SPECTRASITE INC
Form 8-K
February 25, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 25, 2004

SPECTRASITE, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

001-31769	56-2027322
(Commission File Number)	(I.R.S. Employer Identification Number)

100 REGENCY FOREST DRIVE
SUITE 400
CARY, NORTH CAROLINA 27511

(Address of principal executive offices) (Zip Code)

(919) 468-0112

(Registrant's telephone number, including area code)

ITEM 9. REGULATION FD DISCLOSURE.

As previously disclosed in Note 14 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the period ended December 31, 2003, certain previously reported quarterly financial data has been restated from amounts previously reported to reflect the reclassification of the Company's broadcast services division to discontinued operations. Note 14 is repeated below. The Company is furnishing this information pursuant to Regulation FD and encourages you to read the audited financial statements and all of the accompanying footnotes in their entirety.

14. RESTATED SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The Company has set forth selected quarterly financial data for the eleven months ended December 31, 2003, the one month ended January 31, 2003 and the year ended December 31, 2002. Because certain of the data set forth in the following tables has been restated from amounts previously reported on Form 10-Q for the applicable period, the following tables and the accompanying footnotes reconcile the amounts presented with those previously reported and describe the reason for the differences.

The following table sets forth quarterly financial information for the eleven months ended December 31, 2003 and the one month ended January 31, 2003 (dollars in thousands, except per share amounts):

	PREDECESSOR COMPANY ONE MONTH ENDED JANUARY 31, 2003			REORGANIZED COMPANY TWO MONTHS ENDED MARCH 31, 2003			THREE
	PREVIOUSLY REPORTED AMOUNTS	DISCONTINUED OPERATIONS(3)	RESTATED AMOUNTS	PREVIOUSLY REPORTED AMOUNTS(4)	DISCONTINUED OPERATIONS(3)	RESTATED AMOUNTS	PREVIO REPOR AMOU
Revenue..........	$ 26,793	$(1,167)	$ 25,626	$ 54,644	$(3,536)	$ 51,108	$ 80,
Operating income (loss)(1)......	(3,894)	686	(3,208)	9,183	(38)	9,145	13,
Other income (expense)......	(493)	--	(493)	(1,229)	--	(1,229)	(1,
Discontinued operations.....	--	(686)	(686)	--	14	14	(
Net income (loss)(2)......	344,970	--	344,970	(1,692)	--	(1,692)	(7,
Net income (loss) per common share (basic)..	$ 2.24	$ --	$ 2.24	$ (0.04)	$ --	$ (0.04)	$ (0
Net income (loss) per common share (diluted)	$ 2.24	$ --	$ 2.24	$ (0.04)	$ --	$ (0.04)	$ (0
Adjusted EBITDA .	$ 11,688	$ 541	$ 12,229	$ 24,780	$ (212)	$ 24,568	$ 37,

	REORGANIZED COMPANY THREE MONTHS ENDED SEPTEMBER 30, 2003			REORGANIZED COMPANY ENDED DECEMBER 31, 2003
	PREVIOUSLY REPORTED AMOUNTS	DISCONTINUED OPERATIONS	RESTATED AMOUNTS	
Revenue..........	$ 83,860	$(4,361)	$79,499	$ 81,572
Operating income (loss)(1)......	15,089	256	15,345	16,553
Other income (expense)......	1,134	--	1,134	(823)
Discontinued operations.....	--	(248)	(248)	(17,620)
Net income (loss)(2)......	3,214	--	3,214	(13,634)
Net income (loss) per common share (basic)..	$ 0.07	$ --	$ 0.07	$ (0.29)

Net income (loss) per common share (diluted)......	$ 0.06	$ --	$ 0.06	$ (0.29)
Adjusted EBITDA .	$ 41,898	$ (26)	$41,872	$ 41,524

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(1) Represents revenues less operating expenses.

(2) Includes a charge in the one month ended January 31, 2003 of $12,236, or $0.08 per share, for the cumulative effect of a change in accounting for asset retirement obligations related to the adoption of SFAS 143.

(3) On December 16, 2003, the Company decided to sell its broadcast services division. In accordance with SFAS 144, the financial results of this division for the first nine months of 2003 have been reclassified to discontinued operations to reflect the results of operations for broadcast services as discontinued operations as of December 31, 2003. See Note 1 for a more detailed discussion of the Company's discontinued operations. The column titled "Discontinued Operations" reflects the amounts that have been reclassified.

(4) On July 31, 2003, the Company's Board of Directors approved a two-for-one forward stock split of Spectrasite, Inc.'s common stock, effected in the form of common stock dividend to stockholders of record on August 14, 2003. All share and per share information for the reorganized company has been presented to reflect the stock split.

Adjusted EBITDA was calculated as follows for the 2003 restated periods presented above:

	PREDECESSOR COMPANY ONE MONTH ENDED JANUARY 31, 2003	REORGANIZED COMPANY TWO MONTHS ENDED MARCH 31, 2003	REORGANIZED COMPANY THREE MONTHS ENDED JUNE 30, 2003
Net income (loss)................	$ 344,970	$ (1,692)	$ (7,574)
Depreciation, amortization and accretion expense.............	15,930	16,652	25,359
Interest income..................	(137)	(217)	(279)
Interest expense.................	4,721	9,261	18,604
Gain on debt discharge...........	(1,034,764)	--	--
Income tax expense...............	5	578	95
Reorganization items:			
Adjust accounts to fair value......................	644,688	--	--
Professional and other fees.......................	23,894	--	--
Loss (income) from operations of discontinued division, net of income tax expense......	686	(14)	1,110
Loss on disposal of			

discontinued division, net of income tax expense..........	--	--	596
Cumulative effect of change in accounting principle...........	12,236	--	--
Adjusted EBITDA..................	$ 12,229	$ 24,568	$ 37,911

As discussed in Note 11, on February 10, 2003, the Company sold its rights to 545 SBC towers to Cingular. In 2003, revenues and costs of operations, excluding depreciation, amortization and accretion expense, related to the 545 towers, were as follows:

	PREDECESSOR COMPANY ONE MONTH ENDED JANUARY 31, 2003	REORGANIZED COMPANY TWO-MONTHS ENDED MARCH 31, 2003
Revenues	$1,202	$ 368
Cost of operations, excluding depreciation, amortization and accretion expense	$ 465	$ 195

The following table sets forth quarterly financial information for the year ended December 31, 2002 (dollars in thousands, except per share amounts):

	PREDECESSOR COMPANY THREE MONTH ENDED MARCH 31, 2002			PREDECESSOR COMPANY THREE MONTHS ENDED JUNE 30, 2002		
	PREVIOUSLY REPORTED AMOUNTS	DISCONTINUED OPERATIONS(3)	RESTATED AMOUNTS	PREVIOUSLY REPORTED AMOUNTS	DISCONTINUED OPERATIONS(3)	RESTATED AMOUNTS
Revenue............	$ 72,404	$(6,449)	$ 65,955	$ 75,869	$(6,229)	$ 69,640
Operating Income (loss) before restructuring and non-recurring charges(1)........	(18,629)	424	(18,205)	(21,922)	100	(21,822)
Restructuring and non-recurring charges.	--	--	--	(28,570)	1,176	(27,394)
Other income (expense).........	(387)	109	(278)	(10,795)	(119)	(10,914)
Discontinued operations........	2,012	(525)	1,487	(4,797)	(1,127)	(5,924)
Net loss(2)........	(452,531)	--	(452,531)	(127,568)	--	(127,568)
Net loss per common share (basic and diluted)..........	$ (2.95)	$ --	$ (2.95)	$ (0.83)	$ --	$ (0.83)
Adjusted EBITDA....	$ 25,622	$ 62	$ 25,684	$ (10,662)	$ 717	$ (9,945)

	PREDECESSOR COMPANY THREE MONTHS ENDED DECEMBER 31, 2002		
	PREVIOUSLY REPORTED AMOUNTS	DISCONTINUED OPERATIONS	RESTATED AMOUNTS
Revenue............	$ 81,721	$(6,811)	$ 74,910
Operating Income (loss) before restructuring and non-recurring charges(1)........	(11,619)	(185)	(11,804)
Restructuring and non-recurring charges.	--	--	--
Other income (expense).........	(1,744)	(2)	(1,746)
Discontinued operations.........	(5,320)	385	(4,935)
Net loss(2)........	(60,293)	--	(60,293)
Net loss per common share (basic and diluted)...........	$ (0.39)	$ --	$ (0.39)
Adjusted EBITDA....	$ 32,652	$ (622)	$ 32,030

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(1) Represents revenues less operating expenses excluding restructuring and non-recurring charges.

(2) Includes a charge in the quarter ended March 31, 2002 of $376,753, or $2.45 per share, for the cumulative effect of a change in accounting for goodwill related to the adoption of SFAS 142.

(3) On December 16, 2003, the Company decided to sell its broadcast services division. In accordance with SFAS 144, the financial results of this division for 2002 have been reclassified to discontinued operations to reflect the results of operations for broadcast services as discontinued operations as of December 31, 2002. See Note 1 for a more detailed discussion of the Company's discontinued operations. The column titled "Discontinued Operations" reflects the amounts that have been reclassified.

Adjusted EBITDA was calculated as follows for the 2002 restated periods presented above:

	PREDECESSOR COMPANY THREE MONTHS ENDED MARCH 31, 2002	PREDECESSOR COMPANY THREE MONTHS ENDED JUNE 30, 2002	PREDECESSO COMPANY THREE MONTHS ENDED SEPTEMBER 2002

Net income (loss)	$ (452,531)	$(127,568)	$(134,592)
Depreciation, amortization and accretion expense	44,167	50,185	48,244
Interest income	(84)	(293)	(148)
Interest expense	58,697	61,795	67,018
Reorganization expense	--	--	1,854
Income tax expense	169	12	513
Loss (income) from operations of discontinued division, net of income tax expense	(1,487)	5,924	4,674
Loss on disposal of discontinued division, net of income tax expense	--	--	45,627
Cumulative effect of change in accounting principle	376,753	--	--
Adjusted EBITDA	$ 25,684	$ (9,945)	$ 33,190

As discussed in Note 11, on February 10, 2003, the Company sold its rights to 545 SBC towers to Cingular. In 2002, revenues and costs of operations, excluding depreciation, amortization and accretion expense, related to the 545 towers, were as follows:

	PREDECESSOR COMPANY THREE MONTHS ENDED MARCH 31, 2002	PREDECESSOR COMPANY THREE MONTHS ENDED JUNE 30, 2002	PREDECESSOR COMPANY THREE MONTHS ENDED SEPTEMBER 30, 2002
Revenues	$ 2,646	$ 2,707	$ 2,770
Cost of operations, excluding depreciation, amortization and accretion expense	$ 1,496	$ 1,410	$ 1,433

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 GAAP.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

SPECTRASITE, INC.

By: /s/ Steven C. Lilly

Steven C. Lilly
Vice President of Finance and Treasurer

Dated: February 25, 2004