SPECTRASITE INC
Form S-1/A
September 25, 2003

As filed with the Securities and Exchange Commission on September 24, 2003

Registration No. 333-107123

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3
to

Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SpectraSite, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**4899**	**56-2027322**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(IRS Employer Identification No.)*

400 Regency Forest Drive
Cary, North Carolina 27511
(919) 468-0112
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

John H. Lynch

Vice President, General Counsel & Secretary
SpectraSite, Inc.
400 Regency Forest Drive
Cary, North Carolina 27511
919-468-0112
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Bruce A. Gutenplan, Esq. **Raphael M. Russo, Esq.** **Paul, Weiss, Rifkind, Wharton & Garrison LLP** **1285 Avenue of the Americas** **New York, New York 10019-6064** **212-373-3000**	**James J. Clark, Esq.** **Luis R. Penalver, Esq.** **Cahill Gordon & Reindel LLP** **80 Pine Street** **New York, New York 10005** **212-701-3000**

Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective. If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o ____________

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o ____________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated September 24, 2003.

9,000,000 Shares
SpectraSite, Inc.
Common Stock

This is a public offering of shares of common stock of SpectraSite, Inc. All of the 9,000,000 shares of common stock are being sold by the selling stockholders. We will not receive any of the proceeds from the shares being sold by these selling stockholders.

On September 23, 2003, the last reported sale price of our common stock, which is quoted on the OTC Bulletin Board under the ticker symbol SPCS, was $33.05 per share. See Price Range of Common Stock. Our common stock has been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol SSI.

See Risk Factors on page 8 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds to the selling stockholders	$	$

To the extent that the underwriters sell more than 9,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 1,350,000 shares from the selling stockholders at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2003.

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc.

Citigroup

Credit Suisse First Boston

Lehman Brothers

Prospectus dated , 2003.

PROSPECTUS SUMMARY

You should read this entire prospectus carefully, especially the Risk Factors section and the consolidated financial statements.

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.

The Offering

Common stock offered by the selling stockholders	9,000,000 shares
Common stock outstanding before and after this offering	47,487,030 shares
Dividend policy	We have not paid any cash dividends on our common stock in the past and currently do not expect to pay dividends or make any other distributions on our common stock in the immediate future.
Use of proceeds	We will not receive any proceeds from the sale of shares by the selling stockholders.
New York Stock Exchange symbol	SSI

All of the shares of common stock in this offering are being sold by the selling stockholders.

The number of shares of common stock outstanding before and after this offering excludes 5,462,714 shares of common stock issuable upon exercise of outstanding stock options, an additional 414,450 shares of common stock available for future awards under our equity incentive plan, 2,499,940 shares of common stock issuable upon exercise of outstanding warrants and 135,866 shares of common stock issuable in connection with further distributions pursuant to our plan of reorganization.

Except as otherwise indicated, information regarding the number of shares of our common stock reflects amounts outstanding as of June 30, 2003 and gives effect to our two-for-one stock split that was effected on August 21, 2003.

As of June 30, 2003, the selling stockholders held approximately 69.0% of our outstanding common stock. After giving effect to this offering and assuming the full exercise of the underwriters option to purchase 1,350,000 additional shares, the selling stockholders will own approximately 47.2% of our outstanding common stock.

Unless otherwise indicated, the information in this prospectus assumes that the underwriters will not exercise the over-allotment option granted to them by the selling stockholders.

Risk Factors

See Risk Factors following this summary for a discussion of some of the risks relating to investing in our common stock.

Information About SpectraSite

We were incorporated in Delaware 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 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 Use of Proceeds, 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, 2002(2)	One Month Ended January 31, 2003(2)	Five Months Ended June 30, 2003(2)
	2000	2001	2002			
	(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)
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
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

RISK FACTORS

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

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 company 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 company.

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 common stock.

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.

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.