, divert managerial attention or require significant financial resources. These leases or subleases and other future acquisitions may require us to incur additional indebtedness and contingent liabilities, which may limit our revenue growth and our ability to achieve or sustain profitability. Alternatively, these acquisitions may be financed through the issuance of additional equity, which would dilute the interests of our stockholders. Moreover, any future acquisitions may not generate any additional income for us or provide any benefit to our business.

We may be unable to attract and retain key personnel, which would adversely affect our ability to effectively manage our business.

Our future performance depends largely on the continued services of senior executive officers, including, but not limited to, our Chief Executive Officer, Stephen H. Clark, our Chief Operating Officer, Timothy G. Biltz, and our Chief Financial Officer, David P. Tomick. This dependence is particular to our business because the skills, knowledge, technical experience and customer relationships of our senior executive officers are essential to obtaining and maintaining these relationships and executing our business plan. Although Messrs. Clark, Biltz and Tomick each has an employment agreement with SpectraSite, the loss of any of these key employees would likely have a significantly detrimental effect on our ability to effectively manage our business.

Our failure to comply with federal, state and local laws and regulations could result in our being fined, liable for damages and, in some cases, losing our right to conduct some of our business.

We are subject to a variety of regulations, including those at the federal, state and local levels. Both the FCC and the FAA regulate towers and other sites used for wireless communications transmitters and receivers. See Business Regulatory and Environmental Matters. In addition, under the FCC s rules, we are fully liable for the acts or omissions of our contractors. We generally indemnify our customers against any failure by us to comply with applicable standards. Our failure to comply with any applicable laws and regulations (including as a result of acts or omissions of our contractors, which may be beyond our control) may lead to monetary forfeitures or other enforcement actions, as well as civil penalties, contractual liability and tort liability and, in some cases, losing our right to conduct some of our business, any of which could have an adverse impact on our business.

We also are subject to local regulations and restrictions that typically require tower owners to obtain a permit or other approval from local officials or community standards organizations prior to tower construction or modification. Local regulations could delay or prevent new tower construction or modifications, as well as increase our costs, any of which could adversely impact our ability to implement or achieve our business objectives.

Because we generally lease, sublease, or license the land under our towers, our business may be adversely affected if we fail to protect our rights under our contracts.

Our real property interests relating to towers primarily consist of leasehold and sub-leasehold interests, private easements and licenses, and easements and rights-of-way granted by governmental entities. A loss of these interests for any reason, including losses arising from the bankruptcy of a significant number of our lessors, from the default by a significant number of our lessors under their mortgage financing or from a challenge to our interest in the real property, would interfere with our ability to conduct our business and generate revenues. Our ability to protect our rights against persons claiming superior rights in towers or real property depends on our ability to:

recover under title insurance policies, the policy limits of which may be less than the purchase price of a particular tower;

in the absence of title insurance coverage, recover under title warranties given by tower sellers, which warranties often terminate after the expiration of a specific period, typically one to three years;

recover from landlords under title covenants contained in lease agreements; and

obtain so-called non-disturbance agreements from mortgagees and superior lienholders of the land under our towers.

Our inability to protect our rights to the land under our towers could have a material adverse affect on our business and operating results.

Our failure to comply with environmental laws could result in liability and claims for damages.

We are subject to environmental laws and regulations that impose liability without regard to fault. These laws and regulations place responsibility on us to investigate potential environmental and other effects of operations and to disclose any significant effects in an environmental assessment prior to constructing a tower or adding a new customer on a tower. In the event the FCC determines that one of our towers would have a significant environmental impact, the FCC would be required to prepare an environmental impact statement. This regulatory process could be costly to us and could significantly delay our registration of a particular tower. In addition, we are subject to environmental laws that may require investigation and clean up of any contamination at facilities we own or operate or at third-party waste disposal sites. These laws could impose liability even if we did not know of, or were not responsible for, the contamination. Although we believe that we currently have no material liability under applicable environmental laws, the costs of complying with existing or future environmental laws, responding to petitions filed by environmental protection groups, investigating and remediating any contaminated real property and resolving any related liability could have a material adverse effect on our business.

Our towers may be damaged by disaster and other unforeseen damage for which our self-insurance may not provide adequate coverage.

Our towers are subject to risks associated with natural disasters, such as ice and wind storms, tornadoes, floods, hurricanes and earthquakes, as well as other unforeseen damage. We self-insure almost all of our towers against these risks. Since our inception, two of our towers have been destroyed by high wind, one has been destroyed by unknown causes and approximately 25 tower sites have suffered minor damage due to flooding. In addition, we own, lease and license a large number of towers in geographic areas, including Texas, California, Illinois and Ohio, that have historically been subject to natural disasters, such as high winds, floods, earthquakes and severe weather. A tower accident for which we do not have adequate insurance reserves or have no insurance, or a large amount of damage to a group of towers, could decrease the value of our assets and have an adverse effect on our operating results.

If radio frequency emissions from our towers are demonstrated, or perceived, to cause negative health effects, our business and revenues may be adversely affected.

The safety guidelines for radio frequency emissions from our sites require us to undertake safety measures to protect workers whose activities bring them into proximity with the emitters and to restrict access to our sites by others. If radio frequency emissions are found, or perceived, to be harmful, our customers and possibly our company could face lawsuits claiming damages from these emissions, and demand for wireless services and new towers, and thus our business and revenues could be adversely affected. Although we have not been subject to any claims relating to radio frequency emissions, we cannot assure you that these claims will not arise in the future or that they will not negatively impact our business.

Repayment of the principal of our outstanding indebtedness, including our notes, may require additional financing that we cannot assure you will be available to us.

We have historically financed our operations primarily with indebtedness. Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations, including our notes, will continue to depend on our future financial performance. In addition, we currently anticipate that, in order to pay the principal of our outstanding indebtedness, including our notes, or to repay such indebtedness upon a change of control as defined in the instruments governing our indebtedness, we may be required to adopt one or more alternatives, such as refinancing our indebtedness or selling our equity securities or the equity securities or assets of our subsidiaries. We cannot assure you that we could affect any of the foregoing alternatives on terms satisfactory to us, that any of the foregoing alternatives would enable us to pay the interest or principal of our indebtedness or that any of such alternatives would be permitted by the terms of our credit facility and other indebtedness then in effect.

The terms of our credit facility and the indenture relating to our notes may restrict our current and future operations, which would adversely affect our ability to respond to changes in our business and to manage our operations.

Our credit facility and the indenture relating to our notes contain, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt;
- pay dividends and make other restricted payments;
- create liens;
- make investments;
- engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;
- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

The credit facility also requires us to maintain certain financial ratios. A failure by us to comply with the covenants or financial ratios contained in the credit facility could result in an event of default under the facility which could adversely affect our ability to respond to changes in our business and manage our operations. In the event of any default under our credit facility, the lenders under our credit facility will not be required to lend any additional amounts to us. Our lenders also could elect to declare all amounts outstanding, to be due and payable, require us to apply all of our available cash to repay these amounts or prevent us from making debt service payments on our notes, any of which could result in an event of default under our notes. If the indebtedness under our credit facility or our notes were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full.

Risks Relating to the Exchange Notes

SpectraSite is a holding company and its only source of cash to pay interest on, and the principal of, the exchange notes is distributions from Communications.

SpectraSite is a holding company with no business operations of its own. SpectraSite s only significant asset is and will be the outstanding capital stock of its subsidiary, SpectraSite Communications. SpectraSite conducts all of its business operations through its subsidiaries. Accordingly, SpectraSite s only source of cash to pay interest on, and the principal of, the exchange notes is distributions with respect to its ownership interest in Communications from the earnings and cash flow generated by Communications. We currently expect that Communications will retain and use available earnings and cash flow to support its operations, including to service its debt obligations. We cannot assure you that Communications will generate sufficient earnings and cash flow to pay dividends or distributions to SpectraSite or that applicable state law and contractual restrictions, including negative covenants contained in Communications debt instruments, will permit such dividends or distributions.

Communications credit facility prohibits, subject to certain limited exceptions, dividends or other distributions by Communications to SpectraSite. The credit facility permits distributions to SpectraSite in an amount sufficient to pay scheduled interest payments on the exchange notes, so long as we remain in compliance with applicable financial covenants and there is no default or event of default outstanding under the credit facility. If Communications is unable to make distributions to SpectraSite, we will have to pursue other alternatives to make the scheduled interest payments on the exchange notes, which may include refinancing the credit facility or seeking other sources of debt or equity capital. We cannot assure you that we would be able to secure sources of capital on terms acceptable to us or at all, which could adversely impact the value of your investment in our notes.

Your right to receive payments on the exchange notes is effectively junior to certain existing indebtedness and all future borrowings of our subsidiaries.

Communications is not a guarantor of the exchange notes. All of Communications indebtedness, including any borrowings under its credit facility and other liabilities, will be structurally senior to the exchange notes. At June 30, 2003, after giving effect to the offering of the initial notes and the amendment to our credit facility, Communications had approximately $480.2 million of long-term debt and the ability to borrow up to $200 million, including letters of credit, under its credit facility, subject to certain conditions, all of which will be structurally senior in right of payment to the notes.

In addition, Communications is permitted, under the terms of the indenture governing the exchange notes, to incur certain additional indebtedness that may restrict or prohibit it from making distributions, paying dividends or making loans to SpectraSite and to guarantee other indebtedness of SpectraSite without guaranteeing the exchange notes. If Communications or any or all of its or our existing or future subsidiaries become subject to bankruptcy proceedings before payment of the exchange notes, we do not expect the holders of the exchange notes to have claims in the proceedings. Only after the applicable subsidiaries creditors are fully paid would any remaining value of the subsidiaries assets be available to us or our creditors, including the holders of the exchange notes.

The lenders under Communications credit facility will be entitled to remedies available to a secured lender, which gives them priority over you to collect amounts due to them.

The exchange notes will not be secured by any of our assets. Obligations under Communications credit facility are secured by substantially all the tangible and intangible assets of Communications and its domestic subsidiaries, a pledge of all of the capital stock of Communications and its domestic subsidiaries and 66% of the capital stock of Communications foreign subsidiaries. If we become insolvent or are liquidated, or if there is a default under the credit facility, the lenders under the credit facility will be entitled to exercise the remedies available to a secured lender under applicable law in addition to any remedies that may be available under documents pertaining to the credit facility. Upon the occurrence of any default under the credit facility (and even without accelerating the indebtedness under the credit facility), the lenders may be able to prohibit the payment of the exchange notes, including by limiting our ability to access Communications cash flow. See Description of the Credit Facility and Description of the Notes.

We may be unable to repurchase the exchange notes upon a change of control.

If we experience a change of control, we will be required to offer to purchase the exchange notes in cash at a price equal to 101% of the principal amount of the exchange notes plus accrued interest to the date of purchase. A change of control would also constitute an event of default under Communication s credit facility, providing the lenders under Communication s credit facility with the right to accelerate our borrowings under the facility and to prevent payments in respect of the exchange notes until outstanding borrowings under the credit facility were repaid in full. In the event of a change of control, we may not have sufficient funds to repay the amounts outstanding under our credit facility and to purchase all the exchange notes.

There may be no active trading market for the exchange notes, which may adversely impact the value of your investment in the exchange notes.

The exchange notes will constitute a new issue of securities for which there is no established trading market. We do not intend to list the notes on any national securities exchange or to seek the admission of the notes for quotation through the National Association of Securities Dealers Automated Quotation System. Although the initial purchasers of the notes have advised us that they currently intend to make a market in the exchange notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, market-making activity will be subject to the limits imposed by the federal securities laws and may be limited during the exchange offer and the pendency of any shelf registration statement. Following the exchange offer, a market for the exchange notes may not develop or be liquid. Holders of the exchange notes may not be able to sell their exchange notes at acceptable prices or at all. In addition, the market for non-investment grade debt has been subject to disruptions that have caused substantial fluctuations in the prices of the securities, which may make it more difficult for you to sell your exchange notes.

Risks Relating to the Exchange Offer

The issuance of the exchange notes may adversely affect the market for the initial notes.

To the extent the initial notes are tendered and accepted in the exchange offer, the trading market for the untendered and tendered but unaccepted initial notes could be adversely affected. Because we anticipate that most holders of the initial notes will elect to exchange their initial notes for exchange notes due to the absence of restrictions on the resale of exchange notes under the Securities Act, we anticipate that the liquidity of the market for any initial notes remaining after the completion of this exchange offer may be substantially limited. Please refer to the section in this prospectus entitled The Exchange Offer Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences.

Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on interpretations of the staff of the Securities and Exchange Commission contained in Exxon Capital Holdings Corp., SEC no-action letter (May 13, 1988), Morgan Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993), we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under Plan of Distribution, you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your exchange notes. In these cases, if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes under the Securities Act, you may incur liability under this act. We do not and will not assume, or indemnify you against, this liability.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as may, believe, expect, anticipate, intend, plan, estimate or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include but are not limited to:

- substantial leverage and capital requirements, even after our emergence from chapter 11;
- dependence on demand for wireless communications;
- our ability to add customers on our towers;
- material adverse changes in economic conditions in the markets we serve;
- future regulatory actions and conditions in our operating areas;
- competition from others in the communications tower industry;
- technological innovation;
- the integration of our operations with those of towers or businesses we have acquired or may acquire in the future and the realization of the expected benefits;
- dependence upon a small number of significant customers;
- disputes with our current and prospective customers and lessors;
- the need for additional financing to provide operating and growth capital; and
- other risks and uncertainties as may be detailed from time to time in our public announcements and SEC filings.

You should keep in mind that any forward-looking statement made by us in this prospectus, or elsewhere, speaks only as of the date on which we make it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this prospectus or elsewhere might not occur.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes in exchange for the outstanding initial notes. We are making this exchange solely to satisfy our obligations under the registration rights agreement entered into in connection with the offering of the initial notes. In consideration for issuing the exchange notes, we will receive initial notes in like aggregate principal amount.

The net proceeds from the offering of the initial notes, after deducting the initial purchasers discounts, were approximately $194.5 million. We used the net proceeds from the offering of the initial notes to repay a portion of the outstanding term loans under our credit facility. The multiple draw term loan and term loan that were repaid mature on June 30, 2007 and December 31, 2007, respectively. At June 30, 2003, the interest rate on the multiple draw term loan and term loan was 4.06% and 5.40%, respectively.

CAPITALIZATION

The following table sets forth our cash and capitalization as of June 30, 2003.

The information set forth below should be read in conjunction with 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.

	As of June 30, 2003 (Dollars in thousands)
Cash and cash equivalents	$ 58,753
Long-term debt:	
Credit facility(1)	$ 479,955
8 1/4% senior notes due 2010	200,000
Other debt	281
Total long-term debt	680,236
Stockholders equity:	
Common Stock, $0.01 par value, 250,000,000 shares authorized, 47,487,030 issued and outstanding(2)	475
Additional paid-in-capital	686,861
Accumulated other comprehensive income	3,524
Accumulated deficit	(9,266)
Total stockholders equity	681,594
Total capitalization	$ 1,361,830

(1) The credit facility includes a revolving credit facility, a multiple draw term loan and a term loan. As of June 30, 2003, the revolving credit facility was undrawn and the term loans were fully drawn with outstanding balances of $204.8 million under the multiple draw term loan and $275.2 million under the term loan. The weighted average interest rate on outstanding borrowings under the credit facility was 4.83% as of June 30, 2003.

(2) As of June 30, 2003, we had 47,487,030 shares outstanding. An additional 135,866 shares are subject to issuance pursuant to further distributions under our plan of reorganization. In addition, as of June 30, 2003, we have 2,499,940 shares of common stock reserved for issuance upon exercise of warrants at an exercise price of $16.00 per share. As of June 30, 2003, options to purchase 5,462,714 shares of our common stock are outstanding and 414,450 shares are available for future awards under our equity incentive plan.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth selected 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, 1998, 1999, 2000, 2001 and 2002 and the statement of operations data for the years ended December 31, 1998, 1999, 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.

Net loss per share (basic and diluted) and weighted average common shares outstanding (basic and diluted) of the reorganized company for the five months ended June 30, 2003, gives effect to our two-for-one stock split, effected August 21, 2003. Net loss per share (basic and diluted) and weighted average common shares outstanding (basic and diluted) of the predecessor company reflect share amounts of our Old Common Stock and do not reflect the stock split.

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)(2)
	Year Ended December 31,					Six Months Ended June 30, 2002(2)	One Month Ended January 31, 2003(2)	Five Months Ended June 30, 2003
	1998	1999	2000	2001	2002			
	(Dollars and shares in thousands, except per share amounts)							
Statement of Operations Data:								
Revenues:								
Site operations	$ 656	$ 46,515	$ 116,476	$ 221,614	$ 282,525	$ 135,585	$ 25,556	$ 128,567
Broadcast services	8,142	12,624	38,593	38,211	26,809	12,688	1,237	6,988
Total revenues	8,798	59,139	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	299	17,825	46,667	91,689	108,540	52,210	8,840	42,824
Broadcast services	2,492	5,572	26,245	29,538	21,158	10,375	1,492	6,427
Selling, general and administrative expenses	9,690	31,243	51,825	72,431	58,037	30,976	4,280	21,275
Depreciation, amortization and accretion expense(3)	1,268	32,038	78,103	165,267	189,936	95,263	16,075	42,452
Restructuring and non-recurring charges		7,727		142,599	28,570	28,570		
Total operating expenses	13,749	94,405	202,840	501,524	406,241	217,394	30,687	112,978
Operating income (loss)	$ (4,951)	$ (35,266)	$ (47,771)	$ (241,699)	$ (96,907)	$ (69,121)	$ (3,894)	$ 22,577
Gain on debt discharge							1,034,764	
Income (loss) from continuing operations	(9,079)	(94,282)	(163,059)	(660,627)	(338,979)	(200,561)	1,025,788	(8,670)
Reorganization items:								
Adjust accounts to fair value							(644,688)	
Professional and other fees							(23,894)	
Income (loss) from discontinued operations		(3,386)	5,443	5,858	(59,252)	(2,785)		(596)
Cumulative effect of change in accounting principle					(376,753)	(376,753)	(12,236)	
Net income (loss)	$ (9,079)	$ (97,668)	$ (157,616)	$ (654,769)	$ (774,984)	$ (580,099)	$ 344,970	$ (9,266)
Net income (loss) applicable to common stockholders	$ (11,235)	$ (98,428)	$ (157,616)	$ (654,769)	$ (774,984)	$ (580,099)	$ 344,970	$ (9,266)
Net loss per share (basic and diluted)	$ (11.98)	$ (12.48)	$ (1.31)	$ (4.36)	$ (5.03)	$ (3.77)	$ 2.24	$ (0.20)
Weighted average common shares outstanding (basic and	938	7,886	120,731	150,223	153,924	153,834	154,014	47,216

diluted)								
Statement of Cash Flows Data:								
Net cash provided by (used in) operating activities	$ (2,347)	$ 17,555	$ 11,365	$ (12,133)	$ 36,286	$ (15,688)	$ 5,892	$ 28,550
Net cash provided by (used in) investing activities	(45,002)	(813,225)	(1,108,690)	(984,724)	(69,966)	(59,347)	(2,737)	65,702
Net cash provided by (used in) financing activities	144,663	733,900	1,612,200	475,751	83,094	88,795	(10,884)	(108,731)
Purchases of property and equipment	26,598	644,778	658,283	958,945	71,248	48,530	2,737	6,181
Balance Sheet Data (at end of period):								
Cash and cash equivalents	$ 114,962	$ 37,778	$ 552,653	$ 31,547	$ 80,961	$ 45,307	$ 73,442	$ 58,753
Total assets	161,946	1,219,953	3,054,105	3,203,425	2,578,456	2,721,271	2,577,575	1,556,185
Total long-term obligations	132,913	716,639	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	
Redeemable convertible preferred stock	40,656							
Total stockholders equity (deficit)	(14,067)	457,756	1,224,800	719,345	(75,127)	119,984	(96,678)	681,594
Selected Operating Data (at end of period):								
Adjusted EBITDA(4)	$ (3,210)	$ (3,682)	$ 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)	(9,176)	(94,931)	(158,814)	(613,580)	(337,394)	(200,699)		(7,467)
Number of owned or operated towers	106	2,765	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 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 discuss Adjusted EBITDA and the limitations of this financial measure more fully 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 June 30,	One Month Ended January 31,	Five Months Ended June 30,
	1998	1999	2000	2001	2002	2002	2003	2003
	(dollars in thousands)							
Net income (loss)	$(9,079)	$(97,668)	$(157,616)	$(654,769)	$(774,984)	$(580,099)	$ 344,970	$ (9,266)
Depreciation, amortization and accretion expense	1,268	32,038	78,103	165,267	189,936	95,263	16,075	42,452
Interest income	(3,569)	(8,951)	(28,391)	(17,037)	(855)	(377)	(137)	(496)
Interest expense	8,170	67,513	134,664	212,174	226,536	120,492	4,721	27,865
Gain on debt discharge							(1,034,764)	
Writeoff of investments in affiliates				129,404				
Writeoff of loans to affiliates				26,980				
Income tax expense			444	555	1,133	143	5	808
Reorganization items:								
Adjust accounts to fair value							644,688	
Professional and other fees					4,329		23,894	
Loss (income) from operations of discontinued segment, net of income tax expense		3,386	(5,443)	(5,858)	12,268	2,785		
Loss on disposal of discontinued segment					46,984			596
Cumulative effect of change in accounting principle					376,753	376,753	12,236	
Adjusted EBITDA	$(3,210)	$ (3,682)	$ 21,761	$(143,284)	$ 82,100	$ 14,960	$ 11,688	$61,959

(5) The ratio of earnings to fixed charges is computed by dividing income (loss) before income taxes and fixed charges by fixed charges. Fixed charges consist of interest charges, amortization of debt discount and debt issuance costs, and that portion of rental expense SpectraSite believes to be representative of interest. Earnings were not sufficient to cover fixed charges and, therefore, the ratio is not meaningful, for all periods presented in the table, except for the one month ended January 31, 2003.

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with Selected Historical Consolidated Financial and Other Data and our consolidated financial statements included elsewhere in this prospectus. Some of the statements in the following discussion are forward-looking statements. See Forward-Looking Statements.

Business 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 rooftop telecommunications access on commercial real estate. We also provide design, construction, modification and maintenance services for the broadcast tower industry. After the sale of 545 towers to Cingular, we owned or operated 7,539 towers and in-building systems as of June 30, 2003, located primarily in the top 100 BTA markets in the United States.

On December 31, 2002, we completed the sale of our network services division. Network services revenues for the years ended December 31, 2001 and 2002 were $213.1 million and $136.2 million, respectively, and $77.6 million for the six months ended June 30, 2002. In conjunction with the sale, we recorded a loss on disposal of the network services division of $47.0 million. The results of the network services operations have been reported separately as discontinued operations in the statements of operations. Prior period financial statements have been restated to present the operations of the division as a discontinued operation.

For the five months ended June 30, 2003, approximately 95% of our revenues came from our site operations business and approximately 5% of our revenues came from our broadcast services division. Factors affecting the growth in our site operations revenues include, among other things, the rate at which wireless carriers choose to deploy capital to improve and expand their wireless networks and contractual escalation clauses associated with existing site leasing and licensing agreements. We expect our broadcast service revenues to continue to approximate 5% of our revenues in the immediate future.

During the last six months, we have experienced a decline in revenues in our broadcast services division as compared to prior periods. This decline is attributable to reduced demand from our primary customers in the radio and television broadcast industries. In addition to lower revenues, Adjusted EBITDA for the broadcast services division for the three and five months ended June 30, 2003 and the one month ended January 31, 2003 were ($0.6) million, ($0.4) million and ($0.5) million, respectively, compared to Adjusted EBITDA of ($0.7) million and ($0.8) million for the three months and six months ended June 30, 2002, respectively. Certain of our competitors in this industry have experienced similar business declines and one competitor has recently discontinued its broadcast services operation. Our Board of Directors has initiated an effort to evaluate whether similar actions may be required. In the event that our Board of Directors decides to discontinue our broadcast services business, we estimate that the resulting loss could be as much as $20.0 million, depending on the nature of the disposition.

We generate site operations revenues primarily from wireless communication and broadcast companies by leasing and licensing space on our towers and access to our in-building neutral host distributed antenna systems. Our site operations business consists of our wireless segment and the broadcast leasing component of our broadcast segment. Typically, our site leasing and licensing agreements are specific to each site and are for the initial term of five to ten years, renewable for additional pre-determined periods at the option of the customer. Payments under leasing and licensing agreements are generally paid on a monthly basis, and revenue from each agreement is recorded monthly. Rate increases based on fixed escalation clauses included in certain lease and licensing agreements are recognized on a straight-line basis over the terms of the agreement. We also generate revenue by providing engineering and site inspection services to our customers for a fee. Revenues from fees originate at the time the customer applies for space on our towers or we provide certain services required in order to process the customer s application. Additionally, we generate revenues related to the management of sites on rooftops. Under each site management agreement, we are entitled to a fee based on a percentage of the gross revenue derived from the rooftop site subject to the agreement. We recognize this fee as revenue when earned.

Broadcast services revenues consist of fees from construction contracts that are either fixed priced or on a time and materials basis. For the time and material contracts, revenues are recognized as services are performed. For long-term construction contracts primarily related to the construction of broadcast towers, revenues are recognized under the percentage-of-completion method. Design, construction and fabrication services are provided to the customer s specifications. Costs to complete projects can be reasonably estimated. Revenues are recognized by the percentage of contract cost incurred to date compared to estimated total contract cost.

Costs of operations related to site operations revenues consist primarily of ground rent, maintenance, utilities and taxes. Because our tower operating expenses generally do not increase significantly as we add additional customers, once a tower is built for an anchor customer, additional customers provide high incremental cash flow. Fluctuations in our profit margin are therefore directly related to the incremental number of customers on each site and the amount of fees generated in a particular period.

Costs of operations related to broadcast services revenue include the direct costs of the fabrication, construction, modification and maintenance services that we provide. These costs include labor, subcontractors, materials, equipment rental and engineering services. The profit margins for broadcast services are highly susceptible to changes in service mix and demand. A substantial decline in capital expenditures by our broadcast customers in 2003 has adversely affected our broadcast services profit margins. Our declining profit margin in the broadcast services sector is primarily due to uncertainties regarding the requirements and timing for multicasting of digital television. These uncertainties have caused broadcasters to delay their capital expenditures for new construction and make minimum modifications to their towers.

Selling, general and administrative expenses have three major components. The first component consists of expenses necessary to support our site leasing and licensing operations such as sales, marketing, and property management functions. The second component includes expenses incurred to support broadcast services activity, which include sales, legal and administrative support. The final component includes expenses that are incurred to support all of our business segments, such as legal, finance, human resources and other administrative support.

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 capital expenditures, which in turn impeded our revenue and earnings growth and, therefore, our ability to service our long-term debt. We incurred net losses of approximately $157.6 million in 2000, $654.8 million in 2001 and $775.0 million in 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.

On November 15, 2002, we filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of North Carolina, Raleigh Division. On November 18, 2002, we filed a Proposed Plan of Reorganization with the Bankruptcy Court. A plan confirmation hearing was held on January 28, 2003, and the Proposed Plan of Reorganization, as modified on that date (the Plan of Reorganization), was confirmed by the Bankruptcy Court. All conditions precedent to the effectiveness of the Plan of Reorganization were met by February 10, 2003, thereby allowing us to emerge from bankruptcy. Our emergence from bankruptcy and adoption of fresh start accounting resulted in the extinguishment of $1.76 billion of indebtedness and significantly reduced our interest expense and our depreciation, amortization, and accretion expense. In addition to our reorganization, we have taken a number of other measures to minimize the potential net losses in the future, including the sale of non-performing assets and the reduction of overhead and capital expenditures.

As a result of our reorganization, we expect to achieve profitability sooner than if we had not filed a voluntary petition for bankruptcy. We expect the portion of our significant customers capital expenditures related to network improvements and coverage enhancements to remain at current levels for the foreseeable future. As customers continue to add antenna sites to our towers, we expect revenues associated with our tower assets to increase. Because a significant percentage of tower operating costs are fixed and do not increase with additional customers, we expect that our earnings will increase as we add additional customers on towers.

Our Plan of Reorganization provides for the distribution of 47.5 million shares of our common stock to our general unsecured creditors, including former noteholders, and new warrants to purchase an aggregate of 2.5 million shares of common stock at an exercise price of $16.00 per share to the holders of our old common stock, par value $0.001 per share (the Old Common Stock). These warrants expire on February 10, 2010. In addition, pursuant to the Plan of Reorganization, all outstanding shares of Old Common Stock and all outstanding options and warrants to purchase Old Common Stock that were outstanding on February 10, 2003 were cancelled. See Note 2 to the unaudited condensed consolidated financial statements. New options representing an aggregate of 10.0% of our fully diluted common stock were issued to our management.

Tower Acquisitions and Dispositions

Our portfolio has grown from 106 towers as of December 31, 1998, to 7,539 towers and in-building systems as of June 30, 2003. We have accomplished this growth through acquisitions or new construction (principally pursuant to build-to-suit arrangements). The majority of our towers were acquired from (or built under agreements with) affiliates of SBC Communications and Nextel.

Our original agreement with SBC called for us to acquire leasehold and subleasehold interests in approximately 3,900 towers over approximately two years and to commit to build towers for Cingular, an affiliate of SBC. Subsequent amendments to these agreements have resulted in a reduction in the number of towers to be leased or subleased to approximately 3,306 towers and in the termination of the build-to-suit arrangement. See Note 5 to our unaudited consolidated financial statements, Acquisition Activities SBC Transaction. We reduced our acquisition program and terminated our build-to-suit program in order to limit our required capital expenditures and to achieve additional financial flexibility. In November 2001, we paid a fee of $35 million in connection with the first of these amendments. On February 10, 2003, we sold our interest in 545 SBC towers in California and Nevada to Cingular for an aggregate purchase price of $81.0 million and paid SBC a fee of $7.5 million related to the last of the reductions in the maximum number of towers that we will lease or sublease. In connection with these transactions, we received a net cash payment of $73.5 million, which we used to repay a portion of the indebtedness outstanding under our credit facility, significantly reduced our capital expenditure commitments, extended the timeline to meet our remaining commitments and maintained a mutually profitable commercial relationship with a significant customer. The 545 towers sold represented approximately 7% of our owned and operated tower portfolio at December 31, 2002 and generally were characterized by lower revenues per tower than other towers in our portfolio. We do not expect the sale of our interest in the 545 towers to materially impact our future operating performance.

For the one month ended January 31, 2003, these towers represented $1.2 million of a total of $25.6 million of site operations revenues and $0.5 million of a total of $8.8 million of costs of site operations, excluding depreciation, amortization and accretion expense. For the five months ended June 30, 2003, these towers represented $0.4 million of a total of $128.6 million of site operations revenues and $0.2 million of a total of $42.8 million in costs of site operations, excluding depreciation, amortization and accretion expense. For the six months ended June 30, 2002 the same towers represented $5.4 million of a total of $135.6 million of site operations revenues and $2.9 million of a total of $52.2 million in costs of site operations, excluding depreciation, amortization and accretion expense.

We remain contractually obligated to purchase an additional 600 towers from SBC from May 2003 through August 2004 for an aggregate purchase price of approximately $156 million. These commitments will require approximately $78 million in each of 2003 and 2004.

Results of Operations

Five Months Ended June 30, 2003, One Month Ended January 31, 2003 and the Six Months Ended June 30, 2002

On January 28, 2003, our Plan of Reorganization was confirmed by the Bankruptcy Court, and we emerged from bankruptcy on February 10, 2003. As a result of the implementation of fresh start accounting as of January 31, 2003, our results of operations after that date are not comparable to results reported in prior periods because of differences in the bases of accounting and the capital structure for the Predecessor Company and the Reorganized Company. See Note 2 to the unaudited condensed consolidated financial statements for additional information on the consummation of the Plan of Reorganization and implementation of fresh start accounting.

Consolidated revenues for the five months ended June 30, 2003 and the one month ended January 31, 2003 were $135.6 million and $26.8 million, respectively. Consolidated revenues for the six months ended June 30, 2002 were $148.3 million. Site operations revenues were $128.6 million and $25.6 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Site operations revenues were $135.6 million for the six months ended June 30, 2002. Wireless revenues were $119.4 million and $23.8 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Wireless revenues were $126.1 million for the six months ended June 30, 2002. Revenues from broadcast leasing were $9.2 million and $1.8 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Revenues from broadcast leasing were $9.5 million for the six months ended June 30, 2002. Revenues in 2003 were primarily affected by incremental revenue in 2003 from new customers on towers that were part of our portfolio on June 30, 2002, revenues derived from towers acquired or built subsequent to June 30, 2002 and increases in fee revenues, offset by reductions in revenues relating to the 545 SBC towers sold in February 2003. Based on trailing twelve-months revenue on the towers that we owned or operated as of June 30, 2002 and June 30, 2003, same tower revenue growth was 15%. After the sale of 545 towers to Cingular, we owned or operated 7,539 towers and in-building systems at June 30, 2003, as compared to 7,994 towers and in-building systems at June 30, 2002.

Revenues from broadcast services were $7.0 million and $1.2 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Revenues from broadcast services were $12.7 million in the six months ended June 30, 2002. Our declining profit margin in the broadcast services sector is primarily due to uncertainties regarding the requirements and timing for multicasting of digital television. These uncertainties have caused broadcasters to delay their capital expenditures for new construction and make minimum modifications to their towers.

Costs of operations, excluding depreciation, amortization and accretion expenses, were $49.3 million and $10.3 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Costs of operations, excluding depreciation, amortization and accretion expenses, were $62.6 million for the six months ended June 30, 2002. Costs of operations, excluding depreciation, amortization and accretion expenses, for site operations were $42.8 million and $8.8 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Costs of operations, excluding depreciation, amortization and accretion expenses, for site operations were $52.2 million for the six months ended June 30, 2002. Costs of operations, excluding depreciation, amortization and accretion expenses, for the wireless segment were $41.8 million and $8.7 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Costs of operations, excluding depreciation, amortization and accretion expenses, for the wireless segment were $50.0 million for the six months ended June 30, 2002. Costs of operations, excluding depreciation, amortization and accretion expenses, for the wireless segment as a percentage of wireless segment revenues were 35.0% for the five months ended June 30, 2003, 36.3% for the one month ended January 31, 2003 and 39.6% for the six months ended June 30, 2002. Broadcast leasing costs of operations, excluding depreciation, amortization and accretion expenses, were $1.0 million and $0.1 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Broadcast leasing costs of operations, excluding depreciation, amortization and accretion expenses, were $2.2 million for the six months ended June 30, 2002. Broadcast leasing costs of operations, excluding depreciation, amortization and accretion expenses, as a percentage of broadcast leasing revenues were 10.9%, 10.6% and 23.6% for the five months ended June 30, 2003, the one month ended January 31, 2003 and the six months ended June 30, 2002, respectively. Costs of operations, excluding depreciation, amortization and accretion expenses, for the wireless and broadcast leasing segments in 2003 were primarily affected by increased revenues generated from new customers on existing towers. As our wireless and broadcast leasing operations mature, we expect that additional customers on towers will generate increases in our margins for wireless and broadcast leasing operations and in cash flow because a significant percentage of tower operating costs are fixed and do not increase with additional customers.

Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services were $6.4 million and $1.5 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services were $10.4 million for the six months ended June 30, 2002. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services as a percentage of broadcast services revenues were 92.0% for the five months ended June 30, 2003, 120.6% for the one month ended January 31, 2003 and 81.8% for the six months ended June 30, 2002. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services in 2003 were primarily affected by lower revenue volumes in 2003.

Selling, general and administrative expenses were $21.3 million and $4.3 million for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses were $31.0 for the six months ended June 30, 2002. Selling, general and administrative expenses were 15.7% and 16.0% of total revenues for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses were 20.9% of total revenues for the six months ended June 30, 2002. Selling, general and administrative expenses were primarily affected in amount and as a percentage of revenues as a result of cost cutting measures that were implemented late in 2002 across all segments of the business.

Site operations selling, general and administrative expenses were $10.1 million and $2.2 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Site operations selling, general and administrative expenses were $14.7 million for the six months ended June 30, 2002. Selling, general and administrative expenses for our wireless segment were $9.4 million and $2.1 million for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses for this segment were $13.8 million for the six months ended June 30, 2002. Selling, general and administrative expenses for our wireless segment were 7.9% and 8.9% of wireless revenues for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses for this segment were 10.9% of wireless revenues for the six months ended June 30, 2002. Selling, general and administrative expenses for the broadcast leasing component of our broadcast segment were $0.7 million and $0.1 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Selling, general and administrative expenses for this component were $0.9 million for the six months ended June 30, 2002. Selling, general and administrative expenses for the broadcast leasing component of our broadcast segment as a percentage of broadcast leasing revenues were 9.0% and 6.2% for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses for this component as a percentage of broadcast leasing revenues were 9.1% for the six months ended June 30, 2002.

Selling, general and administrative expenses for the broadcast services component of our broadcast segment were $1.0 million and $0.3 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Selling, general and administrative expenses for this component were $1.9 million for the six months ended June 30, 2002. Selling, general and administrative expenses for the broadcast services component of our broadcast segment were 13.8% and 22.4% of broadcast services revenues for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses for this component were 15.2% of broadcast services revenues for the six months ended June 30, 2002.

Selling, general and administrative expenses not specific to the above business segments were $10.2 million and $1.8 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Selling, general and administrative expenses not specific to the above business sectors were $14.4 million for the six months ended June 30, 2002. Selling, general and administrative expenses not specific to the above business sectors were 7.5% and 6.6% of total revenues for the five months ended June 30, 2003 and the one-month ended January 31, 2003, respectively. Selling, general and administrative expenses not specific to the above business sectors were 9.7% of total revenues for the six months ended June 30, 2002.

In May 2002, we announced that we would terminate our build-to-suit programs with Cingular and other carriers and implement other cost-cutting measures as a part of the curtailment of tower development activities. As a result of these actions, we recorded restructuring charges of $24.3 million in the six months ended June 30, 2002. Site operations restructuring charges were $23.1 million, consisting of $20.3 million in our wireless segment and $2.8 million in the broadcast leasing component of our broadcast segment. The restructuring charge for our wireless segment consisted of $13.6 million related to the write-off of work in progress related to wireless sites in development that were terminated, $3.2 million related to the costs of closing offices and $3.5 million related to the costs of employee severance. The restructuring charge for the broadcast leasing component of our broadcast segment related to the write-off of work in progress related to broadcast sites in development that were terminated. The restructuring charges for the broadcast services component of our broadcast segment were $1.2 million related to costs of employee severance.

In addition, we recorded a non-recurring impairment charge in the wireless segment of our site leasing business of $4.3 million in the six months ended June 30, 2002 to write-down the carrying value of 21 towers that were not marketable. The charge was based on the difference between the carrying value and the estimated discounted cash flows of the towers.

Other income (expense) was a net expense of $3.1 million and $0.5 million in the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. All of this expense was recorded in the wireless segment of our site operations business. In the five months ended June 30, 2003, this amount consisted primarily of $1.7 million of loss on sale of assets and $0.6 million related to the write-down of our interest rate cap to fair value. For the one month ended January 31, 2003, this amount consisted of $0.6 million related to losses from investments in affiliates accounted for under the equity method offset by a gain on sale of assets of $0.1 million.

Other income (expense) was a net expense of $11.2 million in the six months ended June 30, 2002. Of this amount, other expense related to the wireless segment of our site operations business was $1.9 million for the six months ended June 30, 2002, consisting of $0.1 million related to losses from investments in affiliates accounted for under the equity method and $1.8 million related to losses on sales of assets. Other expense not specific to any business segment for the six months ended June 30, 2002 was $9.3 million and was related to expenses associated with our proposed debt tender and exchange offers.

As a result of the factors discussed above, Adjusted EBITDA was $62.0 million and $11.7 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Adjusted EBITDA was $15.0 million for the six months ended June 30, 2002.

Adjusted EBITDA for site operations was $72.6 million and $14.0 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Adjusted EBITDA for site operations was $39.5 million for the six months ended June 30, 2002. Adjusted EBITDA for our wireless segment was $65.2 million and $12.6 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Adjusted EBITDA for this segment was $35.8 million for the six months ended June 30, 2002. Adjusted EBITDA for the broadcast leasing component of our broadcast segment was $7.4 million and $1.4 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. EBITDA for this component was $3.7 million for the six months ended June 30, 2002.

Adjusted EBITDA for the broadcast services component of our broadcast segment were ($0.4) million and ($0.5) million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Adjusted EBITDA for this component was ($0.8) million for the six months ended June 30, 2002.

Depreciation, amortization and accretion expenses were $42.5 million and $16.1 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Depreciation, amortization and accretion expenses were $95.3 million for the six months ended June 30, 2002. Site operations depreciation, amortization and accretion expenses were $42.0 million and $15.9 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Site operations depreciation, amortization and accretion expenses were $94.4 million for the six months ended June 30, 2002. Depreciation, amortization and accretion expenses for our wireless segment were $40.3 million and $15.4 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Depreciation, amortization and accretion expenses for this segment were $91.4 million for the six months ended June 30, 2002. Depreciation, amortization and accretion expenses for the broadcast leasing component of our broadcast segment were $1.7 million and $0.5 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Depreciation, amortization and accretion expenses for this component were $3.0 million for the six months ended June 30, 2002. Depreciation, amortization and accretion expenses for the broadcast services component of our broadcast segment were $0.5 million and $0.2 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Depreciation, amortization and accretion expenses for this component were $0.9 million for the six months ended June 30, 2002. Depreciation, amortization and accretion expenses for 2003 were affected primarily by the implementation of fresh start accounting, which reduced the depreciable bases of property and equipment by $957.2 million, resulting in decreased depreciation expense, offset by an increase in amortization expense relating to customer contracts and an increase in accretion of the asset retirement obligation.

Interest income was $0.5 million and $0.1 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Interest income was $0.4 million in the six months ended June 30, 2002. Interest income for 2003 was affected by higher cash balances on hand and lower interest rates. Interest expense was $27.9 million and $4.7 million for the five months ended June 30, 2003 and the one month ended January 31, 2003, respectively. Interest expense was $120.5 million for the six months ended June 30, 2002. Interest expense in 2003 was affected by the extinguishment of indebtedness pursuant to our Plan of Reorganization and a reduction of amounts outstanding under our credit facility, offset by increases in interest expense as a result of the issuance of the 8 1/4% Senior Notes due 2010 and writeoffs of $8.2 million of debt issuance costs resulting from prepayments of amounts outstanding under our credit facility.

On February 10, 2003, we emerged from bankruptcy and the holders of the indebtedness extinguished pursuant to our Plan of Reorganization received their pro rata share of 47.5 million shares of common stock in exchange for their notes. The excess of the carrying value of the extinguished indebtedness, net of the related debt issuance costs, over the reorganization value used in adopting fresh start accounting was recorded as a gain on debt discharge of $1.03 billion in the one month ended January 31, 2003.

In accordance with AICPA Statement of Position 90-7 *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code* (SOP 90-7), the Company adopted fresh start accounting as of January 31, 2003, and the Company s emergence from bankruptcy 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 recorded in the one month ended January 31, 2003. In addition, we incurred costs directly associated with the chapter 11 proceedings of $23.9 million in the one month ended January 31, 2003. These costs are included in reorganization items in the unaudited condensed consolidated statement of operations.

Loss on disposal of discontinued segment was $0.6 million in the five months ended June 30, 2003. This amount consisted of the settlement of a disputed item related to the disposal of our network services business. This segment was sold on December 31, 2002.

Loss from operations of discontinued segment was $2.8 million in the six months ended June 30, 2002. This segment was sold on December 31, 2002.

As a result of the factors discussed above, net loss for the five months ended June 30, 2003 was $9.3 million, and net income for the one month ended January 31, 2003 was $345.0 million. Net loss for the six months ended June 30, 2002 was $580.1 million.

Year Ended December 31, 2002 Compared to the Year Ended December 31, 2001

Consolidated revenues increased to $309.3 million for the year ended December 31, 2002 from $259.8 million for the year ended December 31, 2001. Site operations revenues were $282.5 million for the year ended December 31, 2002 as compared to $221.6 million for the year ended December 31, 2001. Revenues from wireless operations increased to $261.2 million for the year ended December 31, 2002 from $210.2 million for the year ended December 31, 2001. Revenues from broadcast leasing increased to $21.3 million for the year ended December 31, 2002 from $11.4 million for the year ended December 31, 2001. The increase was primarily a result of incremental revenue in 2002 from new customers on towers that were part of our portfolio on December 31, 2001 and revenues derived from towers acquired in 2001 and 2002. Based on trailing twelve-months revenue on the towers that we owned or operated as of December 31, 2001, same tower revenue growth was 18%. We owned or operated 8,036 towers at December 31, 2002, as compared to 7,925 towers at December 31, 2001.

Revenues from broadcast services decreased to $26.8 million for the year ended December 31, 2002 compared to $38.2 million for the year ended December 31, 2001. Our declining profit margin in the broadcast services sector is primarily due to uncertainties regarding the requirements and timing for multicasting of digital television. These uncertainties have caused broadcasters to delay their capital expenditures for new construction and make minimum modifications to their towers.

For the year ended December 31, 2002, one wireless customer, which was a significant stockholder of the Company at the time, and its affiliates accounted for $88.0 million or 28% of the Company s revenues. For the year ended December 31, 2001, this customer and its affiliates accounted for $78.5 million or 30% of the Company s revenues. In addition, another wireless customer, which was an affiliate of a significant stockholder of the Company at the time, accounted for $63.2 million or 20% of the Company s revenues in the year ended December 31, 2002 and $33.9 million or 13% of the Company s revenues in the year ended December 31, 2001. Both of these customers remain significant customers, but neither they nor their affiliates are significant stockholders following our reorganization and thus are no longer considered to be our related parties.

Accounts receivable, net of allowance, decreased by $7.2 million from December 31, 2001 to December 31, 2002. This decrease is primarily due to an increase in the allowance for doubtful accounts, which grew by $6.4 million for the same period. We analyze the adequacy of our accounts receivable on a periodic basis to ensure that we appropriately reflect the amount we expect to collect. The economic factors affecting the wireless communications industry as a whole, our customers ability to meet their financial obligations and the age of our outstanding accounts receivable are all factors we take into consideration when evaluating the adequacy of our estimate for the allowance for doubtful accounts. During 2002, numerous wireless carriers experienced financial difficulties and their balances owed to us continued to age; these circumstances caused us to increase our allowance.

Costs of operations, excluding depreciation, amortization and accretion expenses, increased to $129.7 million for the year ended December 31, 2002 from $121.2 million for the year ended December 31, 2001. The increase was due to increases in site operations costs attributable to operating costs of the communications towers acquired or constructed during 2001 and 2002 partially offset by a decrease in costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services resulting from lower revenue volumes.

Costs of operations, excluding depreciation, amortization and accretion expenses, for site operations were $108.5 million for the year ended December 31, 2002 as compared to $91.7 million for the year ended December 31, 2001. Costs of operations, excluding depreciation, amortization and accretion expenses, for wireless operations increased to $103.6 million for the year ended December 31, 2002 from $89.3 million for the year ended December 31, 2001. Costs of operations, excluding depreciation, amortization and accretion expenses, for wireless operations as a percentage of wireless revenues decreased to 40% for the year ended

December 31, 2002 from 43% for the year ended December 31, 2001. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast leasing increased to $4.9 million for the year ended December 31, 2002 from $2.4 million for the year ended December 31, 2001. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast leasing as a percentage of broadcast leasing revenues increased to 23% for the year ended December 31, 2002 from 20% for the year ended December 31, 2001. Overall, costs of operations, excluding depreciation, amortization and accretion expenses, for site operations as a percentage of site operations revenues decreased to 38% for the year ended December 31, 2002 from 41% for the year ended December 31, 2001. The decrease was primarily due to increased revenues generated from new customers on existing towers. As our operations mature, we expect that additional customers on towers will generate increases in our margins and in cash flow because a significant percentage of tower operating costs are fixed and do not increase with additional customers.

Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services decreased to $21.2 million for the year ended December 31, 2002 from $29.5 million for the year ended December 31, 2001. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services as a percentage of broadcast services revenues increased to 79% for the year ended December 31, 2002 from 77% for the year ended December 31, 2001 primarily due to lower revenue volumes in 2002.

Selling, general and administrative expenses decreased to $58.0 million for the year ended December 31, 2002 from $72.4 million for the year ended December 31, 2001. Selling, general and administrative expenses as a percentage of revenues decreased to 19% for the year ended December 31, 2002 from 28% for the year ended December 31, 2001. Selling, general and administrative expenses decreased in amount and as a percentage of revenues as a result of significant cost cutting measures implemented in the second half of 2001 and early 2002. In addition, for the year ended December 31, 2002, we recorded non-cash compensation charges of $0.7 million related to the issuance of stock options and restricted shares of common stock to employees compared to $2.1 million in the year ended December 31, 2001.

Site operations selling, general and administrative expenses were $26.3 million for the year ended December 31, 2002 as compared to $33.6 million for the year ended December 31, 2001. Selling, general and administrative expenses for wireless operations decreased to $24.7 million for the year ended December 31, 2002 from $33.0 million for the year ended December 31, 2001. Selling, general and administrative expenses for wireless operations as a percentage of wireless revenues decreased to 9% for the year ended December 31, 2002 from 16% for the year ended December 31, 2001. Selling, general and administrative expenses for broadcast leasing increased to $1.6 million for the year ended December 31, 2002 from $0.6 million for the year ended December 31, 2001. Selling, general and administrative expenses for broadcast leasing as a percentage of broadcast leasing revenues increased to 8% for the year ended December 31, 2002 from 6% for the year ended December 31, 2001.

Selling, general and administrative expenses for broadcast services decreased to $3.3 million for the year ended December 31, 2002 from $6.9 million for the year ended December 31, 2001. Selling, general and administrative expenses for broadcast services as a percentage of broadcast services revenues decreased to 12% for the year ended December 31, 2002 from 18% for the year ended December 31, 2001.

Selling, general and administrative expenses not specific to the above business segments decreased to $28.4 million for the year ended December 31, 2002 from $31.9 million for the year ended December 31, 2001. Selling, general and administrative expenses not specific to the above business segments as a percentage of total revenues decreased to 9% for the year ended December 31, 2002 from 12% for the year ended December 31, 2001.

In May 2002, we announced that we would terminate our build-to-suit programs with Cingular and other carriers and implement other cost-cutting measures as a part of the curtailment of tower development activities. As a result of these actions, we recorded restructuring charges of $24.3 million in the year ended December 31, 2002. Site operations restructuring charges were $23.1 million, consisting of $20.3 million in our wireless segment and $2.8 million in the broadcast leasing component of our broadcast segment. The restructuring charge for our wireless segment consisted of $13.6 million related to the write-off of work in progress related to wireless sites in development that were terminated, $3.2 million related to the costs of closing offices and $3.5 million related to the costs of employee severance. The restructuring charge for the broadcast leasing component of our broadcast segment related to the write-off of work in progress related to broadcast sites in development that were terminated. The restructuring charges for the broadcast services component of our broadcast segment were $1.2 million related to costs of employee severance.

In addition, we recorded a non-recurring impairment charge in the wireless segment of our site leasing business of $4.3 million in the year ended December 31, 2002 to write-down the carrying value of 21 towers that were not marketable. The charge was based on the difference between the carrying value and the estimated discounted cash flows of the towers.

In the year ended December 31, 2001, we recorded restructuring and non-recurring charges of $142.6 million, all relating to the wireless segment of our site operations business. The details of these charges are discussed in the following paragraphs.

In May 2001, we announced the consolidation of our rooftop management operations and recorded a non-recurring charge of $35.8 million. Of this amount, $29.6 million related to the write-off of goodwill, $5.1 million related to the write-down of assets and $1.1 million related to the costs of employee severance and other costs related to the consolidation of those operations.

In June 2001, we announced that we would divest our operations in Mexico. As a result, we recorded non-recurring charges of $32.2 million of which $10.7 million related to the write-off of goodwill, $17.6 million related to the write-down of long-term assets and $3.9 million related to the costs of employee severance and other costs related to the divestiture. Also in June 2001, we announced that we would close operations from the purchase of Vertical Properties. As a result, we recorded non-recurring charges of $4.3 million of which $4.2 million was related to the write-off of goodwill and $0.1 million was related to the costs of employee severance and other costs related to the closing.

In November 2001, we announced that we would reduce our planned new tower construction and acquisition programs for 2002. As a result of the reduced new tower activity, we recorded restructuring charges of $70.3 million. Of this amount, $27.7 million was related to the write-off of work in progress related to sites in development that we terminated, $4.8 million was related to the costs of closing certain offices and $2.8 million was related to the costs of employee severance. In addition, we completed an amendment to our agreement to acquire leasehold and sub-leasehold interests in approximately 3,900 communications towers from affiliates of SBC Communications. This amendment provided for the number of towers to be leased or subleased to be reduced by 300 and for the lease or sublease date on at least 850 towers to be postponed to 2003 and January 2004. In exchange for these modifications, we paid a fee of $35.0 million, which has been included as part of the restructuring charge.

Other income (expense) was an expense of $10.9 million in the year ended December 31, 2002. Other income (expense) for our wireless segment of our site operations business was an expense of $1.4 million in the year ended December 31, 2002, primarily due to loss on sale of assets. Other income (expense) not specific to any business segment was an expense of $9.5 million in the year ended December 31, 2002, primarily due to expenses associated with our proposed debt tender and exchange offers.

Other income (expense) not specific to any business segment was a net expense of $223.2 million in the year ended December 31, 2001. Of this amount, $61.8 million related to losses from investments in former affiliates accounted for under the equity method, primarily our investment in SpectraSite-Transco Communications, Ltd., $121.9 million related to the write-down of our investment in SpectraSite-Transco and $20.0 million related to the write-off of a loan to SpectraSite-Transco. We completed the sale of our interest in SpectraSite-Transco in October 2001. In addition, $7.5 million related to a write-off of our investment in Evolution Holdings, Inc., a network services company that ceased operations in the second quarter. Other income (expense) for 2001 also includes $7.0 million related to the write-down of a loan to Concourse Communications, Inc., a former affiliate that provides in-building antenna sites primarily in airports and other public sites in New York City.

As a result of the factors discussed above, Adjusted EBITDA increased to $82.1 million for the year ended December 31, 2002 from ($143.3) million for the year ended December 31, 2001. Adjusted EBITDA for site operations was $118.9 million for the year ended December 31, 2002 as compared to ($46.3) million for the year ended December 31, 2001. Wireless Adjusted EBITDA increased to $106.9 million for the year ended December 31, 2002 from ($54.8) million for the year ended December 31, 2001. Adjusted EBITDA for broadcast leasing increased to $12.0 million for the year ended December 31, 2002 from $8.5 million for the year ended December 31, 2001. Adjusted EBITDA for broadcast services decreased to $1.2 million for the year ended December 31, 2002 from $1.7 million for the year ended December 31, 2001.

Depreciation and amortization expense increased to $189.9 million for the year ended December 31, 2002 from $165.3 million for the year ended December 31, 2001. Site operations depreciation, amortization and accretion expenses increased to $188.2 million for the year ended December 31, 2002 from $163.7 million for the year ended December 31, 2001. Depreciation, amortization and accretion expenses for our wireless segment increased to $182.0 million for the year ended December 31, 2002 from $159.5 million for the year ended December 31, 2001. Depreciation, amortization and accretion expenses for the broadcast leasing component of our broadcast segment increased to $6.2 million for the year ended December 31, 2002 from $4.2 million for the year ended December 31, 2001. Depreciation, amortization and accretion expenses for the broadcast services component of our broadcast segment increased to $1.7 million for the year ended December 31, 2002 from $1.6 million for the year ended December 31, 2001. These increases were primarily a result of the increased depreciation from the towers we have acquired or constructed, partially offset by the $35.5 million reduction in goodwill amortization as a result of the adoption of SFAS 142. See Description of Critical Accounting Policies Goodwill.

As a result of the factors discussed above, our loss from operations was $96.9 million for the year ended December 31, 2002, compared to a loss of $241.7 million for the year ended December 31, 2001.

Net interest expense increased to $225.7 million during the year ended December 31, 2002 from $195.1 million for the year ended December 31, 2001. The increase was due to increased accreted value of the senior discount notes and increased amounts outstanding under our credit facility, as well as the write-off of $4.5 million of debt issuance costs related to the decrease in the maximum availability of the credit facility. This increase was partially offset by not incurring interest expense of $24.4 million on the senior notes, senior discount notes and senior convertible notes for the period from the date of the chapter 11 filing (November 15, 2002) through December 31, 2002.

Loss from operations of the discontinued network services segment was $12.3 million in the year ended December 31, 2002 compared to income from operations of the discontinued segment of $5.9 million in the year ended December 31, 2001. The loss from operations in 2002 was primarily due to lower revenues, fixed costs that did not decline as revenues did and a more competitive environment for these services that led to lower pricing and restructuring charges. On December 31, 2002, we completed the sale of the network services segment resulting in a loss on disposal of $47.0 million.

We performed the first of the impairment tests of goodwill required by SFAS 142 by comparing the fair value of each of our reporting units with its carrying value. Fair value was determined using a discounted cash flow methodology. Based on our impairment tests, we recognized an adjustment of $376.8 million to reduce the carrying value of goodwill in our wireless services, broadcast tower, broadcast services and building units to its implied fair value. The impairment adjustment recognized at adoption of the new rules was reflected as a cumulative effect of accounting change in our first quarter 2002 statement of operations.

As a result of the factors discussed above, net loss was $775.0 million for the year ended December 31, 2002, compared to a net loss of $654.8 million for the year ended December 31, 2001.

Year Ended December 31, 2001 Compared to the Year Ended December 31, 2000

Consolidated revenues for the year ended December 31, 2001 increased to $259.8 million for the year ended December 31, 2001 from $155.1 million for the year ended December 31, 2000. Site operations revenues were $221.6 million for the year ended December 31, 2001 as compared to $116.5 million for the year ended December 31, 2000. Revenues from wireless operations increased to $210.2 million for the year ended December 31, 2001 from $112.7 million for the year ended December 31, 2000. Revenues from broadcast leasing increased to $11.4 million for the year ended December 31, 2001 from $3.8 million for the year ended December 31, 2000. Revenues from site operations increased primarily as a result of revenues derived from towers which we acquired or constructed during 2000 and 2001. We owned or operated 7,925 towers at December 31, 2001, as compared to 5,030 towers at December 31, 2000. The remaining factor contributing to the increase is incremental revenue in 2001 for towers that existed as of December 31, 2000 from new customers.

Revenues from broadcast services remained relatively flat at $38.2 million for the year ended December 31, 2001 compared to $38.6 million for the year ended December 31, 2000.

For the year ended December 31, 2001, one wireless customer, which was a significant stockholder of the Company at the time, and its affiliates accounted for $78.5 million or 30% of the Company s revenues. For the year ended December 31, 2000, this customer and its affiliates accounted for $75.4 million or 48% of the Company s revenues. In addition, another wireless customer, which was an affiliate of a significant stockholder of the Company at the time, accounted for $33.9 million or 13% of the Company s revenues in the year ended December 31, 2001 and $3.5 million or 2% of the Company s revenues in the year ended December 31, 2000. Both of these customers remain significant customers, but neither they nor their affiliates are significant stockholders following our reorganization and thus are no longer considered to be our related parties.

Costs of operations, excluding depreciation, amortization and accretion expenses, increased to $121.2 million for the year ended December 31, 2001 from $72.9 million for the year ended December 31, 2000. The increase in costs was primarily attributable to operating costs of the communications towers acquired or constructed during 2000 and 2001, acquisitions in 2000 and 2001 and overall growth in operating activities.

Costs of operations, excluding depreciation, amortization and accretion expenses, for site operations were $91.7 million for the year ended December 31, 2001 as compared to $46.7 million for the year ended December 31, 2000. Costs of operations, excluding depreciation, amortization and accretion expenses, for wireless operations increased to $89.3 million for the year ended December 31, 2001 from $45.8 million for the year ended December 31, 2000. Costs of operations, excluding depreciation, amortization and accretion expenses, for wireless operations as a percentage of wireless revenues increased to 43% for the year ended December 31, 2001 from 41% for the year ended December 31, 2000. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast leasing increased to $2.4 million for the year ended December 31, 2001 from $0.9 million for the year ended December 31, 2000. Costs of operations for broadcast leasing as a percentage of broadcast leasing revenues increased to 20% for the year ended December 31, 2001 from 18% for the year ended December 31, 2000. Overall, costs of operations, excluding depreciation, amortization and accretion expenses, for site operations as a percentage of site operations revenues increased to 41% for the year ended December 31, 2001 from 40% for the year ended December 31, 2000. These increases were primarily due to the addition of new towers and higher tower operating expenses partially offset by increased revenues generated from new customers on existing towers. As our operations mature, we expect that additional customers on a tower will generate increases in our margins and in cash flow because a significant percentage of tower operating costs are fixed and do not increase with additional customers.

Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services increased to $29.5 million for the year ended December 31, 2001 from $26.2 million for the year ended December 31, 2000. Costs of operations, excluding depreciation, amortization and accretion expenses, for broadcast services as a percentage of broadcast services revenues increased to 77% for the year ended December 31, 2001 from 68% for the year ended December 31, 2000. Our declining profit margin in the broadcast services sector is primarily due to uncertainties regarding the requirements and timing for multicasting of digital television. These uncertainties have caused broadcasters to delay their capital expenditures for new construction and make minimum modifications to their towers.

Selling, general and administrative expenses increased to $72.4 million for the year ended December 31, 2001 from $51.8 million for the year ended December 31, 2000. The increase is a result of expenses related to additional corporate overhead and field operations to manage and operate the growth of our ongoing operations and acquisition activities. For the year ended December 31, 2001, we recorded non-cash compensation charges of $2.1 million related to the issuance of stock options and restricted shares of common stock to employees. We recorded non-cash compensation charges of $2.6 million in the year ended December 31, 2000 related to stock options and restricted shares of common stock issued to employees. Selling, general and administrative expenses as a percentage of revenues decreased to 28% for the year ended December 31, 2001 from 33% for the year ended December 31, 2000 primarily due to cost reduction efforts implemented in the second quarter of 2001.

Site operations selling, general and administrative expenses were $33.6 million for the year ended December 31, 2001 as compared to $22.9 million for the year ended December 31, 2000. Selling, general and administrative expenses for our wireless operations segment increased to $33.0 million for the year ended December 31, 2001 from $22.5 million for the year ended December 31, 2000. Selling, general and administrative expenses for this segment as a percentage of wireless revenues decreased to 16% for the year ended December 31, 2001 from 20% for the year ended December 31, 2000. Selling, general and administrative expenses for the broadcast leasing component of our broadcast segment increased to $0.6 million for the year ended December 31, 2001 from $0.4 million for the year ended December 31, 2000. Selling, general and administrative expenses for this component as a percentage of broadcast leasing revenues decreased to 6% for the year ended December 31, 2001 from 9% for the year ended December 31, 2000.

Selling, general and administrative expenses for our broadcast services segment decreased to $6.9 million for the year ended December 31, 2001 from $8.9 million for the year ended December 31, 2000. Selling, general and administrative expenses for this segment as a percentage of broadcast services revenues decreased to 18% for the year ended December 31, 2001 from 24% for the year ended December 31, 2000.

Selling, general and administrative expenses not specific to the above business segments increased to $31.9 million for the year ended December 31, 2001 from $20.0 million for the year ended December 31, 2000. Selling, general and administrative expenses not specific to the above business segments as a percentage of total revenues decreased to 12% for the year ended December 31, 2001 from 13% for the year ended December 31, 2000.

In the year ended December 31, 2001, we recorded restructuring and non-recurring charges of $142.6 million, all relating to the wireless segment of our site operations business. The details of these charges are discussed in the following paragraphs.

In May 2001, we announced the consolidation of our rooftop management operations and recorded a non-recurring charge of $35.8 million. Of this amount, $29.6 million related to the write-off of goodwill, $5.1 million related to the write-down of assets and $1.1 million was related to the costs of employee severance and other costs related to the consolidation of those operations.

In June 2001, we announced that we would divest our operations in Mexico. As a result, we recorded non-recurring charges of $32.2 million of which $10.7 million related to the write-off of goodwill, $17.6 million related to the write-down of long-term assets and $3.9 million related to the costs of employee severance and other costs related to the divestiture. Also in June 2001, we announced that we would close operations from the purchase of Vertical Properties. As a result, we recorded non-recurring charges of $4.3 million of which $4.2 million was related to the write-off of goodwill and $0.1 million was related to the costs of employee severance and other costs related to the closing.

In November 2001, we announced that we would reduce our planned new tower construction and acquisition programs for 2002. As a result of the reduced new tower activity, we recorded restructuring charges of $70.3 million. Of this amount, $27.7 million was related to the write-off of work in progress related to sites in development that we terminated, $4.8 million was related to the costs of closing certain offices and $2.8 million was related to the costs of employee severance. In addition, we completed an amendment to our agreement to acquire leasehold and sub-leasehold interests in approximately 3,900 communications towers from affiliates of SBC Communications. This amendment provided for the number of towers to be leased or subleased to be reduced by 300 and for the lease or sublease date on at least 850 towers to be postponed to 2003 and January 2004. In exchange for these modifications, we paid a fee of $35.0 million, which has been included as part of the restructuring charge.

Other income (expense) not specific to any business segment was a net expense of $223.2 million in the year ended December 31, 2001. Of this amount, $61.8 million related to losses from investments in affiliates accounted for under the equity method, primarily our investment in SpectraSite-Transco Communications, Ltd., $121.9 million related to the write-down of our investment in SpectraSite-Transco and $20.0 million related to the write-off of a loan to SpectraSite-Transco. We completed the sale of our interest in SpectraSite-Transco in October 2001. In addition, $7.5 million related to a write-off of our investment in Evolution Holdings, Inc., a network services company that ceased operations in the second quarter. Other income (expense) for 2001 also includes $7.0 million related to the write-down of a loan to Concourse Communications, Inc., a former affiliate that provides in-building antenna sites primarily in airports and other public sites in New York City.

Other income (expense) not specific to any business segment was an expense of $8.6 million in the year ended December 31, 2000, primarily due to a loss from an investment in SpectraSite-Transco accounted for under the equity method.

As a result of the factors discussed above, Adjusted EBITDA was ($143.3) million for the year ended December 31, 2001 compared to $21.8 million for the year ended December 31, 2000. Adjusted EBITDA for site operations was ($46.3) million for the year ended December 31, 2001 as compared to $48.1 million for the year ended December 31, 2000. Wireless Adjusted EBITDA was ($54.8) million for the year ended December 31, 2001 compared to $44.6 million for the year ended December 31, 2000. Adjusted EBITDA for the broadcast leasing component of our broadcast segment increased to $8.5 million for the year ended December 31, 2001 from $3.5 million for the year ended December 31, 2000. Adjusted EBITDA for the broadcast services component of our broadcast segment decreased to $1.7 million for the year ended December 31, 2001 from $2.5 million for the year ended December 31, 2000.

Depreciation and amortization expense increased to $165.3 million for the year ended December 31, 2001 from $78.1 million for the year ended December 31, 2000, primarily as a result of the increased depreciation from towers we have acquired or constructed and amortization of goodwill related to acquisitions.

Site operations depreciation, amortization and accretion expenses increased to $163.7 million for the year ended December 31, 2001 from $77.0 million for the year ended December 31, 2000. Depreciation, amortization and accretion expenses for our wireless segment increased to $159.5 million for the year ended December 31, 2001 from $75.4 million for the year ended December 31, 2000. Depreciation, amortization and accretion expenses for the broadcast leasing component of our broadcast segment increased to $4.2 million for the year ended December 31, 2001 from $1.6 million for the year ended December 31, 2000.

Depreciation, amortization and accretion expenses for our broadcast services component of our broadcast segment increased to $1.6 million for the year ended December 31, 2001 from $1.1 million for the year ended December 31, 2000.

As a result of the factors discussed above, our loss from operations was $241.7 million for the year ended December 31, 2001, compared to a loss of $47.8 million for the year ended December 31, 2000.

Net interest expense increased to $195.1 million during the year ended December 31, 2001 from $106.3 million for the year ended December 31, 2000. The increase reflects additional interest expense due to the issuance of our 12 7/8% senior discount notes due 2010 in March 2000, our 10 3/4% senior notes due 2010 in March 2000, our 6 3/4% senior convertible notes due 2010 in November 2000 and our 12 1/2% senior notes due 2010 in December 2000, as well as additional borrowings under our credit facility in 2001.

Income from operations of the discontinued network services segment increased to $5.9 million in the year ended December 31, 2001 compared to income from operations of discontinued segment of $5.4 million in the year ended December 31, 2000 primarily as a result of increased revenues.

As a result of the factors discussed above, net loss was $654.8 million for the year ended December 31, 2001, compared to a net loss of $157.6 million for the year ended December 31, 2000.

Liquidity and Capital Resources

We are a holding company whose only significant asset is the outstanding capital stock of its subsidiary, Communications. Our only source of cash to pay our obligations is distributions from Communications.

As a result of the reorganization and implementation of fresh start accounting, our results of operations after January 31, 2003 are not comparable to results reported in prior periods because of differences in the bases of accounting and the capital structure for the predecessor company and the reorganized company.

Cash Flows

Cash provided by operating activities was $36.3 million for the year ended December 31, 2002 as compared to cash used in operating activities of $12.1 million for the year ended December 31, 2001. The change is primarily attributable to the $35.0 million fee paid in 2001 to SBC to amend our agreement to acquire leasehold and sub-leasehold interests in wireless communications towers and by improved operating performance.

Cash provided by operating activities was $28.6 million for the five months ended June 30, 2003 and $5.9 million for the one month ended January 31, 2003. Cash used in operating activities was $15.7 million for the six months ended June 30, 2002. The increase in cash provided by operating activities in 2003 is primarily attributable to decreased interest payments and decreased depreciation expense following our reorganization, decreased accounts receivable and increased accounts payable.

Cash used in investing activities was $70.0 million for the year ended December 31, 2002 compared to $984.7 million for the year ended December 31, 2001. The decrease in cash used in investing activities is primarily attributable to the reduction in the number of towers purchased under the SBC agreement in 2002 as compared to 2001, the termination of our build-to-suit agreement with Cingular on May 15, 2002 and other tower purchases that occurred in 2001.

Cash provided by investing activities was $65.7 million for the five months ended June 30, 2003. Cash used in investing activities was $2.7 million for the one month ended January 31, 2003 and $59.3 million for the six months ended June 30, 2002. Investing activities for the five months ended June 30, 2003 consisted primarily of proceeds received from the sale of the 545 SBC towers of $81.0 million. In addition, we invested $15.5 million, $2.7 million and $58.6 million in purchases of property and equipment and acquisitions, primarily related to the acquisition and construction of communications towers, in the five months ended June 30, 2003, the one month ended January 31, 2003 and the six months ended 2002, respectively.

Cash provided by financing activities was $83.1 million in the year ended December 31, 2002 as compared to $475.8 million in the year ended December 31, 2001. The cash provided by financing activities in 2001 and 2002 was primarily attributable to draws on our credit facility.

Cash used in financing activities was $108.7 million in the five months ended June 30, 2003 and $10.9 million in the one month ended January 31, 2003. Cash provided by financing activities was $88.8 million in the six months ended June 30, 2002. Cash used in financing activities for the five months ended June 30, 2003 consisted primarily of $200.0 million in proceeds from the issuance of our 8 1/4% Senior Notes Due 2010 and $1.6 million in proceeds from the issuance of common stock, offset by $303.0 million of payments on our credit facility, payments on capital leases of $0.3 million and $7.0 million in debt issuance costs related to the Senior Notes. Cash used in financing activities for the one month ended January 31, 2003 consisted of payments on capital leases of $10.9 million, which includes the prepayment of a capital lease in connection with the exercise of our purchase option on our corporate headquarters. The cash provided by financing activities in the six months ended June 30, 2002 was primarily attributable to $90.0 million of draws on our credit facility.

Credit Facility

Our principal operating subsidiary, Communications, is party to an amended and restated credit facility with lending commitments totaling approximately $680.0 million. The credit facility includes a revolving credit facility with a borrowing limit of $200.0 million, subject to compliance with covenants and the satisfaction of certain conditions precedent. As of June 30, 2003, Communications could borrow up to approximately $193.7 million of the $200.0 million under the revolving credit facility. The maximum amount available will be reduced (and, if necessary, the amounts outstanding must be repaid) in quarterly installments beginning on September 30, 2005 and ending on June 30, 2007. The credit facility also includes a multiple draw term loan that is fully drawn and which must be repaid in quarterly installments beginning on March 31, 2006 and ending on June 30, 2007, and a term loan that is fully drawn and which must be repaid in quarterly installments beginning on September 30, 2007 and ending on December 31, 2007. As of June 30, 2003, $204.8 million was outstanding under the multiple draw term loan and $275.2 million was outstanding under the term loan.

With the proceeds of the sale of 545 towers to Cingular, Communications repaid $31.4 million of the multiple draw term loan and $42.1 million of the term loan on February 11, 2003. In addition, Communications repaid $1.1 million of the multiple draw term loan and $1.4 million of the term loan on February 19, 2003. In connection with these repayments, Communications wrote off $1.6 million in debt issuance costs. This charge is included in interest expense in the unaudited condensed consolidated statement of operations.

With the proceeds from the issuance of the initial notes, Communications repaid $83.0 million of the multiple draw term loan and $111.5 million of the term loan on May 21, 2003. In addition, Communications repaid $1.1 million of the multiple draw term loan and $1.4 million of the term loan on June 24, 2003 and $12.8 million of the multiple draw term loan and $17.2 million of the term loan on June 30, 2003. In connection with these repayments, Communications wrote off $4.6 million in debt issuance costs. This charge is included in interest expense in the unaudited condensed consolidated statement of operations.

Effective May 14, 2003, we amended our credit facility to, among other things, reduce our unused former $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.

Liquidity and Commitments

We emerged from bankruptcy in February 2003. As a result, $1.76 billion of previously outstanding indebtedness was cancelled. Communications, the borrower under the credit facility, and our other subsidiaries were not part of the bankruptcy. The credit facility has remained in place during, and since, the reorganization.

We had cash and cash equivalents of $81.0 million at December 31, 2002 and $58.8 million at June 30, 2003. We also had $783.0 million outstanding under our credit facility at December 31, 2002 and $480.0 million outstanding at June 30, 2003. The revolving portion of our credit facility was undrawn. Our ability to borrow under the revolving credit facility is limited by the financial covenants regarding the total debt to Annualized EBITDA (as defined in the credit agreement) and interest and fixed charge coverage ratios of Communications and its subsidiaries. Communications could borrow approximately $193.7 million under the revolving credit facility as of June 30, 2003. Our ability to borrow under the credit facility s financial covenants will increase or decrease as our Annualized EBITDA (as defined in the credit facility) increases or decreases. The weighted average interest rate on outstanding borrowings under the credit facility was 5.94% as of December 31, 2002 and 4.83% as of June 30, 2003.

While we have taken steps to reduce our capital commitments, we are contractually obligated to purchase an additional 600 towers from SBC from May 2003 through August 2004. These commitments will require approximately $78 million in each of 2003 and 2004. In addition, we will continue to make capital expenditures to improve our existing towers and to install new in-building neutral host distributed antenna systems. We believe that cash flow from operations and available cash on hand will be sufficient to fund our capital expenditures and other currently anticipated cash needs for the next three years. Our ability to meet these needs from cash provided by operating activities will depend on the demand for wireless services, developments in competing technologies and our ability to add new customers, as well as general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. In addition, if we make additional acquisitions or pursue other opportunities or if our estimates prove inaccurate, we may seek additional sources of debt or equity capital or reduce the scope of tower construction and acquisition activity.

The following table provides a summary of our material debt, lease and other contractual commitments as of June 30, 2003:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
			(In thousands)		
Credit Facility	$ 479,955	$	$ 30,137	$449,818	$
Initial Notes	200,000				200,000
Capital Lease Payments	931	704	227		
Operating Leases Payments	297,891	63,369	97,210	49,326	87,986
Asset Retirement Obligations	36,684	381	411	962	34,930
SBC Tower Purchase Commitment(1)	141,960	104,000	37,960		
Total Contractual Cash Obligations	$1,157,421	$168,454	$165,945	$500,106	$322,916

(1) Based on the estimated average purchase price of towers to be acquired from SBC.

In addition, we had standby letters of credit of $6.3 million and performance bonds of $5.5 million outstanding at June 30, 2003, most of which expire within one year.

Non-GAAP Financial Measures

Adjusted EBITDA

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 these items to have a material financial impact on our operations on a going-forward basis because none of these pre- reorganization items is expected to occur in the foreseeable future.

Adjusted EBITDA may not be comparable to a similarly titled measure employed by other companies and is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, or GAAP.

We use Adjusted EBITDA as a measure of operating performance. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by

operating, investing and financing activities or other income statement or cash flow statement data prepared in accordance with GAAP.

We believe Adjusted EBITDA is useful to an investor in evaluating our operating performance because:

- it is the primary measure used by our management to evaluate the economic productivity of our operations, including the efficiency of our employees and the profitability associated with their performance, the realization of contract revenue under our long-term contracts, our ability to obtain and maintain our customers and our ability to operate our leasing and licensing business effectively;

- it is widely used in the wireless tower industry to measure operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets; and

- we believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results.

Our management uses Adjusted EBITDA:

- as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results;

- in presentations to our Board of Directors to enable it to have the same measurement of operating performance used by management;

- for planning purposes, including the preparation of our annual operating budget;

- for compensation purposes, including the basis for incentive quarterly and annual bonuses for certain employees, including our sales force;

- as a valuation measure in strategic analyses in connection with the purchase and sale of assets; and

- with respect to compliance with our credit facility, which requires us to maintain certain financial ratios based on Annualized EBITDA (as defined in our credit agreement).

There are material limitations to using a measure such as Adjusted EBITDA, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect our net income or loss. Management compensates for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with its analysis of net income. Adjusted EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with generally accepted accounting principles.

Adjusted EBITDA for the year ended December 31, 2001 and 2002, the six months ended June 30, 2002, the one month ended January 31, 2003 and the five months ended June 30, 2003 was calculated as follows:

	Year Ended December 31, 2001	Year Ended December 31, 2002	Six Months Ended June 30, 2002	One Month Ended January 31, 2003	Five Months Ended June 30, 2003
	(In thousands)				
Net income (loss)	$(654,769)	$(774,984)	$(580,099)	$ 344,970	$ (9,266)
Depreciation, amortization and accretion expense	165,267	189,936	95,263	16,075	42,452
Interest income	(17,037)	(855)	(377)	(137)	(496)
Interest expense	212,174	226,536	120,492	4,721	27,865
Gain on debt discharge				(1,034,764)	
Writeoff of investments in affiliates	129,404				
Writeoff of loans to affiliates	26,980				
Income tax expense	555	1,133	143	5	808
Reorganization items:					
Adjust accounts to fair value				644,688	
Professional and other fees		4,329		23,894	
Loss (income) from operations of discontinued segment, net of income tax expense	(5,858)	12,268	2,785		
Loss on disposal of discontinued segment		46,984			596
Cumulative effect of change in accounting principle		376,753	376,753	12,236	
Adjusted EBITDA	$(143,284)	$ 82,100	$ 14,960	$ 11,688	$61,959

Free Cash Flow

Free cash flow (deficit), as we have defined it, is calculated as the cash provided by (used in) operating activities less purchases of property and equipment. We believe free cash flow to be relevant and useful information to our investors as this measure is used by our management in evaluating our liquidity and the cash generated by our consolidated operating businesses. Our definition of free cash flow does not take into consideration cash provided by or used for acquisitions or sales of tower assets or cash used to acquire other businesses. Additionally, our definition of free cash flow does not reflect cash used to make mandatory repayments of our debt obligations. The limitations of using this measure include the difficulty in analyzing the impact on our operating cash flow of certain discretionary expenditures such as purchases of property and equipment and our mandatory debt service requirements. Management compensates for these limitations by analyzing the economic effect of these expenditures and asset dispositions independently as well as in connection with the analysis of our cash flow. Free cash flow reflects cash available for financing activities, to strengthen our balance sheet, or cash available for strategic investments, including acquisitions of tower assets or businesses. We believe free cash flow should be considered in addition to, but not as a substitute for, other measures of liquidity reported in accordance with generally accepted accounting principles. Free cash flow, as we have defined it, may not be comparable to similarly titled measures reported by other companies. Free cash flow (deficit) for the three months ended June 30, 2002 and 2003, the six months ended June 30, 2002, the one month ended January 31, 2003 and the five months ended June 30, 2003 was calculated as follows:

	Predecessor Company Three Months Ended June 30, 2002	Reorganized Company Three Months Ended June 30, 2003	Predecessor Company Six Months Ended June 30, 2002	Predecessor Company One Month Ended January 31, 2003	Reorganized Company Five Months Ended June 30, 2003
	(In thousands)				
Net cash provided by (used in) operating activities	$(19,890)	$16,623	$(15,688)	$ 5,892	$28,550
Less: Purchases of property and equipment	(19,579)	(3,926)	(48,530)	(2,737)	(6,181)
Free cash flow (deficit)	$(39,469)	$12,697	$(64,218)	$ 3,155	$22,369

Cash flow provided by (used in) investing activities and cash flows provided by (used in) financing activities for the three months ended June 30, 2002 and 2003, the six months ended June 30, 2002, the one month ended January 31, 2003 and the five months ended June 30, 2003 are as follows:

	Predecessor Company Three Months Ended June 30, 2002	Reorganized Company Three Months Ended June 30, 2003	Predecessor Company Six Months Ended June 30, 2002	Predecessor Company One Month Ended January 31, 2003	Reorganized Company Five Months Ended June 30, 2003
	(In thousands)				
Net cash provided by (used in) investing activities	$(19,579)	$(13,171)	$(59,347)	$ (2,737)	$ 65,702
Net cash provided by (used in) financing activities	$ (791)	$(32,603)	$ 88,795	$(10,884)	$(108,731)

Description of Critical Accounting Policies

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses. We have identified the following critical accounting policies that affect the more significant estimates and judgments used in the preparation of our consolidated financial statements. On an on-going basis, we evaluate our estimates, including those related to the matters described below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from those estimates under different assumptions or conditions.

Revenue Recognition

Site operations revenues are recognized when earned based on lease and license agreements. Rate increases based on fixed escalation clauses that are included in certain lease and license agreements are recognized on a straight-line basis over the term of the lease or license. Revenues from fees, such as engineering and site inspection fees, are recognized upon delivery of the related products and services to the customer. Additionally, we generate revenues related to the management of sites on rooftops. Under each site management agreement, we are entitled to a fee based on a percentage of the gross revenue derived from the rooftop site subject to the agreement. We recognize this fee as revenue when earned.

Broadcast services revenues related to construction activities are derived from service contracts with customers that provide for billing on a time and materials or fixed price basis. For time and material contracts, revenues are recognized as services are performed. For fixed price contracts, we recognize revenue and profit as work progresses using the percentage-of-completion method of accounting, which relies on estimates of total expected contract revenues and costs. We follow this method because reasonable estimates of the revenue and costs applicable to various stages of a contract can be made. Because the financial reporting of these contracts depends on estimates, which are assessed continually during the term of the contract, recognized revenues and profit are subject to revisions as the contract progresses to completion. Revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become known. Accordingly, favorable changes in estimates result in additional revenue and profit recognition, and unfavorable changes in estimates result in the reversal of previously recognized revenue and profits. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Unbilled revenues (costs and estimated earnings in excess of billings) become billable when, in accordance with the terms of the contract, certain pre-determined targets are reached. Typically these targets are reached as certain pre-defined stages of the project are completed. In the event that the contractual payment provisions are not triggered or a contract is terminated, the Company s contracts typically provide for a payment to be due based on the extent of work performed to date.

Allowance for Uncollectible Accounts

We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware that a specific customer s ability to meet its financial obligations to us is in question (e.g., bankruptcy filings, substantial down-grading of credit ratings), we record a specific allowance against amounts due to reduce the net recognized receivable from that customer to the amount we reasonably believe will be collected. For all other customers, we reserve a percentage of the remaining outstanding accounts receivable balance based on a review of the aging of customer balances, industry experience and the current economic environment. If circumstances change (e.g., higher than expected defaults or an unexpected material adverse change in one or more significant customer s ability to meet its financial obligations to us), our estimates of the recoverability of amounts due us could be reduced by a material amount.

Property and Equipment

Property and equipment built, purchased, leased or licensed under long-term leasehold or license agreements are recorded at cost and depreciated over their estimated useful lives. We capitalize costs incurred in bringing property and equipment to an operational state. Costs clearly associated with the acquisition, development and construction of property and equipment are capitalized as a cost of the assets. Indirect costs that relate to several assets are capitalized and allocated to the assets to which the costs relate. Indirect costs that do not clearly relate to projects under development or construction are charged to expense as incurred. Estimates and cost allocations are reviewed at the end of each financial reporting period. Costs are revised and reallocated as necessary for material changes on the basis of current estimates. Depreciation on property and equipment excluding towers is computed using the straight-line method over the estimated useful lives of the assets ranging from three to fifteen years. Depreciation on towers is computed using the straight-line method over the estimated useful lives of 15 years for wireless towers and 30 years for broadcast towers. Amortization of assets recorded under capital leases is included in depreciation.

Goodwill

The excess of the purchase price over the fair value of net assets acquired in purchase business combinations has been recorded as goodwill. Goodwill is evaluated for impairment on an annual basis or as impairment indicators are identified, in accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*. On an ongoing basis, we assess the recoverability of goodwill by determining the ability of the specific assets acquired to generate future cash flows sufficient to recover the unamortized goodwill over the remaining useful life. We estimate future cash flows based on the current performance of the acquired assets and our business plan for those assets. Changes in business conditions, major customers or other factors could result in changes in those estimates. Goodwill determined to be unrecoverable based on future cash flows is written-off in the period in which such determination is made.

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment, goodwill and purchased intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. When an impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Effective January 1, 2002, potential impairment of long-lived assets other than goodwill and purchased intangible assets with indefinite useful lives is evaluated using the guidance provided by Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*.

Accounting for Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax liability together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. To the extent that we believe that recovery is not likely, we must establish a valuation allowance. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. We have recorded a valuation allowance of $464.7 million as of December 31, 2002, due to uncertainties related to utilization of deferred tax assets, primarily consisting of net operating losses carryforwards, before they expire.

Derivative Financial Instruments

Derivative financial instruments are accounted for in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), as amended by Statement of Financial Accounting Standards No. 138, *Accounting for Certain Instruments and Certain Hedging Activities* (SFAS 138) and as further amended by Statement of Financial Accounting Standards No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. All derivative financial instruments are recorded in the consolidated financial statements at fair value. Changes in the fair values of derivative financial instruments are either recognized in earnings or in stockholders equity as a component of other comprehensive income depending on whether the derivative financial instrument qualifies for hedge accounting as defined by SFAS 133. Changes in fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur.

Recently Issued Accounting Pronouncements

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (SFAS 143) which is effective for fiscal years beginning after June 15, 2002. SFAS 143 requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time that the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. We adopted the new rules on asset retirement obligations on January 1, 2003. Application of the new rules resulted in an increase in net property, plant and equipment of $23.2 million, recognition of an asset retirement obligation of $35.4 million, and a cumulative effect of change in accounting principle that reduced net income and stockholders equity (deficit) by $12.2 million. Had the Company adopted SFAS 143 as of January 1, 2000, the asset retirement obligation would have been as follows (in thousands):

January 1, 2000	$22,653
December 31, 2000	$29,447
December 31, 2001	$32,122
December 31, 2002	$35,442

These pro forma amounts are measured using information and assumptions as of the adoption date of this statement.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, *Rescission of FASB Statement Nos. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections* (SFAS 145). SFAS 145 amends or rescinds a number of authoritative pronouncements, including Statement of Financial Accounting Standards No. 4, *Reporting Gains and Losses from Extinguishment of Debt* (SFAS 4). SFAS 4 required that gains and losses from extinguishment of debt that were included in the determination of net income or loss be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. Upon adoption of SFAS 145, gains and losses from extinguishment of debt will no longer be classified as extraordinary items, but rather will generally be classified as part of other income (expense) on our consolidated statement of operations. The provisions of SFAS 145 are effective for fiscal years beginning after May 15, 2002. We adopted the provisions of SFAS 145 on January 1, 2003. The adoption of this statement did not have a material impact on our consolidated financial position, results of operations or cash flows.

In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146, *Accounting For Costs Associated with Exit or Disposal Activities* (SFAS 146). The statement requires costs associated with exit or disposal activities to be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. The requirements of SFAS 146 are effective for exit or disposal activities initiated after January 1, 2003. We adopted the provisions of SFAS 146 on January 1, 2003. The adoption of this statement did not have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation, Transition and Disclosure* (SFAS 148). SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also requires that disclosures of the pro forma effect of using the fair value method of accounting for stock-based employee compensation be displayed more prominently and in a tabular format. Additionally, SFAS 148 requires disclosure of the pro forma effect in interim financial statements. The transition disclosure requirements of SFAS 148 are effective for fiscal year 2002. The interim and annual disclosure requirements are effective for the first quarter of 2003. The adoption of SFAS 148 did not have a material effect on our consolidated financial position, results of operations or cash flows.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* (SFAS 149). SFAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS 133, as previously amended by SFAS 138. SFAS 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in SFAS 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS 149 amends certain other existing pronouncements. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003 and should be applied prospectively. We do not expect the impact of adopting this statement to have a material impact on our consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46). FIN 46 requires an investor with a majority of the variable interests in a variable interest entity (VIE) to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A VIE is an entity in which the equity investors do not have a controlling interest, or the equity investment at risk is insufficient to finance the entity s activities without receiving additional subordinated financial support from the other parties. For arrangements entered into with VIEs created prior to January 31, 2003, the provisions of FIN 46 are required to be adopted at the beginning of the first interim or annual period beginning after June 15, 2003. We are currently reviewing our investments and other arrangements to determine whether any of our investee companies are VIEs. We do not expect to identify any significant VIEs that would be consolidated, but may be required to make additional disclosures. Our maximum exposure related to any investment that may be determined to be in a VIE is limited to the amount invested. The provisions of FIN 46 are effective immediately for all arrangements entered into with new VIEs created after January 31, 2003. We have not invested in any new VIEs created after January 31, 2003.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*(SFAS 150). SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS 150 amends certain other existing pronouncements. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of nonpublic entities. We do not expect the adoption of this statement to have a material impact on our consolidated financial position, results of operations, or cash flows.

Inflation

Some of our expenses, such as those for marketing, wages and benefits, generally increase with inflation. However, we do not believe that our financial results have been, or will be, adversely affected by inflation in a material way.

Quantitative and Qualitative Disclosures About Market Risks

We use financial instruments, including fixed and variable rate debt, to finance our operations. The information below summarizes our market risks associated with debt obligations outstanding as of June 30, 2003 and December 31, 2002. The following table presents principal cash flows and related weighted average interest rates by fiscal year of maturity of our fixed rate debt as of June 30, 2003:

	Expected Maturity Date						
	2003	2004	2005	2006	2007	Thereafter	Total
	(Dollars in thousands)						
Long-term obligations:							
Fixed rate	$	$	$	$	$	$200,000	$200,000
Average interest rate						8.25%	8.25%

As of December 31, 2002, we had $1.76 billion of liabilities subject to compromise, which were converted to common stock on February 10, 2003 pursuant to our Plan of Reorganization. Prior to our chapter 11 filing, these obligations had an average fixed interest rate of 11.30%.

In addition, as of June 30, 2003 and December 31, 2002, we had $480.0 million and $783.0 million, respectively, of variable rate debt outstanding under our credit facility at a weighted average interest rate of 4.83% and 5.94%, respectively. A 1% increase in the interest rate on our variable rate debt would have increased interest expense by approximately $1.6 million, $2.8 million, $0.7 million and $7.8 million in the three months ended June 30, 2003, the five months ended June 30, 2003, the one month ended January 31, 2003 and the year ended December 31, 2002, respectively.

In addition, as of June 30, 2003, we have an interest rate cap on $375.0 million of the variable rate debt outstanding under our credit facility, which caps LIBOR at 7.0% for the next three years. As of June 30, 2003, the carrying amount and fair value of this instrument was $0.2 million.

BUSINESS

Introduction

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 five months ended June 30, 2003, approximately 95% of our revenues came from our site 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 BTA markets in the United States. We believe that the growing use of wireless communication 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.

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. In addition, we 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 90% of our revenues are derived from the six largest wireless service providers, two of which were responsible for 48% of our revenues in 2002 and the first half of 2003.

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 primarily located in the top 100 BTA markets in the United States. 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.

Wireless Tower Ownership, Leasing, Licensing and Management. We are one of the largest independent owners and operators of wireless communications towers in the United States. We provide antenna site services, which primarily involve the leasing and licensing of antenna space on our towers, to wireless carriers. In leasing and licensing antenna space, we generally receive monthly fees from customers. Our customer leases and licenses typically have original terms of five to ten years, with four or five renewal periods of five years each, and usually provide for periodic rate increases ranging from two percent to five percent per year. Monthly pricing varies with the tower location and the number and type of antennas installed on a given site. Our wireless leasing customers are leading wireless service providers, including AT&T Wireless, Cingular, Nextel, Sprint PCS, T-Mobile, Verizon Wireless and their affiliates.

Over the last two years, we have taken steps to reduce our capital commitments, particularly with respect to the acquisition and construction of wireless towers. For example, in November 2001, we paid $35 million to SBC to reduce the number of towers to be leased or subleased from SBC. In 2002, we implemented a plan to reduce the number of new tower constructions and acquisitions, and, in February 2003, we sold 545 wireless communications towers to Cingular and further reduced the number of towers to be leased or subleased from SBC.

In-Building Shared Infrastructure Solutions. We are a leading provider in the rapidly growing business of in-building neutral host distributed antenna systems serving telecommunications carriers in the United States. 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 in the United States. Our leases with property owners for the rights to install and operate the in-building systems are generally for an initial period of ten years. Some of these leases contain automatic extension provisions and continue after the initial period unless terminated by us. Under these leases, we are the exclusive operator of in-building neutral host distributed antenna systems for the term of the lease. We are also responsible for marketing the property as part of our portfolio of telecommunications sites and for installing, operating and maintaining the distributed antenna system at the properties. We grant rights to wireless service providers to attach their equipment to our in-building system for a fee under licenses with the providers that typically have an initial term of ten years. We typically share a portion of the collected fees with the property owners.

Broadcast Tower Ownership, Leasing, Licensing and Management. We are one of the largest independent owners and operators of broadcast towers in the United States. Broadcast towers generally are taller and structurally more complex than wireless towers, require unique engineering skills and are more costly to build. The anchor customers on our broadcast towers are mostly television broadcasting companies. We provide antenna site services, which involve the leasing and licensing of antenna space on our broadcast towers to broadcasters and wireless carriers. In leasing and licensing antenna space, we generally receive monthly fees from customers, with contracts typically initially ranging from ten to 20 years.

The following chart shows the locations of our wireless towers, broadcast towers and in-building systems as of June 30, 2003:

State	Number
Texas	1,015
California	840
Illinois	740
Ohio	555
Michigan	397
Florida	334
Missouri	325
Georgia	226
Pennsylvania	226
Alabama	207
Oklahoma	202
New York	197
Louisiana	180
North Carolina	177
Washington	148
Indiana	129
Wisconsin	123
Maryland	120
Other	1,398
Total	7,539

Rooftop Management. We also provide rooftop management services to telecommunications carriers in the United States. We are the exclusive site manager for over 10,000 real estate properties, with significant access clusters in major metropolitan areas. Wireless carriers utilize our managed rooftop sites as transmitting locations, often where there are no existing towers or where new towers are difficult to build. Our rooftop management contracts are generally for an initial period of three to five years. These contracts contain automatic extension provisions and continue after the initial period unless terminated by either party. Under these contracts, we are engaged as the exclusive site manager for rooftop management. For these services, we receive a percentage of occupancy or license fees.

Broadcast Services

We provide, design, fabrication, construction, modification and maintenance services for the broadcast tower industry. 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.

Broadcast towers require a high level of technical design and erection expertise, as they reach heights of up to 2,000 feet. The existing domestic broadcast tower infrastructure was generally developed to accommodate individual broadcast signals. This broadcast tower infrastructure was built primarily in the 1940 s and 1950 s. Today, it is considered to be at capacity and somewhat antiquated. The FCC mandate requiring the conversion of analog to digital broadcast signals potentially creates significant infrastructure deployment requirements for the broadcast community in the United States. In addition, the engineering and construction expertise for broadcast towers is limited to a relatively small number of fabrication and construction companies that specialize in broadcast towers, including our company.

Competitive Strengths

We believe that we are distinguished by the following competitive strengths which will allow us to continue to grow our revenues and increase our operating margins:

High Quality Assets. We believe that the quality of our portfolio of tower assets, including our tower clusters in major metropolitan markets, makes us a preferred provider for the largest carriers in the wireless industry. In addition, because our tower portfolio was predominantly built over the last four years and we acquired primarily single-tenant towers from wireless carriers, we have fewer customers per tower than the other publicly traded tower companies. Therefore, we expect that as we add new customers our revenue per tower will grow at a faster rate than revenue per tower of other publicly traded tower companies. Over the last two years, we have been a leader in the tower industry in terms of key operating performance measures such as same tower revenue and same tower cash flow growth.

Stable and Growing Core Site Operations Business. Our focus on the leasing and licensing of antenna space on communications towers pursuant to long-term contracts provides us with a recurring, stable cash flow stream. Significant relocation costs also tend to deter existing customers from switching to other towers. Our leases and licenses generally provide for regular annual rate increases. Because our tower operating expenses generally do not increase significantly as we add additional customers, once a tower is built for an anchor customer, additional customers provide high incremental cash flow.

Low Levels of Debt in our Capital Structure. We currently operate with the lowest levels of total debt and debt leverage among the publicly traded tower companies. We also have substantially completed the build-out of our wireless tower portfolio and terminated our build-to-suit contracts with wireless carriers. These measures have reduced our capital expense commitments and our future funding requirements. We believe our lower level of total debt and funding requirements will increase our financial flexibility relative to the other publicly traded tower companies and will enhance our cash flow generating capability.

Disciplined Approach to Operations. Over the last nine quarters, we have aggressively focused on operating cost controls. During that time, we reduced our quarterly sales, general and administrative expenses as a percentage of revenue from 31% to 16%. In addition, as a result of initiatives by our management team over the past two years, we believe that our accounts receivable as a percentage of revenues is the lowest among the publicly traded tower companies. By reducing the amount of working capital required to operate our business we have improved our operating flexibility.

Experienced Management. Our senior management team has been in place for four years and its members have an average of over 11 years of experience in the wireless industry. Our chief operating officer and the presidents of our leasing and broadcast divisions, for example, have a combined 38 years of experience in management positions at wireless carriers.

Business Strategy

We intend to capitalize on the continued growth in demand for wireless services and the related infrastructure required to support that growth. The principal features of our business strategy are to:

Maximize Use of Our Tower Portfolio. We believe that our highest returns will be achieved by leasing and licensing additional space on our existing towers. Because the costs of operating a tower are largely fixed, increasing utilization will significantly improve our operating margins. For example, based on trailing twelve-months revenue on the towers that we owned or operated as of June 30, 2002 and June 30, 2003, same tower revenue growth was 15%, while same tower costs of operations, excluding depreciation, amortization and accretion expenses, increased 5%.

Take Advantage of Our Major Market Presence. Approximately 58% of our wireless antenna sites are located in the top 50 BTA markets and approximately 71% of our wireless antenna sites are located in the top 100 BTA markets in the United States, which are the highest percentages among the publicly traded tower companies. Approximately 60% of the U.S. population is located in the top 50 BTA markets and approximately 74% of the U.S. population is located in the top 100 BTA markets. We believe the increase in peak minutes of use, together with capacity constraints, in these markets will lead carriers to deploy more capital to expand their network capacity in these markets than in other markets.

Leverage Existing Relationships with Wireless Service Providers and Their Program Management Companies. Maintaining and cultivating relationships with wireless service providers is a critical focus of our sales and marketing program. We have a dedicated group of sales representatives that focuses on establishing and maintaining relationships with customers at both local and regional levels. In addition, we employ an experienced national accounts team that works closely with each wireless service provider s corporate headquarters and senior management team to cultivate and ensure long-term relationships.

Capitalize on Our Industry-Leading Position in Providing In-Building Shared Infrastructure Solutions to Wireless Carriers. We have the largest operational base of distributed antenna systems providing in-building wireless coverage in the tower industry. We also have a leading position in distributed radio frequency transport. We believe wireless carriers will continue to commit greater financial resources to these areas as they seek to improve network quality and provide additional high quality network coverage.

Customers

Our customers include several of the largest wireless service providers in the United States, including AT&T Wireless, Cingular, Nextel, Sprint, T-Mobile and Verizon Wireless. Our largest customers currently are Nextel (and its affiliates) and Cingular, which represented approximately 28% and 20%, respectively, of our revenue for the year ended December 31, 2002 and approximately 29% and 19%, respectively, of our revenues for both the one month ended January 31, 2003 and the five months ended June 30, 2003. For the year ended December 31, 2001, Nextel (and its affiliates) and Cingular accounted for 30% and 13% of our revenues, respectively. For the year ended December 31, 2000, Nextel (and its affiliates) accounted for 48% of our revenues.

Sales and Marketing

We believe that our quality portfolio of tower assets, our strong customer relationships and our operational excellence make us a preferred provider for the wireless industry. Our sales and marketing goals are to:

Leverage existing relationships and develop new relationships with wireless service providers to lease and license antenna space on our tower, in-building and rooftop assets; and

Form relationships with wireless service providers   program management companies to further broaden our channels of distribution.

Maintaining and cultivating relationships with wireless service providers is a critical focus of our sales and marketing program. We have a dedicated group of sales representatives that focuses on establishing and maintaining relationships with customers at both local and regional levels. In addition, we employ an experienced national accounts team that works closely with each wireless service provider s corporate headquarters and senior management team to cultivate and ensure long-term relationships.

Our sales staff is compensated on new customer revenue generation, relocation/ reconfiguration revenue, fee revenue and customer satisfaction. In addition, our sales teams rely on the complementary functions of our field support services and project management teams to further identify revenue opportunities and enhance customer satisfaction.

Competition

Our principal competitors include American Tower Corp., Crown Castle International Corp., Pinnacle Holdings, Inc., SBA Communications Corp., Sprint Sites USA, numerous independent tower operators and the many owners of non-tower antenna sites, including rooftops, water towers and other alternate structures. Wireless service providers, such as AT&T Wireless, Sprint PCS and T-Mobile, own and operate their own tower networks and lease (or may in the future decide to lease) antenna sites to other providers. We compete principally on the basis of tower location and capacity, price, quality of service and density of service within a geographic market.

Technological developments are also making it possible for wireless carriers to expand their use of existing facilities to provide service without additional tower facilities. The increased use by carriers of signal combining and related technologies, which allow two or more carriers to provide services on different transmission frequencies using the communications antenna and other facilities normally used by only one carrier, could reduce the demand for tower-based broadcast transmissions and antenna space. In addition to sharing transmitters, carriers are, through joint ventures and other arrangements (such as Cingular s infrastructure joint ventures with T-Mobile and AT&T Wireless), sharing (or considering the sharing of) telecommunications infrastructure in ways that might adversely impact the growth of our business.

In addition, wireless service providers frequently enter into agreements with competitors allowing them to utilize one another s wireless communications facilities to accommodate customers who are out of range of their home providers services. These roaming agreements may be viewed by wireless service providers as a superior alternative to leasing space for their own antennas on communications sites we own.

Employees

As of June 30, 2003, we had 597 employees. None of our employees is represented by a collective bargaining agreement, and we consider our employee relations to be good.

International

During 2001, we ceased development efforts in Europe and Mexico. In 2002, we sold our network services operations in Canada. Our primary focus is on operations in the United States.

Regulatory and Environmental Matters

Federal Regulations

Both the FCC and the FAA regulate towers used for communications transmitters and receivers. These regulations control the siting, marking and lighting of towers and generally, based on the characteristics of the tower, require registration of tower facilities with the FCC. Wireless and broadcast communications antennas operating on towers are separately regulated and independently authorized by the FCC based upon the particular frequency used and the service provided. In addition to these regulations, SpectraSite must comply with certain environmental laws and regulations.

Under the requirements of the Communications Act of 1934, as amended, the FCC, in conjunction with the FAA, has developed standards for review of proposals for new or modified antenna structures. These standards mandate that the FCC and the FAA consider the height of the proposed antenna structure, the relationship of the structure to existing natural or man-made obstructions and the proximity of the structure to runways and airports. Proposals to construct new communications sites or modify existing communications sites that could affect air traffic must be filed with and reviewed by the FAA to ensure the proposals will not present a hazard to aviation. The FAA may condition its issuance of no-hazard determinations upon compliance with specified lighting and marking requirements. The FCC will not authorize the operation of communications antennas on towers unless the tower has been registered with the FCC or a determination has been made that such registration is not necessary. The FCC will not register a tower unless it has received all necessary clearances from the FAA. The FCC also enforces special lighting and marking requirements. Owners of towers on which communications antennas are located have an obligation to maintain marking and lighting to conform to FCC standards. Tower owners also bear the responsibility of notifying the FAA of any tower lighting failures. We generally outsource the monitoring of the lighting of our towers to contractors that specialize in those services. However, under the FCC s rules, we remain fully liable for the acts and omissions of those contractors. We generally indemnify our customers against any failure to comply with applicable standards. Failure to comply with the applicable requirements (including as a result of acts or omissions of our contractors, which may be beyond our control) may lead to monetary forfeitures or other enforcement actions, as well as civil penalties, contractual liability and/or tort liability.

The Telecommunications Act of 1996 amended the Communications Act of 1934 by limiting state and local zoning authorities jurisdiction over the construction, modification and placement of wireless communications towers. The law preserves local zoning authority but prohibits any action that would discriminate between different providers of wireless services or ban altogether the construction, modification or placement of communications towers. It also prohibits state or local restrictions based on the environmental effects of radio frequency emissions to the extent the facilities comply with the FCC regulations. The 1996 Act also requires the federal government to help licensees of wireless communications services gain access to preferred sites for their facilities. This may require that federal agencies and departments work directly with licensees to make federal property available for tower facilities.

In October 2000, the FCC adopted rules and policies related to telecommunications service providers access to rooftops, other rights-of-way and conduits in multi-tenant buildings. The FCC prohibited telecommunications carriers in commercial settings from entering into new exclusive contracts with building owners, including contracts that effectively restrict premises owners or their agents from permitting access to other telecommunications service providers. The FCC also established procedures to ensure that the demarcation point in buildings, which marks the end of the incumbent local exchange carrier s control over on-premises wiring and the beginning of the customer s or building owner s control, will, at the premises owner s request, be at the minimum point of entry to the structure rather than further inside the premises. In addition, the FCC determined that, under the Communications Act, utilities, including local exchange carriers, will be required to afford telecommunications carriers and cable service providers reasonable and nondiscriminatory access to conduits and rights-of-way in customer buildings, to the extent such conduits and rights-of-way are owned or controlled by the utility. Finally, the FCC amended its existing rules to give building tenants the same ability to place on their leased or owned property small satellite dishes for receiving telecommunications and other fixed wireless signals that they currently have for receiving video services.

In the same October 2000 action, the FCC sought comment on a number of related issues, including whether the prohibition on exclusive contracts should be extended to residential buildings; whether it should be broadened to prohibit preferences other than exclusive access, such as exclusive marketing or landlord bonuses for tenants; whether the FCC should prohibit carriers from enforcing exclusive access provisions in existing contracts for commercial or residential multi-tenant buildings; and whether the agency has authority to prohibit local exchange carriers from providing services to multi-tenant buildings where the owners maintain policies unreasonably preventing competing carriers from gaining access to potential customers within the building.

In June 2003, the FCC issued a Notice of Proposed Rulemaking seeking comment on a draft agreement between the FCC, the Advisory Council on Historic Preservation and the National Conference of State Historic Preservation Officers that would tailor and streamline procedures for review of towers and other FCC licensed communications facilities under the National Historic Preservation Act of 1966, or NHPA , and on related revisions to the FCC s rules. The FCC has indicated that the intent of the agreement and the proposed rule revisions is to improve compliance with the NHPA and streamline the review process for construction of towers and other FCC licensed communications facilities. We cannot predict with certainty whether, and if so when, the FCC s proposals will be adopted, and, if they are, the effect they will have on our business.

In 1996, the FCC mandated the conversion of analog television signals to digital. As a result of several subsequent rulings by the FCC, each commercial television station in the United States was required to complete construction of new digital broadcasting facilities by May 1, 2002. Non-commercial stations were given until May 1, 2003, to complete digital construction. By April 21, 2003, all television stations were required to be simulcasting at least 50% of their programming on both their analog and digital facilities and must convert to 100% simulcasting within two years. The simulcasting transition is scheduled to end in 2006, when television broadcasters will be required to terminate analog service, unless that date has been extended based on satisfaction of statutory standards demonstrating that significant portions of the viewing public do not have the ability to receive digital television signals.

Although these deadlines have resulted from past extensions by the FCC of previous deadlines, various broadcasters have requested that the FCC further extend the current conversion deadlines. In December 2001, the FCC declined to issue a blanket extension of the current deadlines, however, and instead agreed to continue to consider extension requests by particular broadcasters on a case-by-case basis, and made it easier for broadcasters to qualify for such extensions. As of January 2003, approximately 93% of all television stations in the United States have been granted a construction permit or a license for digital television. More than 75% of the stations whose deadline to complete their digital television broadcast facilities was May 1, 2002, requested an extension of their completion deadline to November 1, 2002 and approximately 85% of those requests were granted. Of those stations that were granted an initial extension, nearly 78% requested an additional six-month extension and, to date, the FCC has granted more than one-third of these extension requests. In April 2003, the FCC granted a six-month waiver on digital television simulcast requirements for all public television stations.

In August 2002, the FCC adopted a rule requiring all TV receivers manufactured in the United States with screen sizes greater than 13 inches, and all TV receiving equipment, such as VCRs and digital television recorders, be capable of receiving digital television signals over the air no later than July 1, 2007. We believe that this increased penetration of digital television capability among the general broadcast audience may also hasten the digital conversion and add to the demand for digital television broadcast towers.

We believe that, although the planned conversion to digital might continue to be delayed through FCC extensions or the failure of various broadcasters to achieve the conversion in accordance with the established deadlines, if and when the conversion occurs, it will create significant potential for increased demand for space on broadcast towers, including our towers. We believe that the digital conversion will thus drive increased demand for our tower design and installation services.

State and Local Regulations

Most states regulate certain aspects of real estate acquisition and leasing activities. Where required, we outsource site acquisition to licensed real estate brokers or agents. Local regulations and restrictions include building codes and other local ordinances, zoning restrictions and restrictive covenants imposed by community developers. These regulations and restrictions vary greatly, but typically require tower owners to obtain a permit or other approval from local officials or community standards organizations prior to tower construction and prior to modifications of towers, including installation of equipment for new customers. Local zoning authorities generally have been hostile to construction of new transmission towers in their communities because of the height and visibility of the towers. Companies owning or seeking to build or modify towers have encountered an array of obstacles arising from state and local regulation of tower site construction and modification, including environmental assessments, fall radius assessments, marking and lighting requirements, and concerns with interference with other electronic devices. The delays resulting from the administration of such restrictions can last for several months and, when appeals are involved, can take several years.

Environmental and Related Regulations

Owners and operators of communications towers are subject to environmental laws. The FCC s decision to register a proposed tower may be subject to environmental review under the National Environmental Policy Act of 1969, which requires federal agencies to evaluate the environmental impacts of their decisions under certain circumstances. The FCC has issued regulations implementing the National Environmental Policy Act, as well as the National Historic Preservation Act, the Endangered Species Act and the American Indian Religious Freedom Act. These regulations place responsibility on each applicant to investigate potential environmental and other effects of operations and to disclose any significant effects in an environmental assessment prior to constructing a tower or adding a new customer on a tower. In the event the FCC determines that a proposed tower would have a significant environmental impact based on the standards the FCC has developed, the FCC would be required to prepare an environmental impact statement. In addition, various environmental groups routinely petition the FCC to deny applications to register new towers. This regulatory process can be costly and could significantly delay the registration of a particular tower. In addition, we are subject to environmental laws that may require investigation and remediation of any contamination at facilities we own or operate or at third-party waste disposal sites. These laws could impose liability even if we did not know of, or were not responsible for, the contamination. Although we believe that we currently have no material liability under applicable environmental laws, the costs of complying with existing or future environmental laws, responding to petitions filed by environmental protection groups, investigating and remediating any contaminated real property and resolving any related liability could have a material adverse effect on our business, financial condition or results of operations.

In August 2003, the FCC adopted a Notice of Inquiry to gather information on the impact of communications towers on migratory birds. The Notice of Inquiry is part of the FCC s comprehensive action plan on environmental and historic preservation matters that Chairman Michael Powell announced in May 2003. This Notice of Inquiry marks the most significant action to date taken by the FCC on this subject and may lead to changes in the FCC s environmental rules. These changes could have a material adverse effect on our business, financial condition or results of operations.

Properties

We are headquartered in Cary, North Carolina, where we currently occupy an owned 109,570 square foot office facility on 19.7 acres of land and lease 35,973 square feet of office space. We own a 38,000 square foot broadcast tower manufacturing facility located on 10 acres of land in Pine Forge, Pennsylvania. We also own 9.5 acres of land in Visalia, California, on which a 57,000 square foot broadcast tower manufacturing facility is located and 161.7 acres of land in Mobile, Alabama, on which a 1,944 foot broadcast tower is located.

Our interests in communications sites are comprised of a variety of fee interests, leasehold and sub-leasehold interests created by long-term lease or sublease agreements, private easements, and easements and licenses or rights-of-way granted by government entities. In rural areas, a communications site typically consists of a three-to-five acre tract that supports towers, equipment shelters and guy wires to stabilize the structure. Less than 2,500 square feet are required for a self-supporting tower structure of the kind typically used in metropolitan areas. Land leases generally have an initial term of five years, with five additional five-year renewal periods. See Products and Services Site Operations for a list of the locations of our wireless towers.

Legal Proceedings

We emerged from bankruptcy on February 10, 2003. See Management s Discussion and Analysis of Financial Condition and Results of Operations Business Overview for a discussion of our bankruptcy proceedings. Our subsidiaries, including Communications, were not part of the bankruptcy reorganization.

From time to time, we are involved in various legal proceedings relating to claims arising in the ordinary course of business. We are not currently a party to any such legal proceeding, the adverse outcome of which, individually or in the aggregate, is expected to have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers:

Name	Age	Position
Stephen H. Clark	59	President, Chief Executive Officer, Chairman and Director
Timothy G. Biltz	45	Chief Operating Officer
David P. Tomick	51	Executive Vice President and Chief Financial Officer
Dale A. Carey	38	President, Leasing Division
Thomas A. Prestwood, Jr.	50	President, Broadcasting Division
Gabriela Gonzalez	41	Senior Vice President and Controller
John H. Lynch	45	Vice President, General Counsel and Secretary
Paul M. Albert, Jr.	60	Director
Gary S. Howard	52	Director
Robert Katz	36	Director
Richard Masson	45	Director

Stephen H. Clark is President, Chief Executive Officer and Chairman of the Board of Directors of SpectraSite. He has been a director of SpectraSite since its formation in May 1997 and Chairman since September 2002. Mr. Clark has 23 years of general management experience in high growth companies in the communications, technology and manufacturing sectors.

Timothy G. Biltz is Chief Operating Officer. Prior to joining SpectraSite in August 1999, Mr. Biltz spent 10 years at Vanguard Cellular Systems, Inc., most recently as Executive Vice President and Chief Operating Officer. He joined Vanguard in 1989 as Vice President of Marketing and Operations and was Executive Vice President and President of U.S. Wireless Operations from November 1996 until May 1998 when he became Chief Operating Officer. Mr. Biltz was instrumental in Vanguard s development from an initial start-up to an enterprise with over 800,000 subscribers.

David P. Tomick is Executive Vice President and Chief Financial Officer. Mr. Tomick joined SpectraSite in 1997. From 1994 to 1997, Mr. Tomick was Chief Financial Officer of Masada Security, Inc., a company engaged in the security monitoring business. From 1988 to 1994, he was Vice President Finance of Falcon Cable TV where he was responsible for debt management, mergers and acquisitions, equity origination and investor relations. Prior to 1988, he managed a team of corporate finance professionals focusing on the communications industry for The First National Bank of Chicago.

Dale A. Carey is President of SpectraSite s Leasing Division. Mr. Carey joined SpectraSite as Senior Vice President of Services and Operations in February 2000 and assumed his current position in May 2002. Prior to joining SpectraSite, Mr. Carey served in various capacities for the Pennsylvania Super System of Vanguard Cellular Systems since 1989, most recently as the Regional Vice President and General Manager.

Thomas A. Prestwood, Jr. is President of SpectraSite s Broadcast Division. Mr. Prestwood joined SpectraSite in November 2001. Mr. Prestwood has over 15 years of senior management experience and executive level work in the telecommunications industry, most recently as Regional Vice President for Telecorp PCS. Prior to joining Telecorp, Mr. Prestwood served as an Executive Vice President for Highland Holdings and a Market Director for AT&T Wireless Services. Mr. Prestwood was a Senior Vice President at Vanguard Cellular Systems, Inc. from 1990 until the company was acquired by AT&T Wireless in 1999.

Gabriela Gonzalez is Senior Vice President and Controller. Prior to joining SpectraSite in April 2000, Ms. Gonzalez served as Controller for Commercial Operations for GlaxoWellcome (now GlaxoSmithKline). Before joining GlaxoWellcome in 1998, Ms. Gonzalez served as Controller for Alyeska Pipeline, the operator of the TransAlaskan Pipeline. Ms. Gonzalez is a Certified Public Accountant in Alaska and North Carolina.

John H. Lynch is Vice President, General Counsel and Secretary. Prior to joining SpectraSite in August 1999, Mr. Lynch served as General Counsel for Qualex Inc., the wholly owned photofinishing subsidiary of Eastman Kodak Company. Before joining Qualex in 1989, Mr. Lynch practiced corporate and real estate law in the Atlanta, Georgia offices of Wildman, Harrold, Allen, Dixon and Branch.

Paul M. Albert, Jr. has been a director of SpectraSite since February 2003. Mr. Albert is a corporate director, a finance and capital markets consultant primarily engaged in educating bankers at global financial institutions, and a private investor. He has been a director of DigitalGlobe, Inc. since April 1999 and prior to the sale of the companies was a director of CAI Wireless Systems from December 1998 to August 1999 and Teletrac Inc. from December 1999 to April 2001. In his capacity as a corporate director he has served on audit, compensation, finance, and governance committees, often as committee chairman, and is a director of the New York Chapter of the National Association of Corporate Directors. From 1970 to 1996 he was an investment banker, holding senior officer positions at Morgan Stanley & Co. and Prudential Securities.

Gary S. Howard has been a director of SpectraSite since February 2003. Mr. Howard has been Executive Vice President, Chief Operating Officer and a director of Liberty Media, Inc. since July 1998. Mr. Howard served as Chief Executive Officer of Liberty Satellite & Technology, Inc. from December 1996 to April 2000. Mr. Howard also served as Executive Vice President of TCI from December 1997 to March 1999. Previously, Mr. Howard served as Chief Executive Officer, Chairman of the Board and a director of TV Guide, Inc., President and Chief Executive Officer of TCI Ventures Group, LLC and President of Liberty Satellite and Technology. Mr. Howard is also a director of Liberty Satellite & Technology, Inc., UnitedGlobalCom, Inc., and On Command Corporation. Mr. Howard serves as Chairman of the Board of Liberty Satellite & Technology, Inc. and On Command Corporation.

Robert Katz has been a director of SpectraSite since February 2003. Mr. Katz has been associated with Apollo Management, L.P. since 1990. Mr. Katz is also a director of Vail Resorts, Inc.

Richard Masson has been a director of SpectraSite since February 2003. Mr. Masson is a Principal and co-founder of Oaktree Capital Management, LLC, an investment advisory firm with over $25 billion of assets under management. He serves as co-Head of Research for their distressed debt funds. Prior to that, Mr. Masson was the head of the Special Credits analytic group at The TCW Group, Inc.

Directors Compensation

Directors who are not executive officers receive an annual fee of $25,000 and $1,000 for each board meeting they attend. In addition, each Audit Committee member receives an annual fee of $20,000 and the chairman of the Audit Committee receives an additional annual fee of $5,000. Each member of the Compensation Committee and the Governance Committee receives an annual fee of $2,000 and the chairman of the Compensation Committee receives an additional annual fee of $5,000. Directors will be reimbursed for out-of-pocket expenses incurred in connection with attending meetings of the board and its committees. We also have granted 10,000 stock options with an exercise price of $13.08, which vest over a period of approximately three years, to each of our non-employee directors as compensation for their services as members of our board.

Executive Compensation

Summary Compensation Table

The following table sets forth the cash and non-cash compensation paid by or incurred on behalf of SpectraSite to its Chief Executive Officer and four other most highly compensated executive officers for the years ended December 31, 2000, 2001 and 2002.

		Annual Compensation			Long Term Compensation Awards		
Name and Principal Position	**Year**	**Salary($)**	**Bonus($)**	**Other Annual ($)(1)**	**Restricted Stock ($)**	**Number of Securities Underlying Options/ SARs(#)(2)**	**All Other Compensation ($)(3)**
Stephen H. Clark	2002	375,000	367,500				5,500
Chief Executive Officer	2001	375,000	300,000			245,250	4,884
	2000	323,077	325,000			500,000	4,398
Timothy G. Biltz	2002	300,000	294,000				5,500
Chief Operating Officer	2001	300,284	270,000			140,000	5,100
	2000	260,000	200,000			300,000	5,100
David P. Tomick	2002	235,000	230,300				5,500
Chief Financial Officer	2001	228,654	89,725			113,973	5,250
	2000	219,615	77,150			100,000	5,100
Dale A. Carey(4)	2002	209,423	102,255				5,500
President, Leasing	2001	202,500	90,839			75,000	3,175
	2000	146,058	53,885	15,214		150,400	26,059
Thomas A. Prestwood, Jr.(4)	2002	204,750	97,500				5,000
President, Broadcast	2001	15,000	50,000			150,000	

(1) The amount indicated for Mr. Carey in 2000 reflects tax gross ups on relocation expenses.

(2) All options were terminated on February 10, 2003 under the Plan of Reorganization without consideration.

(3) Amounts reported are SpectraSite s contribution under its 401(k) plan, except the amount reported for Mr. Carey in 2000. The amount reported for Mr. Carey in 2000 includes SpectraSite s contribution under its 401(k) plan of $2,229 and a relocation reimbursement of $23,830.

(4) Mr. Carey joined SpectraSite in February 2000. Mr. Prestwood joined SpectraSite in November 2001.

Options/SAR Grants in Last Fiscal Year

There were no stock option grants to the executive officers named in the Summary Compensation Table above during the fiscal year ended December 31, 2002.

Aggregated Options/SAR Exercises and Value in Last Fiscal Year

The table below provides information as to the exercise of options during the fiscal year ended December 31, 2002 and the number and value of unexercised options held by the executive officers named in the Summary Compensation Table above as of December 31, 2002.

Aggregated Option/SAR Exercises in Last Fiscal Year

and Year-End Option/SAR Values

			Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End(#)(1)		Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End($)(a)	
Name	**Number of Shares Acquired on Exercise(#)**	**Value Realized($)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Stephen H. Clark			843,813	627,687		
Timothy G. Biltz			485,000	355,000		
David P. Tomick			292,108	197,730		
Dale A. Carey			93,950	131,450		
Thomas A. Prestwood, Jr.			37,500	112,500		

(1) All options were terminated on February 10, 2003 under the Plan of Reorganization without consideration.

Employment Agreements

SpectraSite has entered into employment agreements with each of Messrs. Clark, Tomick and Biltz, effective as of February 10, 2003. The initial term of the employment agreements is three years, with automatic one-year renewals unless either party gives written notice of nonrenewal at least six months prior to the end of the term. The annual base salaries for Messrs. Clark, Tomick, and Biltz are determined pursuant to their respective employment agreements, and they are each eligible to receive annual bonuses in amounts to be determined based on SpectraSite s achievement of annual financial targets established by the Board of Directors of SpectraSite. In connection with SpectraSite s emergence from chapter 11 bankruptcy, Messrs. Clark and Tomick also received cash bonuses on February 10, 2003, in the amounts of $2,800,000 and $1,120,000, respectively. If their employment is terminated as a result of their death or disability or is terminated by SpectraSite without cause, or if they resign without good reason during the thirteenth month following a change in control (as defined in the employment agreements), Messrs. Clark, Tomick, and Biltz will be entitled to receive continued salary, average annual bonus and benefits for a period of 24 months following the termination, provided that this period shall be extended to 36 months if they are terminated by SpectraSite without cause or if they resign with good reason during the 24-month period following a change in control.

Messrs. Clark, Tomick, and Biltz have agreed that for a period of 24 months following the termination of their employment with SpectraSite they generally will not:

- engage in, or own any interest in or perform any services for any business which engages in, competition with SpectraSite;
- solicit management employees of SpectraSite or otherwise interfere with the employment relationship between SpectraSite and its employees; or
- hire, engage or in any manner be associated with any supplier, contractor or entity with a business relationship with SpectraSite, if such action would have a material adverse effect on SpectraSite.

In connection with their employment agreements, Messrs. Clark, Tomick, and Biltz were granted options under our Equity Incentive Plan to purchase 1,527,778, 555,556 and 972,222 shares of common stock, respectively. The exercise prices of these options are $14.91, $15.09 and $13.08, respectively. The options were vested 20% on March 12, 2003 and, subject to the optionee s continued employment with SpectraSite, 50% will vest ratably on a monthly basis during the next 36 months, and 30% will vest on March 12, 2009, or earlier if the Company achieves annual financial targets determined by the Board of Directors of SpectraSite.

Severance Plans

Messrs. Carey and Prestwood participate in SpectraSite s Executive Severance Plan B. This plan generally provides that, upon termination of a participant s employment by SpectraSite other than for cause or by the participant for good reason (which includes any termination by a participant during the thirteenth month following a change in control), the participant will be entitled to continued payments of base salary and target bonus, as well as continued benefits, during the 18 months following termination if the participant then has five or more years experience in current or equivalent employment positions, and 12 months following termination if the participant has less than five years of such experience. In the event of termination resulting from a change in control or in the two-year period following a change in control, the periods referred to above shall be increased to 24 months. For this purpose, a change of control occurs upon (i) the acquisition, other than by the principal stockholders of SpectraSite, of more than 35% of the total combined voting power of SpectraSite s outstanding securities and such principal stockholders own a lesser percentage of the voting power of SpectraSite s outstanding securities than such acquiring person and cease to have the ability to elect or designate for election a majority of SpectraSite s Board of Directors; (ii) a change in the composition of the Board of Directors of SpectraSite during any two-year period that results in the current directors (or those directors approved by the Board of Directors) ceasing to constitute a majority of the directors; (iii) a merger or consolidation of SpectraSite with another entity unless the Company s outstanding voting securities are exchanged for consideration including securities representing a majority of the voting power of the surviving corporation; or (iv) a sale of all or substantially all of SpectraSite s assets other than to the principal stockholders of SpectraSite or persons controlled by such stockholders.

Equity Compensation Plans

In connection with the Plan of Reorganization, all outstanding awards under the Company s compensation plans were terminated without consideration. The following table sets forth information with respect to compensation plans under which the common stock is authorized for issuance as of June 30, 2003, subject to execution of definitive documentation.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column)
Equity compensation plans approved by security holders(1)	5,462,714	$13.80	414,450
Equity compensation plans not approved by security holders			
Total	5,462,714	$13.80	414,450

(1) Includes SpectraSite s 2003 Equity Incentive Plan, which was approved in connection with the Plan of Reorganization.

2003 Equity Incentive Plan

In 2003, subject to execution of definitive documentation, options for 5,462,714 shares of common stock were issued under the Equity Incentive Plan, each having an exercise price of $13.08 per share, except for the options granted to Messrs. Clark and Tomick, whose options have an exercise price of $14.91 and $15.09, respectively. Approximately 414,450 shares of common stock were available for future grants.

The following is a discussion of other features of the plan.

Purpose of Plan. The nature and purpose of the plan is to use performance-based grants of long-term, equity-based incentives in the form of stock options and other equity based awards in order to link total compensation for management and key employees to SpectraSite s performance and stock price appreciation and to allow SpectraSite to remain competitive and to retain top performing employees over time. The plan also permits awards to directors.

Plan Administration. The plan is administered by the Compensation Committee of the Board of Directors of SpectraSite. The Compensation Committee has sole discretion, subject to the terms of the plan, to determine the amounts and types of awards to be made, set the terms, conditions and limitations applicable to each award, and prescribe the form of the instruments embodying any award. The Board of Directors or the Compensation Committee may delegate to another committee of the Board of Directors the authority to grant awards to certain persons and the Compensation Committee may generally delegate the authority to act on its behalf to certain officers of SpectraSite.

Eligibility. Awards may be granted under the plan to any director, officer or other employee of SpectraSite and its subsidiaries, and any individual providing services as a consultant, advisor or otherwise as an independent contractor to SpectraSite and its subsidiaries.

Vesting and Exercise of Options. Options become exercisable as set forth in a participant s award agreement.

Payment for Options. The exercise price of any stock option awarded under the plan will be determined by the Compensation Committee. Participants may exercise an option by making payment in any manner specified by the Compensation Committee.

Restricted Stock. The Compensation Committee may authorize awards of restricted stock, including performance-based restricted stock. Awards of restricted stock may be made for no consideration, or for an amount as is determined by the Compensation Committee. Restricted stock is common stock that generally is non-transferable and is subject to other restrictions determined by the Compensation Committee for a specified period. Unless the Compensation Committee determines otherwise, or specifies otherwise in an award agreement, if the participant terminates employment during the restricted period, then any unvested restricted stock will be forfeited. To date, no shares of restricted stock have been awarded under the plan.

Other Awards Under the Plan. The Compensation Committee may grant other types of equity-based awards such as stock appreciation rights, deferred stock, dividend equivalents and performance-based awards. Such awards and awards of restricted stock may be subject to attainment of preestablished performance goals based on, Adjusted EBITDA, revenue, net income, operating income, cash plan, return on assets, return on equity, return on capital or total stockholder return.

Federal Income Tax Consequences of Options. The grant of a stock option under the plan will generally not have any immediate effect on the federal income tax liability of SpectraSite or the participant. If the Compensation Committee grants a non-qualified stock option, then the participant will recognize ordinary income at the time he or she exercises the option in an amount equal to the difference between the fair market value of the common stock at the time of its exercise and the exercise price, and SpectraSite will receive a deduction for the same amount.

If the Compensation Committee grants an incentive stock option, the participant generally will not recognize any taxable income at the time he or she exercises the incentive stock option, but will recognize income at the time he or she sells the common stock acquired by exercise of the incentive stock option. Upon sale of the common stock acquired upon exercise of the incentive stock option, the employee will recognize income equal to the difference between the exercise price and the amount received upon sale, and such income generally will be eligible for capital gain treatment. SpectraSite generally is not entitled to an income tax deduction in connection with an incentive stock option. However, if the employee sells the common stock either within two years of the date of the grant, or within one year of the date of the exercise of the incentive stock option, then the option is treated for federal income tax purposes as if it were a non-qualified stock option; the income recognized by the employee will not be eligible for capital gain treatment and SpectraSite will be entitled to a federal income tax deduction equal to the amount of income recognized by the employee.

PRINCIPAL STOCKHOLDERS

The table below sets forth, as of October 15, 2003 and after giving effect to our secondary public offering, information with respect to the beneficial ownership of SpectraSite s common stock by:

each of our directors and each of the executive officers named in the Summary Compensation Table under Management Executive Compensation;

each person who is known to be the beneficial owner of more than 5% of any class or series of our capital stock; and

all of our directors and executive officers as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Total Voting Power
Stephen H. Clark(1)	498,523	*
Timothy G. Biltz(2)	315,972	*
David P. Tomick(3)	184,471	*
Dale A. Carey(4)	102,916	*
Thomas A. Prestwood, Jr.(5)	48,749	*
Paul M. Albert, Jr.(6)	4,001	*
Gary S. Howard(6)	4,001	*
Robert Katz(6)(7)	4,001	*
Richard Masson(8)	4,001	*
Funds managed by Apollo Management V, L.P.(7)	7,882,765	16.6
Funds managed by Oaktree Capital Management, LLC(8)(9)	6,835,906	14.4
Funds managed by Capital Research and Management Company(10)	4,694,612	9.9
Funds affiliated with SPO Partners & Co.(11)	3,029,800	6.4
Franklin Mutual Advisers, LLC(12)	3,016,908	6.3
All current directors and executive officers as a group (11 persons)(13)	1,214,439	2.5

* Less than 1%.

(1) Includes 496,529 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Also includes 1,994 shares of common stock issuable upon the exercise of outstanding warrants exercisable within 60 days.

(2) Includes 315,972 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days.

(3) Includes 180,557 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Also includes 3,914 shares of common stock issuable upon the exercise of outstanding warrants exercisable within 60 days, of which 1,204 are held by the Tomick Family Trust.

(4) Includes 102,916 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days.

(5) Includes 48,749 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days.

(6) Includes 4,001 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days.

(7) With respect to Apollo Management V, L.P. (Apollo Management), includes 7,882,765 shares of common stock held by AP Towers LLC (AP Towers). The members of AP Towers consist of Apollo Investment Fund V, L.P., Apollo Overseas Partners V, L.P. and other affiliated investment partnerships (collectively, the Apollo Funds). Apollo Management serves as manager of each of AP Towers and each of the Apollo Funds and as such may be deemed to have voting and investment control over the shares held by AP Towers. Mr. Katz, a director of the Company, is associated with Apollo Management but does not beneficially own any of the shares held by AP Towers or the Apollo Funds. The business address of AP Towers and each of the Apollo Funds is c/o Apollo Management, 1301 Avenue of the Americas, New York, NY 10019.

(8) Includes 4,001 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Mr. Masson, a director of the Company, is a principal of Oaktree Capital Management, LLC but does not beneficially own any of the shares held by the funds managed by Oaktree Capital Management LLC. Pursuant to the policies of Oaktree Capital Management, LLC, Mr. Masson cannot retain the reported options or the underlying common shares and has assigned such options to Oaktree Capital Management, LLC. Mr. Masson disclaims beneficial ownership of such options and the underlying common shares.

(9) Includes 4,517,587 shares of common stock held by OCM Opportunities Fund IV, L.P. and 2,314,318 shares held by OCM Opportunities Fund IVb, L.P. Oaktree Capital Management, LLC is the general partner of each of the funds and as such may be deemed to have voting and investment control over the shares held by the funds. Oaktree Capital Management, LLC disclaims beneficial ownership of the shares except to the extent of its pecuniary interest in the shares. The business address for the Oaktree funds is 333 S. Grand Avenue, 28th Floor, Los Angeles, California 90071.

(10) Capital Research and Management Company is the beneficial owner of common stock, arising from the beneficial ownership by certain investment companies, including 1,796,394 shares owned by American High-Income Trust, registered under the Investment Company Act of 1940, which is advised by Capital Research and Management, a registered investment adviser. Such shares are held by American High-Income Trust and other funds, in their capacity as investment companies and are beneficially held by Capital Research and Management as an investment adviser. Capital Research and Management has sole voting power and sole dispositive power over the shares but has no pecuniary interest in and disclaims beneficial ownership of such shares. The business address for Capital Research and Management is 333 S. Hope St., 55th Floor, Los Angeles, California 90071.

(11) Based solely on information reported on a Schedule 13D filed with the Securities and Exchange Commission on October 14, 2003. Includes 2,596,800 shares of common stock held by SPO Partners II, L.P., 233,000 shares of common stock held by San Francisco Partners II, L.P., 100,000 shares of common stock held by Cranberry Lake Partners, L.P. and 100,000 shares of common stock held by Netcong Newton Partners, L.P. The business address for each of the funds affiliated with SPO Partners & Co. is 591 Redwood Highway, Suite 3215, Mill Valley, California 94941.

(12) Franklin Mutual Advisers, LLC is the beneficial owner of common stock, arising from the beneficial ownership by certain investment companies and other managed accounts, including investment companies registered under the Investment Company Act of 1940, which are advised by Franklin Mutual Advisers, LLC. Such shares are beneficially held by funds in their capacity as investment

companies and are beneficially held by Franklin Mutual Advisers, LLC as an investment advisor. Franklin Mutual Advisers, LLC has sole voting power and sole dispositive power over the shares but has no pecuniary interest in and disclaims beneficial ownership of such shares. The business address for Franklin Mutual Advisers, LLC is 51 John F. Kennedy Parkway, Short Hills, New Jersey 07078.

(13) Includes 1,208,503 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days and 5,936 shares of common stock issuable upon the exercise of outstanding warrants exercisable within 60 days.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Registration Rights Agreement

Pursuant to the Plan of Reorganization, we entered into a Registration Rights Agreement with Oaktree Capital Management, LLC, as general partner and/or investment manager of certain funds and accounts it manages, AP Towers LLC, an affiliate of Apollo Management V, L.P., and Capital Research Management Company as investment adviser for certain funds it manages, providing for the registration of the common stock. The following is a summary of the material terms of that registration rights agreement.

Under the registration rights agreement, the holders of our common stock that are party to the agreement may require us to register all or some of their shares under the Securities Act. The first two times each holder that is a party to the agreement makes such request, we are obligated to register the shares set forth in such request. If a holder that is party to the agreement makes more than two such requests, then the following conditions must be met to trigger a registration obligation:

- we must receive a request for registration from holders of at least 5% of its outstanding stock covered by the registration rights agreement; and

- the request must specify the number of shares to be disposed of and the proposed plan of distribution therefor.

We are only obligated to effect six such registrations except to the extent necessary to ensure that each of the holders that are party to the agreement may cause at least two such registrations during the term of the agreement. We have the right to include our shares in any registration statement required by the registration rights agreement.

In addition to the registration obligations discussed above, if we register any of our common stock under the Securities Act for sale to the public for our own account or for the account of others or both, the registration rights agreement requires that we use commercially reasonable efforts to include in the registration statement common stock held by stockholders that are party to the agreement who wish to participate in the offering. Registrations on Form S-4, Form S-8 or an offering to our existing security holders pursuant to rights distributed to our existing security holders or pursuant to a dividend reinvestment plan will not trigger this registration obligation.

Transactions with Executive Officers

In August 1999, we loaned David P. Tomick $325,000 in connection with the exercise of stock options to acquire Old Common Stock. The loan bears interest at the applicable federal rate under the Internal Revenue Code, 5.36% per annum, and matures in August 2004.

In September 1999, we loaned Timothy G. Biltz $500,000 to purchase a home as a relocation incentive. This loan is secured by any shares of common stock issued to Mr. Biltz upon his exercise of options or otherwise acquired by Mr. Biltz and bears interest at 5.82% per annum and matures in September 2004.

In January 2000, we loaned Stephen H. Clark $1,100,000 in connection with the exercise of stock options to acquire 512,500 shares of Old Common Stock. The loan bears interest at 5.80% per annum and matures in December 2004.

Predecessor Company Transactions

During the years ended December 31, 2002, 2001 and 2000, we entered into various transactions with parties that either were, or as a result of the transactions became, beneficial owners of 5% or more of our Old Common Stock. Following our reorganization, none of these parties owned more than 1% of our common stock. These transactions are described briefly below. Additional information regarding these transactions can be found in notes 9 and 11 to our consolidated financial statements.

On August 25, 2000, we entered into an agreement, which was subsequently amended, to acquire leasehold and sub-leasehold interests in approximately 3,900 wireless communications towers from affiliates of SBC Communications. See Management s Discussion and Analysis of Financial Condition and Results of Operations Tower Acquisitions and Dispositions.

On April 20, 1999, we acquired 2,000 communications towers from affiliates of Nextel Communications, Inc. in a merger transaction. All the sites were then leased back to Nextel under a master site lease agreement. In connection with this transaction, Nextel agreed to offer us certain exclusive opportunities relating to the construction and purchase of additional sites.

Canadian Imperial Bank of Commerce and some of its affiliates (CIBC) have, together with other unrelated financial institutions, acted as agent and lender under Communications credit facility, for which CIBC received customary fees. In addition, CIBC World Markets Corp, was an initial purchaser of our 12% Senior Discount Notes due 2008, our 11 1/4% Senior Discount Notes due 2009, our 10 3/4% Senior Notes due 2010 and our 12 7/8% Senior Discount Notes due 2012 and an underwriter of our February 2000 public offering of common stock. CIBC World Markets Corp. received customary fees for these investment banking activities.

DESCRIPTION OF THE CREDIT FACILITY

Communications, a wholly-owned subsidiary of SpectraSite, is party to an amended and restated credit facility with lending commitments totaling approximately $680.0 million. The credit facility includes a $200.0 million revolving credit facility, which may be drawn at any time, subject to the satisfaction of certain conditions precedent. As of June 30, 2003, Communications could borrow up to approximately $193.7 million of the $200.0 million under the revolving credit facility. The amount available will be reduced (and, if necessary, the amounts outstanding must be repaid) in quarterly installments beginning on September 30, 2005 and ending on June 30, 2007. The credit facility also includes a $218.7 million multiple draw term loan that is fully drawn and which must be repaid in quarterly installments beginning on March 31, 2006 and ending on June 30, 2007 and a term loan that is fully drawn and which must be repaid in quarterly installments beginning on September 30, 2007 and ending on December 31, 2007. As of June 30, 2003, $204.8 million was outstanding under the multiple draw term loan.

Effective May 14, 2003, we amended our credit facility to, among other things, reduce our unused former $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.

With the proceeds of the sale of 545 towers to Cingular, Communications repaid $31.4 million of the multiple draw term loan and $42.1 million of the term loan on February 11, 2003. In addition, Communications repaid $1.1 million of the multiple draw term loan and $1.4 million of the term loan on February 19, 2003. In connection with these repayments, Communications wrote off $1.6 million in debt issuance costs. This charge is included in interest expense in the unaudited condensed consolidated statement of operations. In connection with the reduction of the revolving portion of the credit facility and the repayment of the term loans with the proceeds from the offering of the initial notes, we wrote off approximately $5.9 million of associated debt issuance costs. As of March 31, 2003, after giving effect to the offering of the initial notes and the use of proceeds from the initial notes to repay a portion of the amounts outstanding under the credit facility, Communications would have had $512.5 million outstanding under the credit facility. The remaining $200.0 million under the credit facility was undrawn.

The revolving credit loans and the multiple draw term loans bear interest, at Communications option, at either Canadian Imperial Bank of Commerce s base rate plus an applicable margin ranging from 2.00% to 1.00% per annum or the Eurodollar rate plus an applicable margin ranging from 3.25% to 2.25% per annum, depending on Communications leverage ratio at the end of the preceding fiscal quarter.

The term loan bears interest, at Communications option, at either Canadian Imperial Bank of Commerce s base rate plus 1.75% per annum or the Eurodollar rate plus 3.00% per annum.

The weighted average interest rate on outstanding borrowings under the credit facility was 5.94% as of December 31, 2002 and 4.83% as of June 30, 2003.

Communications is required to pay a commitment fee of between 1.375% and 0.500% per annum in respect of the undrawn portions of the revolving credit facility, depending on the undrawn amount. Communications may be required to prepay the credit facility in part upon the occurrence of certain events, such as a sale of assets, the incurrence of certain additional indebtedness, certain changes to the SBC transaction or the generation of excess cash flow.

SpectraSite and each of Communications domestic subsidiaries have guaranteed the obligations under the credit facility. The credit facility is further secured by substantially all the tangible and intangible assets of Communications and its domestic subsidiaries, a pledge of all of the capital stock of Communications and its domestic subsidiaries and 66% of the capital stock of Communications foreign subsidiaries. The credit facility contains a number of covenants that, among other things, restrict Communications ability to incur additional indebtedness; create liens on assets; make investments or acquisitions or engage in mergers or consolidations; dispose of assets; enter into new lines of business; engage in certain transactions with affiliates; and pay dividends or make capital distributions. In addition, the credit facility requires compliance with certain financial covenants, including a requirement that Communications and its subsidiaries, on a consolidated basis, maintain a maximum ratio of total debt to annualized EBITDA (as defined in the credit facility), a minimum interest coverage ratio and a minimum fixed charge coverage ratio.

In February 2003, we entered into an interest rate cap agreement in order to limit exposure to fluctuations in interest rates on our variable rate credit facility. This transaction is designated as a fair value hedge. Accordingly, gains and losses from the change in the fair value of this instrument are recognized in other income and expense. As of June 30, 2003, the carrying amount and fair value of this instrument was $0.2 million and is included in Other Assets in the unaudited condensed consolidated financial statements.

THE EXCHANGE OFFER

Terms of the Exchange Offer

We are offering to exchange our exchange notes for a like aggregate principal amount of our initial notes.

The exchange notes that we propose to issue in this exchange offer will be substantially identical to our initial notes except that, unlike our initial notes, the exchange notes will have no transfer restrictions or registration rights. You should read the description of the exchange notes in the section of this prospectus entitled Description of the Notes.

We reserve the right in our sole discretion to purchase or make offers for any initial notes that remain outstanding following the expiration or termination of this exchange offer and, to the extent permitted by applicable law, to purchase initial notes in the open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise. The terms and prices of these purchases or offers could differ significantly from the terms of this exchange offer.

Expiration Date; Extensions; Amendments; Termination

This exchange offer will expire at 5:00 p.m., New York City time, on December 8, 2003, unless we extend it in our reasonable discretion. The expiration date of this exchange offer will be at least 20 business days after the commencement of the exchange offer in accordance with Rule 14e-1(a) under the Exchange Act.

We expressly reserve the right to delay acceptance of any initial notes, extend or terminate this exchange offer and not accept any initial notes that we have not previously accepted if any of the conditions described below under Conditions to the Exchange Offer have not been satisfied or waived by us. We will notify the exchange agent of any extension by oral notice promptly confirmed in writing or by written notice. We will also notify the holders of the initial notes by a press release or other public announcement communicated before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date unless applicable laws require us to do otherwise.

We also expressly reserve the right to amend the terms of this exchange offer in any manner. If we make any material change, we will promptly disclose this change in a manner reasonably calculated to inform the holders of our initial notes of the change, including providing public announcement or giving oral or written notice to these holders. A material change in the terms of this exchange offer could include a change in the timing of the exchange offer, a change in the exchange agent and other changes in the terms of this exchange offer. If we make any material change to this exchange offer, we will disclose this change by means of a post-effective amendment to the registration statement which includes this prospectus and will distribute an amended or supplemented prospectus to each registered holder of initial notes. In addition, we will extend this exchange offer for up to an additional five to ten business days as required by the Exchange Act, depending on the significance of the amendment, if the exchange offer would otherwise expire during that period. We will promptly notify the exchange agent by oral notice, promptly confirmed in writing, or written notice of any delay in acceptance, extension, termination or amendment of this exchange offer.

Procedures for Tendering Initial Notes

Proper Execution and Delivery of Letters of Transmittal

To tender your initial notes in this exchange offer, you must use *one of the three* alternative procedures described below:

(1) *Regular delivery procedure*: Complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal. Have the signatures on the letter of transmittal guaranteed if required by the letter of transmittal. Mail or otherwise deliver the letter of transmittal or the facsimile together with the certificates representing the initial notes being tendered and any other required documents to the exchange agent so that they arrive by 5:00 p.m., New York City time, on the expiration date.

(2) *Book-entry delivery procedure*: Send a timely confirmation of a book-entry transfer of your initial notes, if this procedure is available, into the exchange agent s account at The Depository Trust Company in accordance with the procedures for book-entry transfer described under Book-Entry Delivery Procedure below, on or before 5:00 p.m., New York City time, on the expiration date.

(3) *Guaranteed delivery procedure*: If time will not permit you to complete your tender by using the procedures described in (1) or (2) above before the expiration date and this procedure is available, comply with the guaranteed delivery procedures described under Guaranteed Delivery Procedure below.

The method of delivery of the initial notes, the letter of transmittal and all other required documents is at your election and risk. Instead of delivery by mail, we recommend that you use an overnight or hand-delivery service. If you choose the mail, we recommend that you use registered mail, properly insured, with return receipt requested. **In all cases, you should allow sufficient time to assure timely delivery.** You should not send any letters of transmittal or initial notes to us. You must deliver all documents to the exchange agent at its address provided below. You may also request your broker, dealer, commercial bank, trust company or nominee to tender your initial notes on your behalf.

Only a holder of initial notes may tender initial notes in this exchange offer. A holder is any person in whose name initial notes are registered on our books or any other person who has obtained a properly completed bond power from the registered holder.

If you are the 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 notes, you must contact that registered holder promptly and instruct that registered holder to tender your notes on your behalf. If you wish to tender your initial notes on your own behalf, you must, before completing and executing the letter of transmittal and delivering your initial notes, either make appropriate arrangements to register the ownership of these notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

You must have any signatures on a letter of transmittal or a notice of withdrawal guaranteed by:

(1) a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc.;

(2) a commercial bank or trust company having an office or correspondent in the United States; or

(3) an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act,

unless the initial notes are tendered:

(1) by a registered holder or by a participant in The Depository Trust Company whose name appears on a security position listing as the owner, who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal and only if the exchange notes are being issued directly to this registered holder or deposited into this participant s account at The Depository Trust Company; or

(2) for the account of a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act.

If the letter of transmittal or any bond powers are signed by:

(1) the recordholder(s) of the initial notes tendered, the signature must correspond with the name(s) written on the face of the initial notes without alteration, enlargement or any change whatsoever.

(2) a participant in The Depository Trust Company, the signature must correspond with the name as it appears on the security position listing as the holder of the initial notes.

(3) a person other than the registered holder of any initial notes, these initial notes must be endorsed or accompanied by bond powers and a proxy that authorize this person to tender the initial notes on behalf of the registered holder, in form satisfactory to us as determined in our sole discretion, in each case, as the name of the registered holder or holders appears on the initial notes.

(4) trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, evidence satisfactory to us of their authority to so act must also be submitted with the letter of transmittal.

To tender your initial notes in this exchange offer, you must make the following representations:

(1) you are authorized to tender, sell, assign and transfer the initial notes tendered and to acquire exchange notes issuable upon the exchange of such tendered initial notes, and that we will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by us;

(2) any exchange notes acquired by you pursuant to the exchange offer are being acquired in the ordinary course of business, whether or not you are the holder;

(3) you or any other person who receives exchange notes, whether or not such person is the holder of the exchange notes, does not have an arrangement or understanding with any person to participate in a distribution of such exchange notes within the meaning of the Securities Act and is not participating in, and does not intend to participate in, the distribution of such exchange notes within the meaning of the Securities Act;

(4) you or such other person who receives exchange notes, whether or not such person is the holder of the exchange notes, is not an affiliate, as defined in Rule 405 of the Securities Act, of ours, or if you or such other person is an affiliate, you or such other person will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

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

(6) if you are a broker-dealer that will receive exchange notes for your own account in exchange for initial notes and the initial notes to be exchanged for the exchange notes were acquired by you as a result of market-making or other trading activities, you acknowledge that you will deliver a prospectus in connection with any resale, offer to resell or other transfer of such exchange notes.

You must also warrant that the acceptance of any tendered initial notes by us and the issuance of exchange notes in exchange therefor shall constitute performance in full by us of our obligations under the registration rights agreement relating to the initial notes.

Book-Entry Delivery Procedure

Any financial institution that is a participant in The Depository Trust Company s systems may make book-entry deliveries of initial notes by causing The Depository Trust Company to transfer these initial notes into the exchange agent s account at The Depository Trust Company in accordance with The Depository Trust Company s procedures for transfer. To effectively tender notes through The Depository Trust Company, the financial institution that is a participant in The Depository Trust Company will electronically transmit its acceptance through the Automatic Tender Offer Program. The Depository Trust Company will then edit and verify the acceptance and send an agent s message to the exchange agent for its acceptance. An agent s message is a message transmitted by The Depository Trust Company to the exchange agent stating that The Depository Trust Company has received an express acknowledgment from the participant in The Depository Trust Company tendering the notes that this participation has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce this agreement against this participant. The exchange agent will make a request to establish an account for the initial notes at The Depository Trust Company for purposes of the exchange offer within two business days after the date of this prospectus.

A delivery of initial notes through a book-entry transfer into the exchange agent s account at The Depository Trust Company will only be effective if an agent s message or the letter of transmittal or a facsimile of the letter of transmittal with any required signature guarantees and any other required documents is transmitted to and received by the exchange agent at the address indicated below under Exchange Agent on or before the expiration date unless the guaranteed delivery procedures described below are complied with. **Delivery of documents to The Depository Trust Company does not constitute delivery to the exchange agent.**

Guaranteed Delivery Procedure

If you are a registered holder of initial notes and desire to tender your notes, and (1) these notes are not immediately available, (2) time will not permit your notes or other required documents to reach the exchange agent before the expiration date or (3) the procedures for book-entry transfer cannot be completed on a timely basis and an agent s message delivered, you may still tender in this exchange offer if:

(1) you tender through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act;

(2) on or before the expiration date, the exchange agent receives a properly completed and duly executed letter of transmittal or facsimile of the letter of transmittal, and a notice of guaranteed delivery, substantially in the form provided by us, with your name and address as holder of the initial notes and the amount of notes tendered, stating that the tender is being made by that letter and notice and guaranteeing that within three New York Stock Exchange trading days after the expiration date the certificates for all the initial notes tendered, in proper form for transfer, or a book-entry confirmation with an agent s message, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

(3) the certificates for all your tendered initial notes in proper form for transfer or a book-entry confirmation as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes

Your tender of initial notes will constitute an agreement between you and us governed by the terms and conditions provided in this prospectus and in the related letter of transmittal.

We will be deemed to have received your tender as of the date when your duly signed letter of transmittal accompanied by your initial notes tendered, or a timely confirmation of a book-entry transfer of these notes into the exchange agent s account at The Depository Trust Company with an agent s message, or a notice of guaranteed delivery from an eligible institution is received by the exchange agent.

All questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tenders will be determined by us in our sole discretion. Our determination will be final and binding.

We reserve the absolute right to reject any and all initial notes not properly tendered or any initial notes which, if accepted, would, in our opinion or our counsel s opinion, be unlawful. We also reserve the absolute right to waive any conditions of this exchange offer or irregularities or defects in tender as to particular notes. If we waive a condition to this exchange offer, the waiver will be applied equally to all note holders. Our interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of initial notes must be cured within such time as we shall determine. We, the exchange agent or any other person will be under no duty to give notification of defects or irregularities with respect to tenders of initial notes. We and the exchange agent or any other person will incur no liability for any failure to give notification of these defects or irregularities. Tenders of initial notes will not be deemed to have been made until such irregularities have been cured or waived. The exchange agent will return without cost to their holders any initial notes that are not properly tendered and as to which the defects or irregularities have not been cured or waived promptly following the expiration date.

If all the conditions to the exchange offer are satisfied or waived on the expiration date, we will accept all initial notes properly tendered and will issue the exchange notes promptly thereafter. Please refer to the section of this prospectus entitled Conditions to the Exchange Offer below. For purposes of this exchange offer, initial notes will be deemed to have been accepted as validly tendered for exchange when, as and if we give oral or written notice of acceptance to the exchange agent.

We will issue the exchange notes in exchange for the initial notes tendered pursuant to a notice of guaranteed delivery by an eligible institution only against delivery to the exchange agent of the letter of transmittal, the tendered initial notes and any other required documents, or the receipt by the exchange agent of a timely confirmation of a book-entry transfer of initial notes into the exchange agent s account at The Depository Trust Company with an agent s message, in each case, in form satisfactory to us and the exchange agent.

If any tendered initial notes are not accepted for any reason provided by the terms and conditions of this exchange offer or if initial notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged initial notes will be returned without expense to the tendering holder, or, in the case of initial notes tendered by book-entry transfer procedures described above, will be credited to an account maintained with the book-entry transfer facility, promptly after withdrawal, rejection of tender or the expiration or termination of the exchange offer.

By tendering into this exchange offer, you will irrevocably appoint our designees as your attorney-in-fact and proxy with full power of substitution and resubstitution to the full extent of your rights on the notes tendered. This proxy will be considered coupled with an interest in the tendered notes. This appointment will be effective only when, and to the extent that we accept your notes in this exchange offer. All prior proxies on these notes will then be deemed to be revoked and you will not be entitled to give any subsequent proxy. Any proxy that you may give subsequently will not be deemed effective. Our designees will be empowered to exercise all voting and other rights of the holders as they may deem proper at any meeting of note holders or otherwise. The initial notes will be validly tendered only if we are able to exercise full voting rights with respect to the notes, including voting at any meeting of the note holders, and full rights to consent to any action taken by the note holders.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of initial notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, you must send a written or facsimile transmission notice of withdrawal to the exchange agent before 5:00 p.m., New York City time, on the expiration date at the address provided below under Exchange Agent and before acceptance of your tendered notes for exchange by us.

Any notice of withdrawal must:

(1) specify the name of the person who tendered the initial notes to be withdrawn;

(2) identify the notes to be withdrawn, including, if applicable, the registration number or numbers and total principal amount of these notes;

(3) be signed by the person who tendered the initial notes to be withdrawn in the same manner as the original signature on the letter of transmittal by which these notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to permit the trustee for the initial notes to register the transfer of these notes into the name of the person having made the original tender and withdrawing the tender;

(4) specify the name in which any of these initial notes are to be registered, if this name is different from that of the person having tendered the initial notes to be withdrawn; and

(5) if applicable because the initial notes have been tendered through the book-entry procedure, specify the name and number of the participant s account at The Depository Trust Company to be credited, if different than that of the person having tendered the initial notes to be withdrawn.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of all notices of withdrawal and our determination will be final and binding on all parties. Initial notes that are withdrawn will be deemed not to have been validly tendered for exchange in this exchange offer.

The exchange agent will return without cost to their holders all initial notes that have been tendered for exchange and are not exchanged for any reason, promptly after withdrawal, rejection of tender or expiration or termination of this exchange offer.

You may retender properly withdrawn initial notes in this exchange offer by following one of the procedures described under Procedures for Tendering Initial Notes above at any time on or before the expiration date.

Conditions to the Exchange Offer

We will complete this exchange offer only if:

(1) there is no change in the laws and regulations which would reasonably be expected to impair our ability to proceed with this exchange offer;

(2) there is no change in the current interpretation of the staff of the Securities and Exchange Commission which permits resales of the exchange notes;

(3) there is no stop order issued by the Securities and Exchange Commission or any state securities authority suspending the effectiveness of the registration statement which includes this prospectus or the qualification of the indenture for our exchange notes under the Trust Indenture Act of 1939 and there are no proceedings initiated or, to our knowledge, threatened for that purpose;

(4) there is no action or proceeding instituted or threatened in any court or before any governmental agency or body that would reasonably be expected to prohibit, prevent or otherwise impair our ability to proceed with this exchange offer; and

(5) we obtain all governmental approvals that we deem in our sole discretion necessary to complete this exchange offer.

These conditions are for our sole benefit. We may assert any one of these conditions regardless of the circumstances giving rise to it and may also waive any one of them, in whole or in part, at any time and from time to time, if we determine in our reasonable discretion that it has not been satisfied, subject to applicable law. Notwithstanding the foregoing, all conditions to the exchange offer must be satisfied or waived before the expiration of this exchange offer. If we waive a condition to this exchange offer, the waiver will be applied equally to all note holders. We will not be deemed to have waived our rights to assert or waive these conditions if we fail at any time to exercise any of them. Each of these rights will be deemed an ongoing right which we may assert at any time and from time to time.

If we determine that we may terminate this exchange offer because any of the conditions set forth above is not satisfied, we may:

(1) refuse to accept and return to their holders any initial notes that have been tendered;

(2) extend the exchange offer and retain all notes tendered before the expiration date, subject to the rights of the holders of these notes to withdraw their tenders; or

(3) waive any condition that has not been satisfied and accept all properly tendered notes that have not been withdrawn or otherwise amend the terms of this exchange offer in any respect as provided under the section in this prospectus entitled Expiration Date; Extensions; Amendments; Termination.

Accounting Treatment

We will record the exchange notes at the same carrying value as the initial notes as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. We will amortize the costs of the exchange offer and the unamortized expenses related to the issuance of the exchange notes over the term of the exchange notes.

Exchange Agent

We have appointed The Bank of New York as exchange agent for this exchange offer. You should direct all questions and requests for assistance on the procedures for tendering and all requests for additional copies of this prospectus or the letter of transmittal to the exchange agent as follows:

By mail:
The Bank of New York
Corporate Trust Operations
Reorganization Unit
101 Barclay Street 7 East
New York, New York 10286
Attention: Mr. Kin Lau

By hand/overnight delivery:

The Bank of New York

Corporate Trust Operations
Reorganization Unit
101 Barclay Street 7 East
New York, New York 10286
Attention: Mr. Kin Lau

Facsimile Transmission: (212) 298-1915

Confirm by Telephone: (212) 815-3750
Attention: Mr. Kin Lau

Fees and Expenses

We will bear the expenses of soliciting tenders in this exchange offer, including fees and expenses of the exchange agent and trustee and accounting, legal, printing and related fees and expenses.

We will not make any payments to brokers, dealers or other persons soliciting acceptances of this exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse the exchange agent for its reasonable out-of-pocket expenses in connection with this exchange offer. We will also pay brokerage houses and other custodians, nominees and fiduciaries their reasonable out-of-pocket expenses for forwarding copies of the prospectus, letters of transmittal and related documents to the beneficial owners of the initial notes and for handling or forwarding tenders for exchange to their customers.

We will pay all transfer taxes, if any, applicable to the exchange of initial notes in accordance with this exchange offer. However, tendering holders will pay the amount of any transfer taxes, whether imposed on the registered holder or any other persons, if:

(1) certificates representing exchange notes or initial notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the initial notes tendered,

(2) tendered initial notes are registered in the name of any person other than the person signing the letter of transmittal, or

(3) a transfer tax is payable for any reason other than the exchange of the initial notes in this exchange offer.

If you do not submit satisfactory evidence of the payment of any of these taxes or of any exemption from this payment with the letter of transmittal, we will bill you directly the amount of these transfer taxes and will not deliver initial notes or exchange notes giving rise to such transfer taxes until we are satisfied that such taxes have been paid.

Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences

The initial notes were not registered under the Securities Act or under the securities laws of any state and you may not resell them, offer them for resale or otherwise transfer them unless they are subsequently registered or resold under an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your initial notes for exchange notes in accordance with this exchange offer, or if you do not properly tender your initial notes in this exchange offer, you will not be able to resell, offer to resell or otherwise transfer the initial notes unless they are registered under the Securities Act or unless you resell them, 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.

In addition, except as set forth in this paragraph, you will not be able to obligate us to register the initial notes under the Securities Act. You will not be able to require us to register your initial notes under the Securities Act unless:

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

(2) you are not eligible to participate in the exchange offer or do not receive freely tradable exchange notes in the exchange offer,

in which case the registration rights agreement requires us to file a registration statement for a continuous offer in accordance with Rule 415 under the Securities Act for the benefit of the holders of the initial notes described in clauses (1) and (2) above. We do not currently anticipate that we will register under the Securities Act any notes that remain outstanding after completion of the exchange offer.

Delivery of Prospectus

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.

DESCRIPTION OF THE NOTES

The following is a summary of the material terms of the indenture governing the notes. This summary does not include all the provisions of the indenture, nor does it include certain terms made a part of the indenture by the Trust Indenture Act of 1939, as amended. You can find definitions of certain capitalized terms used in the following summary under the subheading Certain Definitions. Certain terms contained in this summary but not capitalized in this summary or defined under the subheading Certain Definitions are defined in the indenture.

General

Methods of Payment

The principal of, premium, if any, and interest on the notes will be payable, and the notes may be exchanged or transferred, at the office or agency of SpectraSite in the Borough of Manhattan, The City of New York. The initial office for transfers is the office of the trustee, at 101 Barclay Street, New York, New York 10286 Attention: Corporate Trust Operations, 7th Floor, East. However, at SpectraSite s option, interest payments may be made by check mailed to the registered holders of the notes at their registered addresses.

Methods of Issuance

SpectraSite will issue the notes only in fully registered form, without coupons, in denominations of $1,000 and any integral multiple of $1,000. No service charge will be made for any registration of a transfer or an exchange of notes, but SpectraSite may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection with any such transfer or exchange.

Subject to the covenants described below under Certain Covenants, SpectraSite may issue additional notes under the indenture, subject to the limitation set forth under Certain Covenants Limitation on Indebtedness, Any additional notes issued under the indenture will be treated as the same class of notes initially issued under the indenture.

Terms of the Notes

The notes:

- are unsecured senior obligations of SpectraSite;
- are unlimited in aggregate principal amounts of which $200.0 million in aggregate principal amount was issued in the offering of the initial notes;
- are effectively subordinated in right of payment to all existing and future secured Indebtedness of SpectraSite and all obligations, including trade payables, of its subsidiaries;
- are senior in right of payment to any future subordinated Indebtedness of SpectraSite; and
- mature on May 15, 2010.

The notes will accrue interest from the issue date, payable each May 15 and November 15, commencing November 15, 2003. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption

Terms of Optional Redemption

Prior to May 15, 2006, SpectraSite may redeem up to 35% of the principal amount of the notes at any time and from time to time but only from the proceeds of Equity Offerings. The redemption price for any such redemption will be 108.25% of the principal amount of the notes being redeemed, plus accrued and unpaid interest and liquidated damages, if any, to the redemption date. At least 65% of the principal amount of the notes originally issued (excluding notes held by SpectraSite or any of its subsidiaries) must remain outstanding after each such redemption, and each such redemption must occur within 90 days after the date of closing of the related Equity Offering.

SpectraSite may redeem the notes at any time or from time to time on or after May 15, 2006. SpectraSite shall pay accrued and unpaid interest and liquidated damages, if any, on the principal amount of the notes being redeemed to the redemption date. For any notes being redeemed in any twelve-month period beginning on May 15 of the years indicated in Column A below, SpectraSite shall pay a redemption price equal to the percentage of the principal amount of the notes being redeemed set forth opposite such period in Column B below.

Column A Period	**Column B Redemption Price**
2006	104.125%
2007	102.750%
2008	101.375%
2009 and thereafter	100.000%

Partial Redemption: Selection and Notice

In the case of any partial redemption, the trustee will select the notes for redemption:

- in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed; or
- if the notes are not so listed, on a pro rata basis, by lot or by such other method as the trustee in its sole discretion shall deem to be fair and appropriate. However, no note of $1,000 or less in original principal amount will be redeemed in part.

The trustee will send notice by first class mail at least 30, but not more than 60, days before the redemption date to each holder of a note to be redeemed at its registered address. Notes called for redemption become due on the date fixed for redemption. If any note is to be redeemed in part only, the notice of redemption relating to such note shall state the portion of the principal amount thereof to be redeemed. A new note, in principal amount equal to the unredeemed portion of the partially redeemed note, will be issued in the name of the holder thereof upon cancellation of the original note.

Ranking

The Indebtedness evidenced by the notes:

- is unsecured Indebtedness of SpectraSite;
- will rank ratably in right of payment with all existing and future unsecured Senior Indebtedness of SpectraSite;
- will be senior in right of payment to all existing and future Subordinated Obligations of SpectraSite; and
- will be effectively subordinated to all obligations, including trade payables, of its subsidiaries.

In addition, the notes will be effectively subordinated to all existing and future secured Indebtedness of SpectraSite to the extent of the value of the assets securing such Indebtedness and will be structurally subordinated to all existing and future Indebtedness and other liabilities of any of SpectraSite s subsidiaries.

As of June 30, 2003, after giving effect to the offering of the initial notes and the amendment to our credit facility, our only debt outstanding was the $200.0 million of senior notes issued in the offering of the initial notes and 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 existing credit facility, subject to certain conditions. Although the indenture contains limitations on the amount of additional

Indebtedness which SpectraSite and its subsidiaries may incur, under certain circumstances the amount of such Indebtedness could be substantial and, in any case, such Indebtedness may be Senior Indebtedness or Secured Indebtedness. See Certain Covenants Limitation on Indebtedness, Certain Covenants Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries and Risk Factors Our substantial indebtedness could impair our financial condition and make it more difficult for us to fund our operations.

SpectraSite conducts all of its operations through subsidiaries and, therefore, SpectraSite depends upon the cash flow of its subsidiaries to meet its obligations, including its obligations under the notes. SpectraSite s subsidiaries will not be guarantors of the notes and are separate entities, with no obligation to make payments on the notes or to make funds available therefor. Generally, with respect to the assets and earnings of such subsidiaries, priority will be given to claims of the subsidiaries creditors, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries, and claims of preferred stockholders, if any, of the subsidiaries over the claims of SpectraSite s creditors, including holders of the notes. The notes, therefore, will be effectively subordinated to all Indebtedness, preferred stock, if any, and other liabilities and commitments of SpectraSite s subsidiaries. The provisions of our credit facility contain substantial restrictions on the ability of our subsidiaries to transfer cash or assets to SpectraSite by dividend or distribution. These restrictions can be changed without the consent of note holders. Although the indenture limits the incurrence of Indebtedness and preferred stock of certain of SpectraSite s subsidiaries, such limitation is subject to a number of significant qualifications. Moreover, the indenture does not impose any limitation on the subsidiaries incurrence of liabilities that are not considered Indebtedness or preferred stock under the indenture and does not restrict SpectraSite s subsidiaries from guaranteeing other debt of SpectraSite. See Certain Covenants Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries and Risk Factors SpectraSite is a holding company and its only source of cash to pay interest on, and the principal of, the notes is distributions from Communications.

As of the date of the indenture, all of SpectraSite s subsidiaries, other than SpectraSite International, Inc., are Restricted Subsidiaries. However, under certain circumstances, SpectraSite may designate current or future subsidiaries as Unrestricted Subsidiaries, which will not be subject to many of the restrictive covenants set forth in the indenture.

Change of Control

If a Change of Control Triggering Event occurs, each registered holder of notes will have the right to require SpectraSite to repurchase all or any part of such holder s notes, at a purchase price in cash equal to 101% of the principal amount as of the repurchase date, plus accrued and unpaid interest and liquidated damages, if any, to the repurchase date.

Within 30 days following any Change of Control Triggering Event, SpectraSite shall mail a notice to each holder, with a copy to the trustee, stating:

- that a Change of Control Triggering Event has occurred and that each holder has the right to require SpectraSite to purchase such holder s notes at a purchase price in cash equal to 101% of the principal amount as of the repurchase date plus accrued and unpaid interest and liquidated damages, if any, to the repurchase date;

- the circumstances and relevant facts regarding such Change of Control, including information with respect to pro forma historical income, cash flow and capitalization, after giving effect to the Change of Control;

- the repurchase date, which shall be no earlier than 30 days nor later than 60 days, from the date such notice is mailed; and

- the instructions determined by SpectraSite, consistent with this covenant, that a holder must follow in order to have its notes purchased.

The definition of Change of Control includes the phrase all or substantially all as used with respect to a sale of assets. The meaning of substantially all varies according to the facts and circumstances of the subject transaction. There is no clearly established meaning of substantially all under New York law, the law governing the indenture, and the phrase thus is subject to judicial interpretation. Accordingly, in certain circumstances, there may be uncertainty about whether a particular transaction would involve a disposition of all or substantially all of the assets of a person, and therefore it may be unclear whether a Change of Control has occurred.

SpectraSite will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, SpectraSite will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with the law.

The indenture s provisions relative to SpectraSite s obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the notes then outstanding.

SpectraSite will not be required to make an offer, pursuant to this covenant, upon a Change of Control, if a third party, in compliance with the requirements set forth in the indenture applicable to SpectraSite s Change of Control, makes an offer to purchase, and purchases, all notes validly tendered and not withdrawn under such offer.

Certain Covenants

The indenture contains covenants including, among others, the following:

Limitation on Indebtedness

(1) SpectraSite shall not incur, directly or indirectly, any Indebtedness unless on the date of such incurrence and after giving effect to such incurrence and the application of the proceeds therefrom, the Indebtedness to Adjusted EBITDA Ratio of SpectraSite would be equal to or less than 7.00:1. SpectraSite may give pro forma effect to the incurrence of Indebtedness and the application of proceeds from such incurrence when determining compliance with the ratio. Accrual of interest, accretion or amortization of original issue discount and the payment of interest in the form of additional Indebtedness will be deemed not to be an incurrence of Indebtedness for purposes of this covenant.

(2) Despite the limitations described in paragraph (1), and regardless of the amount of SpectraSite s outstanding Indebtedness, SpectraSite may incur any or all of the following Indebtedness:

(a) Indebtedness of SpectraSite owing to and held by any Restricted Subsidiary; *provided, however*, that any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary, or any subsequent transfer of any such Indebtedness, except to another Restricted Subsidiary, will be deemed to constitute an incurrence of such Indebtedness by SpectraSite that is not permitted by this clause (a);

(b) Indebtedness represented by the notes issued on the Issue Date;

(c) any of SpectraSite s Indebtedness outstanding on the Issue Date;

(d) Indebtedness, including capital lease obligations, which SpectraSite incurs to finance the acquisition, construction or improvement of fixed or capital assets, in an aggregate principal amount, together with the amount of any Indebtedness then outstanding and incurred pursuant to clause (2)(f) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant, not to exceed the greater of:

$25.0 million; and

an amount equal to 7.5% of SpectraSite s Consolidated Tangible Assets, at any one time outstanding;

provided, that such Indebtedness is incurred within 180 days after the date of such acquisition, construction or improvement, and does not exceed the fair market value of such acquired, constructed or improved assets, as SpectraSite s Board of Directors determines in good faith;

(e) Refinancing Indebtedness incurred in respect of any Indebtedness incurred pursuant to paragraph (1) above, clause (2)(b) or (c) above or this clause (2)(e);

(f) Indebtedness which is:

in respect of performance bonds, bankers acceptances, letters of credit and surety or appeal bonds provided by SpectraSite in the ordinary course of its business which do not secure other Indebtedness; and

incurred by SpectraSite under currency exchange protection agreements and interest rate protection agreements which, at the time of incurrence, are in the ordinary course of its business; *provided, however*, that the currency exchange protection agreements and interest rate protection agreements are directly related to Indebtedness which SpectraSite is permitted to incur pursuant to the indenture;

(g) Indebtedness represented by guarantees by SpectraSite of Indebtedness which any of SpectraSite s Restricted Subsidiaries otherwise is permitted to incur pursuant to the indenture;

(h) Indebtedness of any other person, existing at the time such other person is merged with or into SpectraSite, and outstanding on, or prior to, the date on which such person was merged with or into SpectraSite, other than Indebtedness incurred in connection with, or to provide all, or any portion, of the funds or credit support utilized to consummate, the transaction, or series of related transactions, pursuant to which such person was merged with or into SpectraSite; provided, however, that on the date of such merger and after giving it effect, SpectraSite either (x) would be permitted to incur at least $1.00 of additional Indebtedness pursuant to paragraph (1) above or (y) would have had an Indebtedness to Adjusted EBITDA Ratio immediately after giving effect to such merger no greater than the Indebtedness to Adjusted EBITDA Ratio immediately prior to such merger;

(i) Indebtedness not to exceed, at any one time outstanding, together with the amount of any Indebtedness then outstanding and incurred pursuant to clause (2)(i) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant, 1.0 times:

the sum of 100% of the aggregate Net Cash Proceeds and 50% of the non-cash proceeds SpectraSite receives from the issue or sale of its capital stock, other than Disqualified Stock, subsequent to March 31, 2003, other than an issuance or sale to a SpectraSite subsidiary or to an employee stock ownership plan or a trust established by SpectraSite or any of its Restricted Subsidiaries, less

the aggregate amount of such Net Cash Proceeds used to make Restricted Payments pursuant to clause (1)(c)(ii), or applied pursuant to clause (2)(a)(ii), of the Limitation on Restricted Payments covenant;

(j) other Indebtedness, in an aggregate principal amount outstanding at any time, not to exceed $50.0 million, together with the amount of any Indebtedness and preferred stock then outstanding and incurred pursuant to clause (2)(j) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant;

(k) Indebtedness incurred by SpectraSite s subsidiaries in compliance with the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant;

(l) Indebtedness incurred under Credit Facilities, in an aggregate principal amount outstanding at any time, together with the amount of any Indebtedness then outstanding and incurred under clause (2)(a) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant, not to exceed the sum of:

the product of $150,000 times the number of Completed Towers on the date of such incurrence; and

the product of $1,000,000 times the number of Completed Broadcast Towers on the date of such incurrence; provided that the amount of such indebtedness does not exceed 25% of the cost of acquiring or constructing such Completed Broadcast Towers;

(m) Indebtedness representing the deferred payment of the purchase price for any entity that is engaged in a Permitted Business and that becomes a Restricted Subsidiary or the acquisition of any assets constituting a business or line of business, as determined by the Board of Directors, that is a Permitted Business, not to exceed at any one time outstanding, together with any Indebtedness then outstanding and incurred pursuant to clause 2(k) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant, 50% of the purchase price for the related entity or business so acquired; provided, however, that after giving effect to such acquisition and all Indebtedness incurred in connection therewith, SpectraSite either (x) would be able to incur at least $1.00 of additional Indebtedness under the Limitation on Indebtedness covenant or (y) would have an Indebtedness to Adjusted EBITDA Ratio no greater than prior to such transaction; and

(n) Indebtedness or acquired debt in aggregate principal amount not to exceed $50.0 million at any one time outstanding together with any Indebtedness then outstanding and incurred pursuant to clause 2(l) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant, incurred or assumed in connection with the acquisition of an entity that is engaged in a Permitted Business and that becomes a Restricted Subsidiary or the acquisition of any assets constituting a business or line of business, as determined by the Board of Directors, that is a Permitted Business or incurred by such entity or the owner of such assets and outstanding on the date of such acquisition.

(3) SpectraSite shall not incur any Indebtedness pursuant to the foregoing paragraph (2) if it uses the proceeds thereof, directly or indirectly, to refinance any Subordinated Obligations, unless such new Indebtedness shall:

(a) be subordinated to the notes to at least the same extent as such Subordinated Obligations being refinanced; and

(b) have a Stated Maturity that is no earlier than the earlier of the Stated Maturity of the notes or the Stated Maturity of the Subordinated Obligations being refinanced.

(4) For purposes of determining compliance with this covenant:

(a) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, SpectraSite, in its sole discretion, will classify (and may from time to time reclassify) such Indebtedness, and only be required to include the amount and type of such Indebtedness in one of the above clauses; and

(b) an item of Indebtedness may be divided and classified into more than one of the types of Indebtedness described above.

Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries

(1) SpectraSite shall not permit any Restricted Subsidiary to incur, directly or indirectly, any Indebtedness or preferred stock unless, on the date of and after giving effect to such incurrence and the application of the net proceeds therefrom, the Indebtedness to Adjusted EBITDA Ratio of SpectraSite would be equal to or

less than 7.00:1. Accrual of interest, accretion or amortization of original issue discount, and the payment of interest in the form of additional Indebtedness, will be deemed not to be an incurrence of Indebtedness for purposes of this covenant.

(2) Despite the above paragraph (1), and regardless of the amount of the Restricted Subsidiaries outstanding Indebtedness, any Restricted Subsidiary may incur any or all of the following Indebtedness:

(a) Indebtedness incurred under Credit Facilities, in an aggregate principal amount outstanding at any time, together with the amount of any Indebtedness then outstanding and incurred under clause (2)(l) of the Limitation on Indebtedness covenant, not to exceed the sum of (x) the product of $150,000 times the number of Completed Towers on the date of such incurrence and (y) the product of $1,000,000 times the number of Completed Broadcast Towers on the date of such incurrence; provided that the amount of such Indebtedness does not exceed 25% of the cost of acquiring or constructing such Completed Broadcast Towers;

(b) Indebtedness or preferred stock of a Restricted Subsidiary issued to, and held by, SpectraSite or a Restricted Subsidiary; provided, however, that any subsequent issuance or transfer of any capital stock which results in such Restricted Subsidiary ceasing to be a Restricted Subsidiary, or any subsequent transfer of such Indebtedness or preferred stock, other than to SpectraSite or a Restricted Subsidiary, shall be deemed to constitute an incurrence of such Indebtedness or preferred stock by the issuer of such preferred stock or Indebtedness;

(c) Indebtedness or preferred stock of a Restricted Subsidiary incurred and outstanding on, or prior to, the date on which SpectraSite acquired such Restricted Subsidiary, and Indebtedness or preferred stock of an entity merged into a Restricted Subsidiary, other than, in either case, Indebtedness or preferred stock incurred in connection with, or to provide all, or any portion of, the funds or credit support utilized to consummate, the transaction, or series of related transactions, pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or SpectraSite acquired it or such entity was merged into such Restricted Subsidiary; provided, however, that on the date of such acquisition or merger and after giving it effect, SpectraSite either (x) would be permitted to incur at least $1.00 of additional Indebtedness pursuant to paragraph (1) of the Limitation on Indebtedness covenant or (y) would have an Indebtedness to Adjusted EBITDA Ratio immediately after giving effect to such merger or acquisition no greater than the Indebtedness to Adjusted EBITDA Ratio immediately prior to such transaction;

(d) Indebtedness or preferred stock outstanding on the Issue Date;

(e) Refinancing Indebtedness incurred in respect of Indebtedness or preferred stock referred to in paragraph (1) above or clauses (2)(c) and (d) above or this clause (e); provided that Indebtedness of SpectraSite may not be refinanced pursuant to this clause (e);

(f) Indebtedness, including capital lease obligations, which a subsidiary incurs to finance the acquisition, construction or improvement of fixed or capital assets, in an aggregate principal amount at any one time outstanding, together with the amount of any Indebtedness then outstanding and incurred pursuant to clause (2)(d) of the Limitation on Indebtedness covenant, not to exceed the greater of (x) $25.0 million and (y) an amount equal to 7.5% of SpectraSite s Consolidated Tangible Assets; provided, that such subsidiary incurs such Indebtedness within 180 days after the date of such acquisition, construction or improvement, and that the issue price of such Indebtedness does not exceed the fair market value of such acquired, constructed or improved assets, as determined in good faith by SpectraSite s Board of Directors;

(g) Indebtedness which is:

(i) in respect of performance bonds, bankers acceptances, letters of credit and surety or appeal bonds provided in the ordinary course of its business, which do not secure other Indebtedness; and

(ii) incurred under currency exchange protection agreements and interest rate protection agreements which, at the time of incurrence, are in the ordinary course of business; provided, however, that the currency exchange protection agreements and interest rate protection agreements are directly related to Indebtedness which SpectraSite or any of its subsidiaries is permitted to incur pursuant to the indenture;

(h) Indebtedness represented by guarantees by a subsidiary of Indebtedness which SpectraSite or another subsidiary is otherwise permitted to incur pursuant to the indenture;

(i) Indebtedness, not to exceed at any one time outstanding together with the amount of any Indebtedness then outstanding and incurred pursuant to clause (2)(i) of the Limitation on Indebtedness covenant, 1.0 times:

the sum of 100% of the aggregate Net Cash Proceeds and 50% of the non-cash proceeds SpectraSite receives from the issue or sale of its capital stock, other than Disqualified Stock, subsequent to March 31, 2003, other than an issuance or sale to a SpectraSite subsidiary or to an employee stock ownership plan or to a trust established by SpectraSite or any of its Restricted Subsidiaries, less

the amount of such Net Cash Proceeds used to make Restricted Payments pursuant to clause (1)(c)(ii) of the Limitation on Restricted Payments covenant, or applied pursuant to clause (2)(a)(ii)of the Limitation on Restricted Payments covenant;

(j) other Indebtedness and preferred stock, in an aggregate principal and/or liquidation amount, not to exceed at any time outstanding $50.0 million, less the amount of any indebtedness then outstanding and incurred pursuant to clause (2)(i) of the Limitation on Indebtedness covenant;

(k) Indebtedness representing the deferred payment of the purchase price for any entity that is engaged in a Permitted Business and that becomes a Restricted Subsidiary or the acquisition of any assets constituting a business or line of business, as determined by the Board of Directors, that is a Permitted Business, not to exceed at any one time outstanding, together with any Indebtedness then outstanding and incurred pursuant to clause 2(m) of the Limitation on Indebtedness covenant, 50% of the purchase price for the related entity or business so acquired; provided, however, that after giving effect to such acquisition and all Indebtedness incurred in connection therewith, SpectraSite either (x) would be able to incur at least $1.00 of additional Indebtedness under the Limitation on Indebtedness covenant or (y) would have an Indebtedness to Adjusted EBITDA Ratio no greater than prior to such transaction; and

(l) Indebtedness or acquired debt in aggregate principal amount not to exceed $50.0 million at any one time outstanding, together with any Indebtedness then outstanding and incurred pursuant to clause 2(n) of the Limitation on Indebtedness covenant incurred or assumed in connection with the acquisition of an entity that is engaged in a Permitted Business and that becomes a Restricted Subsidiary or the acquisition of any assets constituting a business or line of business, as determined by the Board of Directors, that is a Permitted Business or incurred by such entity or the owner of such assets and outstanding on the date of such acquisition.

(3) For purposes of determining compliance with this covenant:

(a) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, SpectraSite, in its sole discretion, will classify (and may from time to time reclassify) such Indebtedness, and only be required to include the amount and type of such Indebtedness in one of the above clauses; and

(b) an item of Indebtedness may be divided and classified into more than one of the types of Indebtedness described above.

(4) SpectraSite will not permit any Unrestricted Subsidiary to incur any Indebtedness other than Non-Recourse Debt.

Limitation on Restricted Payments

(1) SpectraSite will not make, and will not permit any Restricted Subsidiary to make, directly or indirectly, any Restricted Payment, if at the time SpectraSite or the Restricted Subsidiary makes the Restricted Payment:

(a) a default or event of default will have occurred and be continuing, or would result therefrom;

(b) except with respect to making an Investment, SpectraSite could not incur at least $1.00 of additional Indebtedness under paragraph (i) of the Limitation on Indebtedness covenant; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments, which amount, if other than in cash, SpectraSite s Board of Directors will determine in good faith, and will evidence such determination by a Board of Directors resolution, declared or made subsequent to the Issue Date would exceed the sum of:

(i) the aggregate EBITDA (whether positive or negative) accrued subsequent to March 31, 2003 to the most recent date for which financial information is available to SpectraSite, taken as one accounting period, less 1.4 times Consolidated Interest Expense for the same period; plus

(ii) 100% of the aggregate Net Cash Proceeds, less the aggregate amount of such Net Cash Proceeds used to incur Indebtedness pursuant to clause (2)(i) of the Limitation on Indebtedness covenant and clause (2)(i) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant, plus 70% of the GAAP purchase accounting valuation of Qualified Proceeds, with each such valuation calculated as of the sale date of the capital stock received as consideration therefor, in each case received by SpectraSite from the issue or sale of capital stock, other than Disqualified Stock, subsequent to March 31, 2003, other than an issuance or sale to one of SpectraSite s subsidiaries, and other than an issuance or sale to an employee stock ownership plan, or to a trust established by SpectraSite or any of its Restricted Subsidiaries; plus

(iii) the amount by which SpectraSite s Indebtedness is reduced on SpectraSite s balance sheet, upon conversion or exchange, other than by a Restricted Subsidiary, subsequent to March 31, 2003 of any SpectraSite Indebtedness which is convertible or exchangeable for SpectraSite s capital stock, other than Disqualified Stock, less the amount of any cash, or the fair value of any other property, distributed by SpectraSite upon such conversion or exchange; plus

(iv) an amount equal to the sum of the net reduction in Investments in Unrestricted Subsidiaries resulting from dividends, repayments of loans or advances, or other transfers of assets to SpectraSite or any Restricted Subsidiary from Unrestricted Subsidiaries, plus the portion, proportionate to SpectraSite s equity interest in such subsidiary, of the fair market value of the net assets of an Unrestricted Subsidiary, at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; plus

(v) dividends and distributions SpectraSite receives, subsequent to March 31, 2003, from Unrestricted Subsidiaries, to the extent such dividends and distributions are not otherwise included in calculating EBITDA; plus

(vi) Net Cash Proceeds SpectraSite receives, subsequent to March 31, 2003, from Investments that are not Permitted Investments, to the extent not otherwise included in calculating EBITDA.

The sum in clause (iv) above shall not exceed, in the case of any Unrestricted Subsidiary, the amount of Investments SpectraSite or any Restricted Subsidiary previously made in such Unrestricted Subsidiary, which amount was included in the calculation of the amount of Restricted Payments.

(2) The provisions of paragraph (1) of this covenant will not prohibit:

(a) any purchase, redemption, defeasance or other acquisition of SpectraSite s capital stock or Subordinated Obligations made by exchange for, or out of the net proceeds of the substantially concurrent sale of, SpectraSite s capital stock, other than Disqualified Stock and other than capital stock issued or sold to a SpectraSite subsidiary, or an employee stock ownership plan, or a trust established by SpectraSite or any of its subsidiaries; provided, however, that:

(i) such purchase, redemption, defeasance or other acquisition will be excluded in the calculation of the amount of Restricted Payments; and

(ii) to the extent applied toward any such purchase, redemption, defeasance or other acquisition, the Net Cash Proceeds from such sale will be excluded from clause (1)(c)(ii) above, clause (2)(i) of the Limitation on Indebtedness covenant and clause (2)(i) of the Limitation on Indebtedness and Preferred Stock of Restricted Subsidiaries covenant;

(b) any purchase, redemption, defeasance or other acquisition of Subordinated Obligations made by exchange for, or out of the net proceeds of the substantially concurrent sale of, SpectraSite s Subordinated Obligations; provided, however, that:

(i) the principal amount of such new Indebtedness does not exceed the principal amount of the Subordinated Obligations being so redeemed, repurchased, acquired or retired for value, plus the amount of any premium required to be paid under the terms of the instrument governing the Subordinated Obligations being so redeemed, repurchased, acquired or retired;

(ii) such new Indebtedness is subordinated to the notes at least to the same extent as the Subordinated Obligations so purchased, exchanged, redeemed, repurchased, acquired or retired for value;

(iii) such new Indebtedness has a final scheduled maturity date later than the earlier of the final scheduled maturity date of the Subordinated Obligations being so redeemed, repurchased, acquired or retired and the final scheduled maturity date of the notes;

(iv) such new Indebtedness has an Average Life equal to or greater than the lesser of the Average Life of the Indebtedness being so redeemed, repurchased, acquired or retired and the Average Life of the notes; and

(v) any purchase, redemption, defeasance or other acquisition made pursuant to this clause 2(b) will be excluded in the calculation of the amount of Restricted Payments;

(c) dividends paid within 60 days after the date of their declaration, if at such date of declaration such dividend would have complied with this covenant;

(d) purchases of outstanding shares of SpectraSite s capital stock from former employees, in an amount not to exceed $5.0 million in the aggregate; and

(e) additional Restricted Payments in an aggregate principal amount not to exceed $25.0 million.

Any Restricted Payment made pursuant to clause (2)(c), 2(d) or 2(e) above will be included in the calculation of Restricted Payments.

The Restricted Payments described in clauses (2)(a), (b), (d) or above shall not be permitted if at the time of, and after giving effect to, such Restricted Payments, a default or an event of default shall have occurred and be continuing.

The amount of any Investment shall be measured on the date made and shall not give effect to subsequent changes in value.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

SpectraSite will not, and will not permit any Restricted Subsidiary to, create, or otherwise cause or permit to exist or become effective, any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its capital stock to SpectraSite or to a Restricted Subsidiary, or pay any Indebtedness or other obligation owed to SpectraSite;

(2) make any loans or advances to SpectraSite; or

(3) transfer any of its property or assets to SpectraSite or any Restricted Subsidiary, except:

(a) any encumbrance or restriction pursuant to a Credit Facility or any agreement in effect on the Issue Date;

(b) any encumbrance or restriction, with respect to a Restricted Subsidiary, pursuant to an agreement relating to any Indebtedness or capital stock that it incurred or issued on, or prior to, the date on which SpectraSite or a Restricted Subsidiary acquired it, other than Indebtedness or capital stock incurred or issued as consideration for, or to provide any portion of the funds or credit support utilized to consummate, the transaction, or series of related transactions, pursuant to which such Restricted Subsidiary became a subsidiary, or SpectraSite or a Restricted Subsidiary acquired it, and outstanding on such date;

(c) any encumbrance or restriction pursuant to an agreement effecting a refinancing of Indebtedness incurred, pursuant to an agreement referred to in clause (a) or (b) above, or contained in any amendment to an agreement referred to in clause (a) or (b) above; provided, however, that the encumbrances and restrictions contained in any such refinancing agreement or amendment, taken as a whole, with respect to a Restricted Subsidiary, are no less favorable to the holders of the notes than the encumbrances and restrictions with respect to such Restricted Subsidiary contained in such predecessor agreements, as determined by SpectraSite s Board of Directors in good faith;

(d) in the case of paragraph (3), any encumbrance or restriction that restricts, in a customary manner, the subletting, assignment or transfer of any property or asset that is subject to a lease, license or other contract or such lease, license or other contract;

(e) in the case of paragraph (3), contained in security agreements or mortgages securing a Restricted Subsidiary s Indebtedness, to the extent such encumbrances or restrictions restrict the transfer of the property subject to such security agreements or mortgages;

(f) any restriction with respect to a Restricted Subsidiary, imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of such Restricted Subsidiary s capital stock or assets, pending the closing of such sale or disposition;

(g) customary provisions with respect to the disposition or distribution of assets or property in joint venture and other similar agreements; and

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; provided that the Board of Directors determines in good faith that such restrictions will not have a material adverse impact on SpectraSite s ability to make payments on the notes.

Limitation on Sales of Assets and Subsidiary Stock

(1) SpectraSite will not, and will not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Disposition unless:

(a) SpectraSite or such Restricted Subsidiary receives consideration, at the time of such Asset Disposition, at least equal to the fair market value, including as to the value of all non-cash consideration, as SpectraSite s Board of Directors determines in good faith, of the shares and assets subject to such Asset Disposition; and

(b) except in the case of a Tower Asset Exchange, at least 75% of the consideration SpectraSite or such Restricted Subsidiary receives is in the form of cash or cash equivalents.

(2) Within 365 days after the receipt of any Net Available Cash from an Asset Disposition, SpectraSite or the applicable Restricted Subsidiary may apply such Net Available Cash to:

(a) prepay, repay, redeem or purchase Indebtedness, other than Disqualified Stock, of a Restricted Subsidiary of SpectraSite, provided that the applicable Restricted Subsidiary also may prepay, repay, redeem or purchase its own outstanding Indebtedness, or Senior Indebtedness, in each case other than Indebtedness owed to SpectraSite or an Affiliate of SpectraSite;

(b) acquire all or substantially all of the assets of an entity engaged in a Permitted Business;

(c) acquire Voting Stock of an entity engaged in a Permitted Business from a person that is not a SpectraSite subsidiary; provided, that after giving effect thereto, SpectraSite or its Restricted Subsidiary owns a majority of such Voting Stock, and such acquisition otherwise is made in accordance with the indenture, including, without limitation, the Limitation on Restricted Payments covenant; or

(d) make a capital expenditure or acquire other long-term assets that are used or useful in a Permitted Business.

To the extent of the balance of such Net Available Cash, after application in accordance with clause (2)(a), (b), (c) or (d) above, SpectraSite shall make an offer to all holders of notes and all holders of other Indebtedness that is *pari passu* with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other *pari passu* Indebtedness that may be purchased out of the Net Available Cash subject to, the conditions set forth below.

(3) Notwithstanding the foregoing provisions, SpectraSite and its Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance with this covenant, except to the extent that the aggregate Net Available Cash from all Asset Dispositions which is not applied in accordance with this covenant exceeds $10.0 million. Pending application of Net Available Cash pursuant to this covenant, such Net Available Cash shall be invested in Permitted Investments or may be used to temporarily reduce revolving credit borrowings under a Credit Facility.

(4) For the purposes of this covenant, the following are deemed to be cash:

(a) the transferee s assumption of SpectraSite s Indebtedness, other than SpectraSite s Disqualified Stock, and other than Indebtedness that is subordinated to the notes, or any Restricted Subsidiary s Indebtedness and the release of SpectraSite or the Restricted Subsidiary from all liability on such Indebtedness in connection with the Asset Disposition;

(b) securities that SpectraSite or any Restricted Subsidiary receives from the transferee that SpectraSite or the Restricted Subsidiary converts into cash within 20 days of the applicable Asset Disposition, to the extent of the cash received; and

(c) the transferee s assumption of any of SpectraSite s or any Restricted Subsidiary s liabilities, as shown on SpectraSite s or such Restricted Subsidiary s most recent balance sheet, other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any guarantee thereof, pursuant to a customary novation agreement that releases SpectraSite or the Restricted Subsidiary from further liability.

(5) In the event of an Asset Disposition that requires an offer to purchase notes pursuant to paragraph (2) of this covenant, SpectraSite will be required to purchase notes tendered, pursuant to SpectraSite s offer for the notes, at a purchase price of:

100% of their principal amount as of the purchase date, without premium, plus

accrued and unpaid interest and liquidated damages, if any, to the purchase date, in accordance with the procedures, including prorating in the event of oversubscription, set forth in the indenture.

If the aggregate purchase price for notes tendered pursuant to the offer is less than the Net Available Cash allotted to the notes purchase, SpectraSite may use any remaining Net Available Cash for general corporate purposes not otherwise prohibited by the indenture.

If the aggregate purchase price of notes and other *pari passu* Indebtedness tendered into such offer exceeds the amount of Net Available Cash, the trustee will select the notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis. Upon completion of any required offer to the holders, the amount of Net Available Cash will be reset at zero. SpectraSite shall not be required to make an offer for notes pursuant to this covenant if the Net Available Cash available therefor, after application of the proceeds as provided in paragraph (2) of this covenant, is less than $10.0 million for all Asset Dispositions, which lesser amounts shall be carried forward, for purposes of determining whether an offer is required, with respect to the Net Available Cash, from any subsequent Asset Disposition.

(6) SpectraSite will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with a notes repurchase pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, SpectraSite will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with the law.

(7) The provisions of this covenant shall not apply to any transaction that is permitted under the provisions of the covenant described under Merger and Consolidation.

Limitation on Transactions with Affiliates

(1) SpectraSite will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction, or series of transactions, including the purchase, sale, lease or exchange of any property, employee compensation arrangements, or the rendering of any service, with any SpectraSite Affiliate unless:

(a) the terms of such transaction, taken as a whole, are no less favorable to SpectraSite or such Restricted Subsidiary, as the case may be, than those that could be obtained, at the time of such transaction, in arm s-length dealings with a person who is not an Affiliate;

(b) in the event such affiliate transaction involves an aggregate amount in excess of $5.0 million, the terms of such transaction are set forth in writing and shall have been approved by a majority of the members of the Board of Directors having no personal stake in such affiliate transaction, and such majority determines that the affiliate transaction satisfies the criteria in clause (1)(a) above; and

(c) in the event such affiliate transaction involves an aggregate amount in excess of $10.0 million, SpectraSite has received a written opinion from a nationally recognized independent investment banking firm that such affiliate transaction is fair to SpectraSite and its Restricted Subsidiaries from a financial point of view.

(2) The provisions of paragraph (1) above shall not prohibit:

(a) any Restricted Payment permitted to be made pursuant to the Limitation on Restricted Payments covenant;

(b) any securities issuance, or other payments, awards or grants in cash, securities or otherwise, pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors, or any arrangements relating thereto;

(c) the grant of stock options or similar rights to SpectraSite s employees and directors, pursuant to plans approved by the Board of Directors;

(d) loans or advances to employees, in the ordinary course of business, in accordance with SpectraSite s or its Restricted Subsidiaries past practices;

(e) the payment of reasonable fees to directors of SpectraSite and its Restricted Subsidiaries who are not employees of SpectraSite or its Restricted Subsidiaries;

(f) any transaction between SpectraSite and a Restricted Subsidiary or between Restricted Subsidiaries;

(g) the issuance or sale of any SpectraSite capital stock, other than Disqualified Stock;

(h) any transaction consummated pursuant to the terms of any agreement described in SpectraSite s Form 10-K for the year ended December 31, 2002, or SpectraSite s Forms 10-Q or Forms 8-K filed prior to the Issue Date, including the exhibits and documents included or incorporated by reference therein, giving effect to any subsequent supplements, amendments, modifications or alterations thereof that are approved by the disinterested members of SpectraSite s Board of Directors;

(i) any transaction in the ordinary course of business between SpectraSite or any Restricted Subsidiary and any Affiliate of SpectraSite relating to the acquisition, management, construction, leasing or licensing of towers; provided, however, that such transaction is on terms that are no less favorable, taken as a whole, to SpectraSite or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by SpectraSite or such Restricted Subsidiary with an unrelated person or is otherwise on terms that, taken as a whole, SpectraSite has determined to be fair to SpectraSite or the relevant Restricted Subsidiary; and

(j) any transaction between SpectraSite or any of its Restricted Subsidiaries and any of its Affiliates involving ordinary course investment banking, commercial banking or related activities.

Limitation on Liens

SpectraSite will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, or permit to exist, any Lien, other than Permitted Liens, on any of its property or assets, including capital stock, whether owned on the Issue Date or thereafter acquired, securing any obligation, unless effective provision is made contemporaneously to secure the notes equally and ratably with or, in the case of Subordinated Obligations, on a senior basis to such obligation, for so long as the obligation is so secured.

Limitation on Sale or Issuance of Capital Stock of Restricted Subsidiaries

SpectraSite will not, and will not permit any Restricted Subsidiary to, transfer, convey, sell, lease or otherwise dispose of any Restricted Subsidiary s capital stock to any person, other than to SpectraSite or to a Wholly Owned Subsidiary of SpectraSite, and will not permit any Restricted Subsidiary to issue any of its capital stock to any person, other than to SpectraSite or a subsidiary of SpectraSite, and other than shares of its capital stock constituting directors qualifying shares or the ownership by foreign nationals of capital stock of any Restricted Subsidiary, to the extent necessary or mandated by applicable law, unless in either case:

(a) SpectraSite s and its Restricted Subsidiaries minority equity interest in such person, after giving effect to any such disposition, would be permitted under the Limitation on Restricted Payments covenant; and

(b) the net cash proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with the Limitation on Sales of Assets and Subsidiary Stock covenant.

Limitation on Sale/ Leaseback Transactions

SpectraSite will not, and will not permit any Restricted Subsidiary to, enter into any Sale/ Leaseback Transaction with respect to any property unless:

(1) SpectraSite or such Restricted Subsidiary would be entitled to:

(a) Incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale/ Leaseback Transaction, pursuant to the Limitation on Indebtedness covenant; and

(b) create a Lien on such property securing such Attributable Indebtedness, without equally and ratably securing the notes, pursuant to the Limitation on Liens covenant;

(2) the net cash proceeds received by SpectraSite or any Restricted Subsidiary in connection with such Sale/ Leaseback Transaction are at least equal to the fair value of such property, as determined by SpectraSite s Board of Directors in good faith; and

(3) the transfer of such property is permitted by, and SpectraSite or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the Limitation on Sales of Assets and Subsidiary Stock covenant.

Securities and Exchange Commission Reports

Notwithstanding that SpectraSite may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, SpectraSite will file with the Securities and Exchange Commission, unless the Securities and Exchange Commission does not permit such filing, and provide the trustee and note holders with, the annual reports and such information, documents and other reports which are specified in Sections 13 and 15(d) of the Exchange Act. SpectraSite also will comply with the other provisions, including Section 314(a), of the Trust Indenture Act.

Merger and Consolidation

SpectraSite will not, in one transaction or a series of transactions, consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any person, unless:

(1) the resulting, surviving or transferee person (the Successor Issuer) will be a person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the Successor Issuer, if not SpectraSite, will expressly assume, by supplemental indenture, executed and delivered to the trustee, in form satisfactory to the trustee, all of SpectraSite s obligations under the notes and the indenture;

(2) immediately after giving effect to such transaction on a pro forma basis, and treating any Indebtedness which becomes an obligation of the Successor Issuer, or any Restricted Subsidiary, as a result of such transaction, as having been incurred by the Successor Issuer, or such Restricted Subsidiary, at the time of such transaction, no default or event of default will have occurred and be continuing;

(3) except in the case of (A) a merger of SpectraSite into a Wholly Owned Subsidiary, (B) a merger SpectraSite enters into solely for the purpose of reincorporating in another jurisdiction, or (C) a merger SpectraSite enters into solely for the purpose of forming a holding company to hold all of the outstanding capital stock of SpectraSite, immediately after giving effect to such transaction, on a pro forma basis, as if such transaction had occurred at the beginning of the applicable four quarter period, SpectraSite, or the person formed by, or surviving, any such consolidation or merger, if other than SpectraSite, or to which such conveyance, transfer, lease or other disposition shall have been made, either (x) would have been permitted to incur at least $1.00 of additional Indebtedness pursuant to paragraph (1) of the Limitation on Indebtedness covenant above or (y) would have had an Indebtedness to Adjusted EBITDA Ratio immediately after giving effect to such consolidation, merger, conveyance, transfer, lease or other disposition no greater than the Indebtedness to Adjusted EBITDA Ratio immediately prior to such transaction; and

(4) SpectraSite will have delivered to the trustee an officer s certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture, as set forth in the indenture.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, SpectraSite under the indenture, and the predecessor issuer, in the case of a conveyance, transfer or lease of all or substantially all of its assets, will be released from the obligations under the indenture and the notes, including, without limitation, the obligation to pay the principal of and interest on the notes.

Defaults

An Event of Default is defined in the indenture as:

(1) a default in the payment of interest or liquidated damages, if any, when due, on any note, continued for 30 days;

(2) a default in the payment of principal, when due, of any note at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) SpectraSite s failure to comply with its obligations under Merger and Consolidation;

(4) SpectraSite s failure to comply, for 30 days after notice, with any of its obligations under the covenants described under Change of Control or Certain Covenants;

(5) SpectraSite s failure to comply, for 60 days after notice, with its other agreements contained in the notes or the indenture;

(6) SpectraSite s failure, or the failure of any of SpectraSite s Significant Subsidiaries, to pay any Indebtedness within any applicable grace period, after final maturity, or the acceleration of any such Indebtedness by the holders thereof, because of a default, if the total amount of such Indebtedness, unpaid or accelerated, exceeds $10.0 million or its foreign currency equivalent (the cross-acceleration provision);

(7) certain events of bankruptcy, insolvency or reorganization of SpectraSite or any of SpectraSite s Significant Subsidiaries (the bankruptcy provisions); or

(8) any final judgment or decree, for the payment of money in excess of $10.0 million, is rendered against SpectraSite or any of SpectraSite s Significant Subsidiaries, net of any amounts with respect to which a creditworthy insurance company has acknowledged full liability, subject to any deductible amounts of less than $10.0 million required to be paid by SpectraSite or such Significant Subsidiary in accordance with the applicable insurance policy, and either:

(a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree; or

(b) such judgment or decree remains outstanding for a period of 60 days following the judgment and is not discharged, waived or stayed within 10 days after notice (the judgment default provision).

The foregoing will constitute events of default whatever the reason for any such event of default, and whether it is voluntary or involuntary, or is effected by operation of law, or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body.

However, a default under clauses (4), (5) and (8) above will not constitute an event of default until the trustee or the holders of 25%, in aggregate principal amount, of the outstanding notes notify SpectraSite, as provided in the indenture, of the default and SpectraSite does not cure such default within the time specified in clauses (4), (5) and (8) above, after it receives notice.

If an event of default occurs and is continuing, the trustee or the holders of at least 25%, in aggregate principal amount, of the outstanding notes, by notice to SpectraSite, may declare the principal amount of, and accrued but unpaid interest on, all the notes to be due and payable. Upon such a declaration, such principal amount and interest will be due and payable immediately. If an event of default relating to certain events of bankruptcy, insolvency or reorganization of SpectraSite occurs and is continuing, the principal amount of, and accrued interest on, all the notes automatically will become due and payable immediately, without any declaration or other act on the part of the trustee or any holders. Under certain circumstances, the holders of a majority, in aggregate principal amount, of the outstanding notes may rescind any such acceleration, with respect to the notes, and its consequences.

Subject to the provisions of the indenture relating to the duties of the trustee, in case an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture, at the request or direction of any of the holders of notes, unless such holders shall have offered to the trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder may pursue any remedy with respect to the indenture or the notes unless:

such holder shall have previously given the trustee notice that an event of default is continuing;

holders of at least 25%, in aggregate principal amount, of the outstanding notes shall have requested the trustee to pursue the remedy;

such holders shall have offered the trustee reasonable security or indemnity against any loss, liability or expense;

the trustee shall not have complied with such request, within 60 days after the receipt of the request and the offer of security or indemnity; and

the holders of a majority, in principal amount, of the outstanding notes shall not have given the trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority, in principal amount, of the outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or of exercising any trust or power conferred on the trustee. The trustee, however, may refuse to follow any direction that conflicts with law or the indenture, or that the trustee determines is unduly prejudicial to the rights of any other holder of notes, or that would involve the trustee in personal liability.

The indenture provides that if a default occurs and is continuing, and is known to the trustee, the trustee must mail to each holder notice of the default, within the earlier of 90 days after it occurs, or 30 days after it is known to a trust officer or written notice of it is received by the trustee. Except in the case of a default in the payment of principal of, premium, if any, interest or liquidated damages, if any, on any note, the trustee may withhold notice, if and so long as a committee of its trust officers in good faith determines that withholding notice is not opposed to the interests of the note holders. In addition, SpectraSite is required to deliver to the trustee, within 120 days after the end of each fiscal year, a certificate signed by the chief executive officer, the chief financial officer or the chief accounting officer indicating that in the course of the performance by the signer of his duties he would normally have knowledge of any default and whether the signer thereof knows of any default that occurred during the previous year. SpectraSite also is required to deliver to the trustee, within 30 days after its knowledge of the occurrence of such event, written notice of any event which would constitute certain defaults, their status, and what action SpectraSite is taking, or proposes to take, in respect of such event.

Amendments and Waivers

Subject to certain exceptions, the indenture may be amended, and any past default or compliance with any provision may be waived, with the consent of the holders of a majority, in principal amount, of the notes then outstanding, including consents obtained in connection with a tender offer or exchange for the notes. However, without the consent of each holder of an outstanding note affected, no amendment may, among other things:

reduce the amount of notes whose holders must consent to an amendment;

reduce the rate of, or extend the time for, payment of interest on any note;

reduce the principal of, or extend the Stated Maturity of, any note;

reduce the premium payable upon the redemption of any note, or change the time at which any note may be redeemed, as described under Redemption Terms of Optional Redemption;

make any note payable in money other than that stated in the note;

impair the right of any holder to receive payment of principal of, and interest on, such holder s notes on or after the due dates therefor, or to institute suit for the enforcement of any payment on, or with respect to, such holder s notes; or

make any change in the amendment provisions which require each holder s consent, or in the waiver provisions.

Without the consent of any holder, SpectraSite and the trustee may amend the indenture to cure any ambiguity, omission, defect or inconsistency, to provide for the assumption by a successor corporation of SpectraSite s obligations under the indenture, to provide for uncertificated notes in addition to, or in place of, certificated notes, *provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code, or in a manner such that the uncertificated notes are as described in Section 163(f)(2)(B) of the Internal Revenue Code, to add guarantees with respect to the notes, to secure the notes, to add to SpectraSite s covenants for the benefit of the note holders, or to surrender any right or power conferred upon SpectraSite under the indenture, to make any change that does not, in the good faith opinion of SpectraSite s Board of Directors, materially adversely affect the rights of any noteholder, and to comply with any requirement of the Securities and Exchange Commission in connection with the qualification of the indenture under the Trust Indenture Act.

The holders consent is not necessary, under the indenture, to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the indenture becomes effective, SpectraSite is required to mail to the holders a notice briefly describing such amendment. However, the failure to give such notice to all holders, or any defect therein, will not impair or affect the validity of the amendment.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the indenture. Upon any transfer or exchange, the registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and SpectraSite may require a holder to pay any taxes required by law or permitted by the indenture, including any transfer tax or other similar governmental charge payable in connection therewith. SpectraSite is not required to transfer or exchange any note selected for redemption, or to transfer or exchange any note for a period of 15 days prior to a selection of notes to be redeemed. The notes will be issued in registered form, and the registered holder of a note will be treated as the owner of such note for all purposes.

Defeasance

SpectraSite at any time may terminate all its obligations under the notes and the indenture (legal defeasance), except for certain obligations, including:

those respecting the defeasance trust and obligations to register the transfer or exchange of the notes;

the obligation to replace mutilated, destroyed, lost or stolen notes; and

maintenance of a registrar and paying agent in respect of the notes.

SpectraSite at any time may terminate its obligations under:

the covenants described under Certain Covenants, other than the covenant described under Merger and Consolidation;

the operation of the cross-acceleration provision;

the bankruptcy provisions with respect to Significant Subsidiaries and the judgment default provision described under Defaults; and

the limitations contained in clause (3) under Merger and Consolidation (covenant defeasance).

SpectraSite may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If SpectraSite exercises its legal defeasance option, payment of the notes may not be accelerated because of an event of default with respect thereto. If SpectraSite exercises its covenant defeasance option, payment of the notes may not be accelerated because of an event of default as specified in clauses (4), (5), (6), (7) with respect to Significant Subsidiaries only, or (8) under Defaults, or because of SpectraSite s failure to comply with clause (3) under Merger and Consolidation.

In order to exercise either defeasance option, SpectraSite must deposit, or cause to be deposited, irrevocably in trust (the defeasance trust) with the trustee, money or U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof, in accordance with their terms, will provide cash at such times and in such amounts as will be sufficient to pay principal and interest and liquidated damages, if any, when due, on all such notes, except lost, stolen or destroyed notes which have been replaced or repaid, to maturity or redemption, as the case may be. SpectraSite must comply with certain other conditions, including delivery to the trustee of an opinion of counsel to the effect that holders of such notes will not recognize income, gain or loss, for federal income tax purposes, as a result of such deposit and defeasance, and will be subject to federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such deposit and defeasance had not occurred and, in the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to SpectraSite, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and SpectraSite has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of the notes, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium and liquidated damages, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of or constitute a default under any other instrument to which SpectraSite is a party or by which SpectraSite is bound;

(3) SpectraSite has paid or caused to be paid all sums payable by it under the indenture; and

(4) SpectraSite has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or a redemption date, as the case may be.

In addition SpectraSite must deliver an officers certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

No Personal Liability of Directors, Officers, Employees and Stockholders

No SpectraSite director, officer, employee, incorporator or stockholder, as such, shall have any liability for any of SpectraSite s obligations under the notes or the indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each note holder, by accepting a note, waives and releases all such liability. This waiver and release are part of the consideration for issuance of the notes. Such waiver may not be effective to waive liabilities under the federal or state securities law, and it is the view of the Securities and Exchange Commission that such a waiver is against public policy.

Concerning the Trustee

The Bank of New York is the trustee for the indenture, and SpectraSite has appointed it as registrar and paying agent with regard to the notes.

The holders of a majority, in principal amount, of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that if an event of default occurs and is not cured, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his or her own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any note holder, unless such holder shall have offered to the trustee security and indemnity satisfactory to it, against any loss, liability or expense, and then only to the extent required by the terms of the indenture.

Governing Law

The indenture provides that it and the notes are governed by, and construed in accordance with, the laws of the State of New York, without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms.

Adjusted EBITDA as of any date of determination, means the sum of:

(1) SpectraSite s EBITDA for the four most recent full fiscal quarters ending prior to such date, less SpectraSite s Tower EBITDA for such four-quarter period; plus

(2) the product of four times SpectraSite s Tower EBITDA for the most recent quarter. The Tower EBITDA for the most recent quarter shall be determined on a pro forma basis after giving effect to:

(a) all acquisitions or dispositions of assets SpectraSite and its subsidiaries make, from the beginning of such quarter through, and including, the date of determination, including any related financing transactions, as if the acquisitions and dispositions had occurred at the beginning of the quarter;

(b) any new lease or Site Management Contract SpectraSite or any Restricted Subsidiary enters into in the ordinary course of business, with respect to Tower Assets, from the beginning of the quarter through, and including, such date of determination, as if such new lease or Site Management Contract had been signed at the beginning of the quarter, and SpectraSite or a Restricted Subsidiary had received the rent required by the terms of such lease or Site Management Contract for such quarter during the quarter;

(c) the loss from the beginning of the quarter through, and including, the date of determination of any lease or Site Management Contract SpectraSite or a Restricted Subsidiary has entered into, with respect to any Tower Assets, that was in effect on the first day of the quarter, as if the lease or Site Management Contract had not been in effect during such quarter, and no rent under the lease had been received during the quarter; and

(d) any rent increases SpectraSite or any Restricted Subsidiary receives, during the period beginning on the first day of the quarter and ending on the date of determination related to leases or Site Management Contracts on Tower Assets, as if the increased rental rate had been in effect at the beginning of the quarter and SpectraSite or a Restricted Subsidiary had received the increased amount of rent during such quarter.

For purposes of making the computation referred to above:

(i) acquisitions that SpectraSite or any of its Restricted Subsidiaries has made, including through mergers or consolidations, and including any related financing transactions, during the reference period, or subsequent to such reference period, and on or prior to the date of determination, shall be deemed to have occurred on the first day of the reference period, and EBITDA for the reference period shall be calculated without giving effect to clause (2) of the proviso set forth in the definition of Consolidated Net Income; and

(ii) the EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the date of determination, shall be excluded.

Affiliate of any specified person means any other person, directly or indirectly, controlling or controlled by, or under direct or indirect common control with, such specified person. For the purposes of this definition, control, when used with respect to any person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise, and the terms controlling and controlled have correlative meanings.

Asset Disposition means any sale, lease, transfer, or other disposition, or series of related sales, leases, transfers, or dispositions, by SpectraSite or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction, of:

(1) any shares of a Restricted Subsidiary s capital stock, other than directors qualifying shares, or shares required, by applicable law, to be held by a Person other than SpectraSite or a Restricted Subsidiary;

(2) all or substantially all the assets of any of SpectraSite s or any Restricted Subsidiary s division or line of business; or

(3) any other of SpectraSite s or any Restricted Subsidiary s assets outside of the ordinary course of business;

other than in the case of clauses (1), (2) and (3) above:

a disposition by a Restricted Subsidiary, to SpectraSite, or by SpectraSite or a Restricted Subsidiary to another Restricted Subsidiary;

a disposition that constitutes a Restricted Payment permitted by the covenant described under Limitation on Restricted Payments;

a disposition of assets with a fair market value of less than $5.0 million;

any transaction not prohibited by the covenant