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DUPLICATE COPY

July 17, 2001

Via Overnight Mail

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd., Gunter Bldg.
Tallahassee, Florida 32399-0850

010981-TX

Re: Application of SBA Broadband Services, Inc. for Authority to Provide Alternative Local Exchange Service within the State of Florida

To Whom It May Concern:

Enclosed please find an original and six (6) copies of the application of SBA Broadband Services, Inc. for authority to provide alternative local exchange service within the State of Florida. Also transmitted herewith, please find an additional copy of this filing. Please date-stamp this copy and return it in the self-addressed stamped envelope enclosed for this purpose.

If you have any questions regarding this matter, please feel free to contact the undersigned.

Respectfully submitted,

Cara E. Sheppard
Counsel for SBA Broadband Services, Inc.

Enclosures

cc: Nancy Pruitt, Certification Section

** FLORIDA PUBLIC SERVICE COMMISSION **

DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE
ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

Instructions:

- This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).

- Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.

- Use a separate sheet for each answer which will not fit the allotted space.

- Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **$250.00** to:

  Florida Public Service Commission
  Division of Records and Reporting
  2540 Shumard Oak Blvd.
  Tallahassee, Florida 32399-0850
  (850) 413-6770

- If you have questions about completing the form, contact:

  Florida Public Service Commission
  Division of Regulatory Oversight
  Certification Section
  2540 Shumard Oak Blvd.
  Tallahassee, Florida 32399-0850
  (850) 413-6480

APPLICATION

1. **This is an application for (check one):**

   (√) Original certificate (new company).

   ( ) Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

   ( ) Approval of assignment of existing certificate: Example, a certified company purchases an existing company and desires to retain the certificate of authority of that company.

   ( ) Approval of transfer of control: Example, a company purchases 51% of a certified company. The Commission must approve the new controlling entity.

2. **Name of company:**

   SBA Broadband Services, Inc. ("SBA").

3. **Name under which the applicant will do business (fictitious name, etc.):**

   SBA Broadband Services, Inc.

4. **Official mailing address (including street name & number, post office box, city, state, zip code):**

   SBA Broadband Services, Inc.
   One Town Center Road, Third Floor
   Boca Raton, FL 33486

5. **Florida address (including street name & number, post office box, city, state, zip code):**

   See Answer No. 4.

6. **Structure of organization:**

( ) Individual
(√) Corporation
( ) Foreign Corporation
( ) Foreign Partnership
( ) General Partnership
( ) Limited Partnership
( ) Other

7. **<u>If individual, provide:</u>**

Name:

Title:

Address:

City/State/Zip:

Telephone No.: **Fax No.:**

Internet E-Mail Address:

Internet Website Address:

8. **<u>If incorporated in Florida,</u> provide proof of authority to operate in Florida:**

The Florida Secretary of State corporate registration number: P00000079825

9. **<u>If foreign corporation,</u>** provide proof of authority to operate in Florida:

   (a) **The Florida Secretary of State corporate registration number:**

   Not applicable.

10. **<u>If using fictitious name-d/b/a,</u>** provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

   (a) **The Florida Secretary of State fictitious name registration number:**

   Not applicable.

11. **<u>If a limited liability partnership</u>,** provide proof of registration to operate in Florida:

   Not applicable.

12. **<u>If a partnership,</u>** provide name, title and address of all partners and a copy of the partnership agreement.

   Name:

   Title:

   Address:

   City/State/Zip:

   Telephone No.:

   Internet E-Mail Address:

   Internet Website Address:

13. **<u>If a foreign limited partnership,</u>** provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

   (a) The Florida registration number:

14. **Provide F.E.I. Number (if applicable): 65-1036222**

15. **Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:**

(a) **adjusted bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.**

None of the officers, directors, or any of the ten largest stockholders of SBA have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, nor will such actions result from pending proceedings.

(b) **an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.**

None of the officers, directors, or any of the ten largest stockholders of SBA have previously been officers, directors, partners or stockholders in any other Florida certificated telephone company.

16. **Who will serve as liaison to the Commission with regard to the following ?**

(a) **The application:**

Name: Steven J. Hamrick, Esq.

Title: Attorney - Fleischman and Walsh, L.L.P.

Address: 1400 Sixteenth Street, N.W. - Suite 600

City/State/Zip: Washington, DC 20036

Telephone No.: (202) 939-7900 **Fax No.:** (202) 588-0095

Internet E-Mail Address: shamrick@fw-law.com

Internet Website Address: www.fw-law.com

(b) Official point of contact for the ongoing operations of the company:

Name: John S. Stevens, P.E.

Title: Chief Technical Officer

Address: SBA Broadband Services, Inc
One Town Center Road, Third Floor

City/State/Zip: Boca Raton, FL 33486

Telephone No.: (561) 995-7670 **Fax No.:** (561) 995-7626

Internet E-Mail Address: jstevens@sbasite.com

Internet Website Address: http://www.sbasite.com/services_broadband.cfm

(c) Complaints/Inquiries from customers:

Name: John S. Stevens, P.E.

Title: Chief Technical Officer

Address: SBA Broadband Services, Inc.
One Town Center Road, Third Floor

City/State/Zip: Boca Raton, FL 33486

Telephone No.: (561) 995-7670 **Fax No.:** (561) 995-7626

Internet Website Address: jstevens@sbasite.com

Internet Website Address: http://www.sbasite.com/services_broadband.cfm

17. **List the states in which the applicant:**

(a) **has operated as an alternative local exchange company.**

SBA has not operated as an alternative local exchange company in any state but has recently been granted the authority to operate in Wisconsin.

(b) **has applications pending to be certificated as an alternative local exchange company.**

SBA will have applications pending to be certified as a competitive local exchange company in the following states: Alabama; Arizona; Georgia; Indiana; Missouri; North Carolina; New Jersey; New York; Oregon; Pennsylvania; Puerto Rico; South Carolina; Virginia; and Texas.

(c) **is certificated to operate as an alternative local exchange company.**

SBA is certified to operate as a competitive local exchange company in Wisconsin.

(d) **has been denied authority to operate as an alternative local exchange company and the circumstances involved.**

SBA has not been denied authority to operate as an alternative local exchange company in any state.

(e) **has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.**

SBA has not had regulatory penalties imposed for violations of telecommunications statutes by any state.

(f) **has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.**

SBA has never been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications company.

18. Submit the following:

A. Financial capability.

The application **<u>should contain</u>** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer <u>affirming that the financial statements are true and correct</u> and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **<u>written explanation</u>** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. **<u>written explanation</u>** that the applicant has sufficient financial capability to maintain the requested service.

3. **<u>written</u>** explanation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

See Exhibit A.

B. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

See Exhibit B.

C. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

See Exhibit B.

** APPLICANT ACKNOWLEDGMENT STATEMENT**

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual fee of $50 is required.

1. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

2. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

3. **APPLICATION FEE:** I understand that a non-refundable application fee of $250.00 must be submitted with the application.

UTILITY OFFICIAL:

[signature]
Signature

6/12/01
Date

Title Chief Technical Officer

(561) 995-7670
Telephone No.

Address: SBA Broadband Services, Inc.
One Town Center Road
Third Floor
Boca Raton, FL 33486

(561) 995-7626
Fax No.

FORM PSC/CMU 8 (11/95)
Required by Commission Rule Nos. 25-24.805, 25-24.810 and 25-24.815

** APPENDIX C **

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

John Stevens
Signature

6/12/01
Date

Title Chief Technical Officer

(561) 995-7670
Telephone No.

Address: SBA Broadband Services, Inc.
One Town Center Road
Third Floor
Boca Raton, FL 33486

(561) 995-7626
Fax No.

FORM PSC/CMU 8 (11/95)
Required by Commission Rule Nos. 25-24.805, 25-24.810 and 25-24.815

EXHIBIT A - FINANCIAL

EXHIBIT A – FINANCIAL

SBA is financially qualified to provide telecommunications services in Florida. Through its parent company, SBA, Inc., SBA has access to the financing and capital necessary to conduct its telecommunications operations in Florida as specified in this application. SBA attaches hereto, a copy of SBA, Inc.'s most recent 10-K as filed with the Securities and Exchange Commission.

Thus, SBA possesses adequate resources to construct and maintain its telecommunications system and meet any applicable lease or ownership obligations for its telecommunications network in Florida.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2000

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 000-30110

SBA COMMUNICATIONS CORPORATION

(Exact name of Registrant as specified in its charter)

Florida **(State or other jurisdiction of incorporation or organization)**	**65-0716501** **(I.R.S. Employer Identification No.)**
One Town Center Road **Boca Raton, Florida** **(Address of principal executive offices)**	**33486** **(Zip Code)**

Registrant's telephone number, including area code:
(561) 995-7670

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Class A common stock $.01 par value

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $761.1 million as of March 15, 2001.

The number of shares outstanding of the Registrant's common stock (as of March 15, 2001):

Class A Common Stock—41,483,625 shares
Class B Common Stock— 5,455,595 shares

Documents Incorporated By Reference

Portions of the Registrant's definitive proxy statement for its 2001 annual meeting of shareholders, which proxy statement will be filed no later than 120 days after the close of the Registrant's fiscal year ended December 31, 2000, are hereby incorporated by reference in Part III of this Annual Report on Form 10-K.

PART I

ITEM I. BUSINESS

General

We are a leading independent owner and operator of wireless communications towers in the United States. We generate revenues from our two primary businesses, site leasing and site development. In our site leasing business, we lease antenna space on towers and other structures that we own or manage for others. The towers that we own have either been built by us at the request of a wireless carrier or built or acquired based on our own initiative. As of December 31, 2000, we owned or controlled 2,390 towers and had agreements to acquire 677 towers. We also had carrier directives to build approximately 600 additional towers and had, in various phases of development, over 1,000 locations which we had internally identified as a desirable location on which to build a tower. The following chart shows the number of towers we constructed for our own account and the number of towers we acquired during the periods indicated:

	Years ended December 31,				
	2000	1999	1998	1997	Total
Towers constructed	779	438	310	15	1,542
Towers acquired	448	231	133	36	848

In our site development business, we offer wireless service providers assistance in developing their own networks, including designing a network with full signal coverage, identifying and acquiring locations to place their antennas, obtaining zoning approvals, building towers when necessary and installing their antennas. Since our founding in 1989, we have participated in the development of more than 15,000 antenna sites in 49 of the 51 major wireless markets in the United States.

Business Strategy

Our primary strategy is to expand the scope of our position as a leading owner and operator of wireless communications towers and provider of site development services. Key elements of our strategy include:

Maximizing Use of Tower Capacity. We believe that many of our towers have significant capacity available for antenna space leasing and that increased use of our owned towers can be achieved at a low incremental cost. We generally construct our towers to accommodate multiple tenants in addition to the anchor tenant, and a substantial majority of our towers are high capacity lattice or guyed towers. We actively market space on our own towers through our internal sales force.

Developing New Towers That We Will Own and Operate. As wireless service providers increasingly outsource their investment in, and ownership of, towers, we can meet their outsourcing needs through our build-to-suit programs. We can also independently identify attractive locations for new towers and strategically complete pre-construction procedures necessary to secure tower sites in advance of customer demand. As of December 31, 2000, we were in varying stages of development on over 1,000 additional sites which we believe will be attractive locations for strategic new tower construction. In 2000, we built 779 towers for our own account.

Acquiring Existing Towers. We believe that our existing national field organization gives us a competitive advantage in identifying opportunities for the acquisition of existing towers. Our strategy is to acquire towers that can service multiple tenants and are attractive to wireless service providers based on their location, height and available capacity. While we generally target smaller acquisitions, we believe that there are many potential acquisition candidates and that the number of towers available for purchase will remain substantial over the next three to five years as cellular, PCS and other wireless service providers continue to divest their tower holdings. We have strict valuation criteria and believe that certain tower properties can be purchased at price levels which will allow us to attain our financial targets. In 2000, we acquired 448 towers. As of December 31, 2000, we had letters of intent or definitive agreements to acquire 677 towers in 33 separate transactions for an aggregate purchase price of approximately $218.5 million.

Capturing Other Revenues That Flow From our Tower Ownership. Tenants who lease antenna space on our towers need a variety of additional services in connection with their operations at the tower site. These services include installation, maintenance and upgrading of radio transmission equipment, antennas, cabling and other connection equipment, electricity, backhaul, (which is provided generally by telephone lines or a microwave antenna network), equipment shelters, data collection and network monitoring. Tenants often outsource the performance of some or all of these required services to third parties, including us. Because of our ownership of the tower, our control of the tower site and our experience and capabilities in providing these types of services, we believe that we are well positioned, and intend, to perform more of these services and capture the related revenue.

Executing on a Local Basis. We believe that substantially all of what we do is best done locally, given the nature of towers as location specific communications facilities. We believe that to be successful in tower building, acquisition and leasing, and site acquisition, zoning and construction, we must have strong local presences in the markets we serve.

Building on Strong Relationships with Major Wireless Service Providers. We are well-positioned to be a preferred partner in build-to-suit programs, site development projects and tower space leasing because of our strong relationships with wireless service and other telecommunications providers and our proven operating experience. In many cases, the personnel awarding site development projects for wireless service providers are the same personnel who make decisions with respect to build-to-suit programs. We continually market our build-to-suit programs to our site development service customers.

Maintaining our Expertise in Site Development Services. We continue to perform an array of site development services for wireless service and other telecommunications providers across the United States. We have a broad national field organization that allows us to identify and participate in site development projects across the country and that gives us a knowledge of local markets and strong customer relationships with wireless service and other telecommunications providers. We believe our site development experience provides us with a competitive advantage in selecting the best locations for tower ownership.

Capitalizing on our Management Experience. Our management team has extensive experience in site leasing and site development services. Management believes that its industry expertise and strong relationships with wireless carriers will allow us to continue to build and acquire a high quality portfolio of towers. Steven E. Bernstein, our Chief Executive Officer, has more than 13 years of experience in the wireless communications industry and our other officers have an average of approximately ten years of experience in this industry. In addition, management is highly motivated to produce strong operating results based on their significant equity ownership.

Company Services

We provide our services on a local basis, through regional offices, territory offices and project offices, which are opened and closed on a project by project basis. Operationally, we are divided into four regions throughout the United States, run by regional vice presidents. Each region is divided into two or more sub-regions run by general managers and we have further divided each sub-region into three to six geographic territories run by territory managers. Within each territory manager's geographic area of responsibility he or she is responsible for all operations, including hiring employees and opening or closing project offices, and a substantial portion of the sales in such area.

Our executive, corporate development, accounting, finance, human resources, legal and regulatory, information technology departments, site administration personnel, and our network operations center are located in our headquarters in Boca Raton, Florida. We also have in our Boca Raton office certain sales, new tower build support, and tower maintenance personnel.

Site Leasing Business

The primary focus of our site leasing business is the leasing of antenna space on our multi-tenant towers to a variety of wireless service providers under long-term lease contracts. We lease antenna space on:

- the towers we construct through carrier directives under build-to-suit programs;
- existing towers we acquire;
- the towers we construct on locations we have selected which we call "strategic" new tower builds; and
- towers we lease, sublease and/or manage for third parties.

We lease and sublease antenna space on our towers to a variety of wireless service providers. We own or lease the ground under these towers from third parties, and in some cases manage communication sites for third parties in exchange for a percentage of the revenues or tower cash flow. We determine tower cash flow by subtracting from gross tenant revenues the direct expenses associated with operating the tower, such as ground lease payments, real estate taxes, utilities, insurance and maintenance. The majority of our owned or controlled towers we built through build-to-suit programs. In our build-to-suit programs, we use some or all of the five phases of our site development business as we would when providing site development services to a third party.

After a tower has been constructed, we lease antenna space on the tower. We generally receive monthly lease payments from customers payable under written antenna site leases. The majority of our outstanding customer leases, and the new leases we typically enter into, have original terms of five years (with four or five renewal periods of five years each) and usually provide for annual or periodic price increases. Monthly lease pricing varies with the number and type of antenna installed on a communication site. We also provide a lease/sublease service as part of our site leasing business whereby we lease space on a tower and sublease the space to a wireless service provider.

We believe that the site leasing portion of our business has significant potential for growth, and we intend to expand our site leasing business through increasing activity from our new tower builds and selective acquisitions. Our tower portfolio has continued to grow from 51 at year-end 1997 to 494 in 1998 to 1,163 in 1999 to 2,390 in 2000. As of December 31, 2000 we had 5,548 tenants.

(continued on following page)

The following table indicates the number of our acquired and built towers on a state by state basis as of December 31, 2000:

Location of Towers	New Builds	Acquired	Total	% of Total
Georgia	200	46	246	10.3
Tennessee	123	58	181	7.6
North Carolina	168	4	172	7.2
Texas	38	134	172	7.2
Ohio	86	61	147	6.2
South Carolina	117	5	122	5.1
Florida	44	75	119	5.0
Louisiana	12	89	101	4.2
Indiana	85	5	90	3.8
New York	42	48	90	3.8
Wisconsin	79	10	89	3.7
Pennsylvania	45	31	76	3.2
Mississippi	38	34	72	3.0
Alabama	29	32	61	2.6
Connecticut	49	9	58	2.4
Oklahoma	30	27	57	2.4
Virginia	52	4	56	2.3
Arizona	42	1	43	1.8
Missouri	15	20	35	1.5
Michigan	32	2	34	1.4
Kansas	6	27	33	1.4
New Hampshire	30	2	32	1.3
Massachusetts	23	7	30	1.3
Kentucky	16	13	29	1.2
Arkansas	15	12	27	1.1
Oregon	22	3	25	1.0
Illinois	12	11	23	1.0
Minnesota	6	17	23	1.0
California	8	10	18	*
Colorado	7	10	17	*
West Virginia	7	10	17	*
Iowa	7	8	15	*
Delaware	14	0	14	*
New Mexico	4	8	12	*
Washington	6	3	9	*
Maryland	7	0	7	*
Nebraska	6	1	7	*
Wyoming	6	1	7	*
South Dakota	2	3	5	*
Utah	2	3	5	*
Idaho	3	1	4	*
New Jersey	3	1	4	*
Maine	2	0	2	*
Rhode Island	2	0	2	*
North Dakota	0	1	1	*
Vermont	0	1	1	*
Total	1,542	848	2,390	100%

* Less than 1%.

Build-to-Suit Programs

Under a build-to-suit program, we build a tower for a wireless service provider on a location of their direction. We retain ownership of the tower and the exclusive right to co-locate additional tenants on the tower. Many wireless service providers are choosing the build-to-suit option as an alternative to tower ownership, and we believe that this outsourcing trend is likely to continue. We believe that we have one of the largest number of non-binding build-to-suit mandates from wireless service providers in the industry. As of December 31, 2000, we had carrier directives to build approximately 600 additional towers under build-to-suit programs for carriers. Under our build-to-suit programs, we have built towers for many carriers, including Alamosa PCS, AT&T Wireless, Cingular, Georgia PCS, GTE, Horizon PCS, LEAP Wireless, Nextel, PrimeCo PCS, Sprint PCS, TeleCorp PCS, Tritel PCS and VoiceStream. In selling our build-to-suit programs, our personnel use their existing relationships in the wireless communications industry to target wireless service providers interested in outsourcing their network build-out. We make proposals for build-to-suit towers in response to competitive bids or specific requests and in circumstances where we believe the provider would have an interest in build-to-suit towers. We price build to suit agreements after having made the determination that the expected tower cash flow from those towers will produce a targeted return on investment after a certain period of time. Although the terms vary from proposal to proposal, we typically sign a five-year lease agreement with the anchor tenant, with four or five additional five-year renewal periods at the option of the lessee. While the proposed monthly rent also varies, broadband customers such as PCS, cellular or ESMR generally pay more than the aggregate monthly rent paid by paging or other narrowband customers. In addition, anchor tenants will typically pay lower monthly rents than subsequent tenants of a similar type service. In some cases, an anchor tenant may also enjoy an introductory lease rate for a period of time. If a wireless provider accepts the terms of the proposal submitted by us, the provider will award us a non-binding mandate to pursue specific sites. Based on the status of the geographic areas we have been given a mandate to pursue, we will perform due diligence investigations for a designated period during which time we will analyze the site based on a number of factors, including co-location opportunities, zoning and permitting issues, economic potential of the site, difficulty of constructing a multi-tenant tower and remoteness of the site. These mandates are generally non-binding agreements and either party may terminate the mandate at any time. If, after our due diligence investigation during the mandate, we conclude that it is economically feasible to construct the towers requested by the wireless service provider, we will enter into an antenna site lease agreement with the provider. In certain limited circumstances we are contractually obligated to build a tower for the carrier regardless of the outcome of our due diligence investigation. We have negotiated several master build-to-suit agreements, including antenna site lease terms, with providers in specific markets. The antenna site lease agreements typically provide that all obligations are conditioned on our receiving all necessary zoning approvals where zoning remains to be obtained. Certain of the antenna site lease agreements contain penalty or forfeiture provisions in the event the tower is not completed within specified time periods.

Strategic Siting

Our strategic siting activities focus on developing new towers in locations chosen by us, instead of by an anchor tenant in a build-to-suit program. As of December 31, 2000, of our total 779 new builds, 284 were through our strategic siting programs, and we expect this number to grow in the future. We try to identify attractive locations for new towers and complete pre-construction procedures necessary to secure the site in advance of demand from a specific customer. We may invest in the zoning and permitting of these strategic sites, and even the construction of the towers, when we have not yet obtained an anchor tenant for competitive or zoning reasons. However, we generally will not build a tower on a strategic site until we have signed a lease with a tenant.

Acquisitions

We actively pursue acquisitions of towers. Our acquisition strategy, like our new build strategy, is financially-oriented as opposed to geographically or customer-oriented. Our goal is to acquire towers that have an initial or planned capital investment not exceeding a targeted multiple of expected tower cash flow from the acquired towers after a certain period of time. We determine tower cash flow by subtracting from gross tenant revenues the direct expenses associated with operating the tower, such as ground lease payments, real estate taxes, utilities, insurance and maintenance. Our dedicated mergers and acquisitions personnel direct our acquisition activities and are responsible for identification, negotiation, documentation and consummation of acquisition opportunities, as well as the coordination and management of independent advisors and consultants retained by us from time to time in connection with acquisitions. In addition to our mergers and acquisitions personnel, we rely on our national employee base to identify potential acquisitions. Our field employees identify generally smaller acquisition prospects, involving one to ten towers. We often have an exclusive opportunity to structure and consummate a transaction with the potential seller. We believe that our field employees and knowledge of potential acquisition candidates gained through our substantial site development business experience provide us with a competitive advantage. This information permits us to identify and consummate acquisitions on generally more favorable terms than would be available to us through competitively-bid or brokered acquisition prospects. As is the case with our new tower builds, our focus is to acquire multi-tenant towers with under-used capacity in locations that we believe will be attractive to wireless service providers that have not yet built out their service in these locations.

Lease/Sublease

Under our lease/sublease program, we lease antenna space on a tower then sublease the space to wireless service providers. When these lease/subleases were first signed, these providers chose the financial benefits associated with the lease/sublease program, which include reduced capital expenditures, as compared to paying for site development services on a fee basis. Wireless paging providers comprise a significant majority of customers who sublease antenna sites from us. The subleases generally have original terms of five years, with four or five renewal periods of five years each at the option of the lessee, and usually provide for annual or periodic price increases.

Related Services

To help maximize the revenue and profit we earn from our capital investment in the towers we own, we have begun to provide services at our tower locations beyond the leasing of antenna space. These services which we provide or may provide in the future include generator provisioning, power provisioning, antenna installation, equipment installation and backhaul, which is the transport of the wireless signals transmitted or received by an antenna to a carrier's network. Some of these services are recurring in nature, and are contracted for by a wireless carrier or other user in a manner similar to the way they lease antenna space.

Maintenance and Management

Once acquired or constructed, we maintain and manage our towers through a combination of in-house personnel and independent contractors. We also manage towers for third parties. In-house personnel are responsible for oversight and supervision of all aspects of site maintenance and management, and are particularly responsible for monitoring security access and lighting, RF emission and interference issues, signage, structural engineering and tower capacity, tenant relations and supervision of independent contractors. We hire independent contractors locally to perform routine maintenance functions such as landscaping, pest control, snow removal, vehicular access, site access and equipment installation oversight. We engage independent contractors on a fixed fee or time and materials basis or, in a few limited circumstances where these contractors were sellers of towers to us, for a percentage of tower cash flow. Our network operations center in Boca Raton, Florida centrally monitors security access and lighting for our towers, as well as other functions. As the number of towers we own and manage increases, we anticipate incurring greater expenditures to expand our maintenance infrastructure, including expenditures for personnel and computer hardware and software. We expect these expenditures to be marginal compared to the anticipated increased revenues from site leasing.

Site Development Services

Our site development business consists of two segments, site development consulting and site development construction. Through this business we offer wireless service providers assistance on each stage of the development of a wireless network infrastructure, from network pre-design through installation of antenna and radio equipment.

We deliver our site development services to a diverse range of customers, including cellular, PCS, wireless data and Internet services, paging, SMR, and ESMR providers as well as other users of wireless transmission and reception equipment. Our customers currently comprise many of the major wireless communications companies and their affiliates, including AT&T Wireless, Cingular, Nextel, Sprint PCS, Verizon and Voicestream.

Our site development business also provides us expertise and knowledge which complements our site leasing business. Specifically, our strong relationships with wireless service providers created and strengthened through our site development business provide the basis for our build-to-suit programs. In addition, we are often able to use our site development activities to enhance our strategic new tower build programs by identifying an area without wireless signal coverage on which to build a tower for the benefit of a current or potential customer.

Site Development Consulting

In the consulting segment of our site development business, we offer clients the following services: (1) network pre-design; (2) identification of potential locations for towers and antennas; (3) support in buying or leasing of the location; and (4) assistance in obtaining zoning approvals and permits. Once we are awarded a site development project, we dispatch a site development team to the project site and may establish a temporary field office for the duration of the project. The site development team is typically composed of our permanent employees and supplemented with local hires employed only for that particular project. A team leader is assigned to each phase of the site development project and reports to a project manager who oversees all team leaders. Upon the completion of a site development project, the project office is typically closed and all of our permanent employees are either relocated to another project or directed to return to one of our offices.

We generally set prices for each site development service separately. Customers are billed for these services on a fixed price or time and materials basis and we may negotiate fees on individual sites or for groups of sites.

Site Development Construction

In the construction segment of our site development business we provide a number of services, including the following: (1) tower and related site construction; (2) switch construction; (3) antenna installation; and (4) radio equipment installation, optimization and service.

We provide these services on a turnkey basis throughout the United States. Alternatively, with respect to towers on which carriers are looking to become tenants, we can install, maintain, and upgrade radio transmission equipment, antennas, cabling and other equipment. We began offering direct, as opposed to subcontracted, construction services in 1997 with our acquisition of Communications Site Services, Inc., which provided us with in-house tower construction and antenna installation capability. We expanded our operations through the acquisition of several telecommunications construction companies, the most notable of which was SBA Network Services, Inc. ("Network Services," f/k/a Com-Net Construction Services, Inc.) in 1999, to include additional tower construction equipment installation and antenna installation capability, as well as the ability to construct terminal switches for wireless carriers, competitive local exchange carriers and other telecommunications providers.

We have constructed and expect to continue to construct a portion of our towers in the future, and provide equipment and antenna installation services for tenants on our towers. We believe we cost-effectively and timely complete construction projects, in part, because our site development personnel are cross-trained in all areas of site development, construction and antenna installation.

While we believe that our site development business will grow with the expected overall growth of wireless and other telecommunications networks, we believe our revenues and gross profit from the consulting segment of that business may continue to decline as carriers find new ways to obtain network development through outsourced tower ownership. We also believe that, over the longer term, our site leasing revenues will continue to increase due to the same outsourcing trend and as the number of towers we own or control grows.

Customers

Since commencing operations, we have performed site leasing and site development services for many of the largest wireless service providers. The majority of our contracts have been for PCS broadband, ESMR, cellular largest wireless service providers. The majority of our contracts have been for PCS broadband, ESMR, cellular and paging customers. We also serve wireless data and Internet, PCS narrowband, SMR, multi-channel multi-point distribution service, or MMDS, and multi-point distribution service, or MDS, wireless providers. In both our site development and site leasing businesses, we work with large national providers and smaller local, regional or private operators. For the year ended December 31, 2000, Sprint PCS and Alamosa provided 10.8% and 11.0% of our site development revenues. In 1999, our largest site development customers were Sprint PCS and BellSouth Mobility DCS, representing 20.8%, and 13.9%, respectively. In 2000, Nextel and Sprint represented 10.6% and 10.3% of our site leasing revenues, respectively. PageNet represented 7.3% of our site leasing revenue for 2000 and 16.5% for the year ended December 31, 1999. These PageNet revenues come primarily from our lease/sublease component of our site leasing business. No other customer represented more than 10% of our site leasing or site development revenues.

During the past two years, we provided services for a number of customers, including:

Aerial Communications
Alamosa PCS
ALLTEL
AT&T Wireless Services
Cingular
Horizon PCS
LEAP Wireless
MediaOne Group
Metricom
Nextel
Pacific Bell Mobile Service
PageNet

PrimeCo PCS
Powertel
Sprint PCS
TeleCorp PCS
Teligent
Tritel PCS
Triton PCS
360 Communications Company
US West Communication
Verizon
VoiceStream
WinStar

Sales and Marketing

Our sales and marketing goals are:

- to continue to grow our site leasing business;
- to further cultivate existing customers to obtain mandates for build-to-suit programs as well as to sell site development services;
- to use our contacts and industry knowledge to better identify attractive locations for new tower builds;
- to use existing relationships and develop new relationships with wireless service providers to lease antenna space on and purchase related services with respect to our owned or managed towers;
- to form affiliations with select communications systems vendors who use end-to-end services, including those provided by us, which will enable us to market our services and product offerings through additional channels of distribution; and
- to continue to grow and sustain a market leadership position in the site development business.

Historically, we have capitalized on the strength of our experience, performance and relationships with wireless service providers to position ourselves for additional site development business. We have leveraged these attributes to obtain build-to-suit mandates, and we expect to continue to do so in the future. We also use these attributes to identify attractive locations to build towers on strategic sites.

We approach sales on a company-wide basis, involving many of our employees. We have a dedicated sales force which is supplemented by members of our executive management team. Our dedicated salespeople are based regionally as well as in the corporate office. We also rely on our regional managers, territory managers and other operations personnel to sell our services and cultivate customers. Our strategy is to delegate sales efforts to those employees of ours who have the best relationships with the wireless service providers. Most wireless service providers have national corporate headquarters with regional offices. We believe that most decisions for site development and site leasing services are made by providers at the regional level with input from their corporate headquarters. Our sales representatives work with provider representatives at the local level and at the national level when appropriate. Our sales staff compensation is heavily weighted to incentive-based goals and measurements. A substantial number of our operations personnel have sales-based incentive components in their compensation plans.

In addition to our marketing and sales staff, we rely upon our executive and operations personnel on the regional and territory office levels to identify sales opportunities within existing customer accounts, as well as acquisition opportunities.

Our primary marketing and sales support is centralized and directed from our headquarters office in Boca Raton, Florida and is supplemented by our regional and territory offices. We have a full-time staff dedicated to our marketing efforts. The marketing and sales support staff are charged with implementing our marketing strategies, prospecting and producing sales presentation materials and proposals.

Competition

We compete with:

- wireless service providers that own and operate their own tower footprints and lease, or may in the future decide to lease, antenna space to other providers;
- site development companies that acquire antenna space on existing towers for wireless service providers, manage new tower construction and provide site development services;
- other large independent tower companies; and
- smaller local independent tower operators

for towers to acquire and for sites to construct towers.

Wireless service providers that own and operate their own tower networks generally are substantially larger and have greater financial resources than we do. 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 the site leasing business. We also compete for development and new tower construction opportunities with wireless service providers, site developers and other independent tower operating companies and believe that competition for site development will increase and that additional competitors will enter the tower market, some of which may have greater financial resources than we do.

The following is a list of our primary competitors for new tower builds and tower acquisitions: American Tower Corporation, Crown Castle International Corp., Pinnacle Holdings, Inc. and SpectraSite Holdings, Inc.

We believe that the majority of our competitors in the site development business operate within local market areas exclusively, while some firms appear to offer their services nationally, including American Tower Corporation, Bechtel, Black & Veach, General Dynamics, Mastec, Mericom, qServe and SpectraSite Holdings, Inc. The market includes participants from a variety of market segments offering individual, or combinations of, competing services. The field of competitors includes site development consultants, zoning consultants, real estate firms, right-of-way consulting firms, construction companies, tower owners/managers, radio frequency engineering consultants, telecommunications equipment vendors, which provide end-to-end site development services through multiple subcontractors, and providers' internal staff. We believe that providers base their decisions on site development services on a number of criteria, including a company's experience, track record, local reputation, price and time for completion of a project. We believe that we compete favorably in these areas.

Employees

As of December 31, 2000, we had approximately 1,000 employees, none of whom is represented by a collective bargaining agreement. We consider our employee relations to be good.

Regulatory and Environmental Matters

Federal Regulations. Both the Federal Communications Commission ("FCC") and the Federal Aviation Administration ("FAA") regulate towers used for wireless communications transmitters and receivers. These regulations control the siting and marking of towers and may, depending on the characteristics of particular towers, require prior approval and registration of tower facilities. Wireless communications devices operating on towers are separately regulated and independently licensed based upon the particular frequency used.

Pursuant to the requirements of the Communications Act of 1934, the FCC, in conjunction with the FAA, has developed standards to consider proposals for new or modified antennas. These standards mandate that the FCC and the FAA consider the height of proposed antennas, the relationship of the structure to existing natural or man-made obstructions and the proximity of the antennas to runways and airports. Proposals to construct or to modify existing antennas above certain heights must be reviewed by the FAA to ensure the structure will not present a hazard to aviation. The FAA may condition its issuance of a no-hazard determination upon compliance with specified lighting and/or marking requirements. Towers required to be reviewed by the FAA must also be registered with the FCC. The FCC will not license the operation of wireless telecommunications devices on towers unless the tower has been registered with the FCC. The FCC will not register a tower unless it has been cleared by the FAA. The FCC may also enforce special lighting and painting requirements. Owners of wireless transmissions towers may have an obligation to maintain painting and lighting to conform to FCC standards. Tower owners also bear the responsibility of notifying the FAA of any tower lighting outage. In addition, any applicant for an FCC antenna structure registration must certify that, consistent with the Anti-Drug Abuse Act of 1988, neither the applicant nor its principals have been convicted of a federal drug crime. We generally indemnify our customers against any failure to comply with applicable regulatory standards. Failure to comply with the applicable requirements may lead to civil penalties.

The Telecommunications Act of 1996 amended the Communications Act of 1934 by preserving state and local zoning authorities jurisdiction over the construction, modification and placement of towers. The new law, however, limits local zoning authority by prohibiting any action that would (1) discriminate between different providers of personal wireless services or (2) ban altogether the construction, modification or placement of radio communication towers. Finally, the Telecommunications Act of 1996 requires the federal government to help licensees for 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.

Owners and operators of antennas may be subject to, and therefore must comply with, environmental laws. The FCC's decision to register a proposed tower or license radio facilities on a tower may be subject to environmental review pursuant to 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. These regulations place responsibility on each applicant to investigate any potential environmental effects of operations and to disclose any potential significant effects on the environment in an environmental assessment prior to constructing a tower. In the event the FCC determines the 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, which will be subject to public comment. This process could significantly delay the registration of a particular tower.

As an owner and operator of real property, we are subject to certain environmental laws that impose strict, joint and several liability for the cleanup of on-site or off-site contamination and related personal or property damages. We are also subject to certain environmental laws that govern tower placement, including pre-construction environmental studies. Operators of towers must also take into consideration certain RF emissions regulations that impose a variety of procedural and operating requirements. The potential connection between RF emissions and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. To date, the results of these studies have been inconclusive. We believe that we are in substantial compliance with and we have no material liability under any applicable environmental laws. These costs of compliance with existing or future environmental laws and liability related thereto may have a material adverse effect on our prospects, financial condition or results of operations.

State and Local Regulations. Most states regulate certain aspects of real estate acquisition and leasing activities. Where required, we conduct the site acquisition portions of our site development services business through licensed real estate brokers or agents, who may be our employees or hired as independent contractors. Local regulations include city and other local ordinances, zoning restrictions and restrictive covenants imposed by community developers. These regulations vary greatly, but typically require tower owners to obtain approval from local officials or community standards organizations prior to tower construction. 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.

Recent Developments

In September 2000, we entered into an agreement to acquire 275 existing towers from TeleCorp PCS, Inc. in Illinois, Louisiana, Tennessee, Texas, Mississippi, Missouri, Arkansas and Puerto Rico. The acquisition price of the towers will be $327,500 per tower. Contingent on the closing of the TeleCorp tower acquisition, we have agreed to become the exclusive build-to-suit provider for TeleCorp. Under the build-to-suit agreement, we will construct a minimum of 200 tower facilities and up to a maximum of 400 tower facilities. Under the terms of the acquisition, TeleCorp will enter into long-term leases at a monthly rate of $1,200 per acquired tower and $1,300 per built tower, to place its wireless network equipment on each tower acquired or built. On March 16, 2001, we acquired 203 towers of the 275 towers under the agreement for $66.5 million, and we anticipate completing the acquisition of the remaining 72 towers in the second quarter of 2001. The remaining tower acquisitions are subject to our satisfactory completion of our review of the business, financial and legal aspects of towers that may be acquired. As of December 31, 2000, the 275 towers which would be purchased if the TeleCorp transaction was consummated, had an annualized run rate including pending leases of approximately $6.1 million in revenues and approximately $3.9 million in cash flow.

In December 2000, we entered into an agreement with Louisiana Unwired, Inc., a subsidiary of US Unwired, Inc., to acquire 300 towers in Louisiana, Texas and Arkansas. Pursuant to the terms of the agreement, we purchased 127 of the 300 towers on December 29, 2000. We have the obligation to purchase the remaining 173 towers, subject to the receipt of certain consents, by May 1, 2001. Additionally, the agreement granted us the option until December 31, 2001 to purchase the lesser of (1) the number of towers constructed by Louisiana Unwired during 2001 and (2) 100 towers. Our ability to exercise this option is contingent upon our (A) securing financing adequate to purchase the towers and (B) placing in escrow a deposit of $1.67 million prior to April 10, 2001. The acquisition price for each of the towers covered by the agreement is $313,000 per tower. Under the terms of the acquisition agreement, US Unwired has agreed to enter into long-term leases, at a monthly rate of $1,500 per tower, to place its wireless network equipment at each tower that we purchase. As of

December 31, 2000, the 300 towers, including the 173 towers which would be purchased if the second stage of the US Unwired transaction was consummated, had an annualized run rate, including pending leases, of approximately $5.8 million in revenues and approximately $3.4 million in cash flow.

While all of the towers acquired from TeleCorp and US Unwired will generate revenues immediately upon consummation of their respective acquisition, the towers will not at such time be profitable. We cannot assure you that these towers will ever be profitable because these towers will be profitable only if we are able to sign additional leases with third parties for the location of antennas on these towers.

The acquisition of the remaining 72 TeleCorp towers and the remaining 273 US Unwired towers are subject to numerous closing conditions. We cannot assure you if or when either of these transactions will close.

Backlog

Our backlog for site development services was $61.0 million as of December 31, 2000 as compared to $40.0 million as of December 31, 1999. Our backlog for pending tower acquisitions was 677 towers as of December 31, 2000 as compared to 94 towers as of December 31, 1999. Our backlog under build-to-suit mandates was approximately 600 towers as of December 31, 2000 as compared to 335 as of December 31, 1999. We anticipate that we will fulfill all of these services and complete the pending tower acquisitions during the current fiscal year.

RISK FACTORS

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our payment obligations.

As indicated below, we have and will continue to have a significant amount of indebtedness relative to our equity size.

	At December 31, 2000	After Note Offering[(a)]
	(in thousands)	
Total indebtedness	$284,273	$709,273
Stockholders' equity	$538,160	$533,397

(a) Subsequent to December 31, 2000, we borrowed $30.0 million under the revolving line of credit. In February 2001, the Company issued $500.0 million of its 10¼% senior notes due 2009 and used $105.0 million to repay all amounts outstanding under the senior credit facility. In connection with the termination of our senior credit facility, we recorded an extraordinary loss of $4.8 million related to the write-off of deferred financing fees associated with our existing senior credit facility in the first quarter of 2001.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to repay the 10¼% senior notes and the 12% senior discount notes;
- limit our ability to fund future working capital, capital expenditures and research and development costs;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage to our competitors that are less leveraged; and
- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds. Failing to comply with those covenants could result in an event of default.

Our ability to service our debt obligations will depend on our future operating performance. If we are unable to generate sufficient cash flow from operations to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing, delaying or eliminating acquisitions of towers or related service companies, delaying tower construction and other capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking additional equity capital. We may not be able to effect any of these alternative strategies on satisfactory terms, if at all. The implementation of any of these alternative strategies could have a material adverse effect on our growth strategy.

Our earnings have been insufficient to cover our fixed charges since the issuance of our 12% senior discount notes, treating the non-cash amortization of the original issue discount on the 12% senior discount notes as a fixed charge. This deficiency will increase as a result of the issuance of our $500.0 million 10¼% senior notes completed in February 2001. We expect our earnings to continue to be insufficient to cover our fixed charges for the foreseeable future. We may incur substantial additional indebtedness in the future. If new debt is added to our current debt levels, the related risks that we face could intensify.

Our debt instruments contain restrictive covenants that could adversely affect our business by limiting flexibility.

The indentures governing our 10¼% senior notes and our 12% senior discount notes each contain certain restrictive covenants. In addition, we intend to enter into a new senior credit facility in the future and this new facility will also likely contain restrictive covenants and require us to maintain specified financial ratios and meet financial condition tests. Our ability to comply with these covenants and meet these financial ratios and tests can be affected by events beyond our control, and we may not be able to meet these covenants, ratios and tests. A breach of any of these covenants could result in an event of default under the indentures governing the 10¼% senior notes and our 12% senior discount notes. Upon the occurrence of our bankruptcy, the outstanding principal, together with all accrued interest, will automatically become immediately due and payable. If any other event of default, including a continuing breach of our covenants, should occur the trustee or a percentage of such noteholders can elect to declare all amounts of principal outstanding, together with all accrued interest, to be immediately due and payable.

Our quarterly operating results fluctuate and therefore should not be considered indicative of our long-term results.

The number of towers we build, the number of tenants we add to our towers and the demand for our site development services fluctuate from quarter to quarter and should not be considered as indicative of long-term results. Numerous factors cause these fluctuations, including:

- the timing and amount of our customers' capital expenditures;
- the business practices of customers, such as deferring commitments on new projects until after the end of the calendar year or the customers' fiscal years;
- the number and significance of active customer engagements during a quarter;
- delays relating to a project or tenant installation of equipment;
- seasonal factors, such as weather, vacation days and total business days in a quarter;
- employee hiring;
- the use of consultants by our customers; and
- the rate and volume of wireless service providers' network development.

Although the demand for our services fluctuates, we incur significant fixed costs, such as maintaining a staff and office space in anticipation of future contracts. The timing of revenues is difficult to forecast because our sales cycle may be relatively long and may depend on factors such as the size and scope of assignments, budgetary cycles and pressures and general economic conditions. In addition, under lease terms typical in the tower industry, revenue generated by new tenant leases usually commences upon installation of the tenant's equipment on the tower rather than upon execution of the lease, which can be 90 days or more after the execution of the lease.

We may be adversely affected by an economic slowdown.

Our business may be adversely affected by periods of economic slowdown or recession. During periods of economic slowdown or recession, wireless carriers may be unable to raise sufficient capital to expand their networks or may choose to slow or stop capital expenditures. Any material decline in the availability of capital for, or in capital expenditures by, our customers would likely result in a decrease in the demand for tenant space on our towers and for our site development services.

We may not secure as many site leasing tenants as planned.

If tenant demand for tower space decreases, we may not be able to successfully grow our site leasing business. This may have a material adverse effect on our strategy and revenue growth. Our plan for the growth of our site leasing business largely depends on our management's expectations and assumptions concerning future tenant demand for independently-owned towers. Tenant demand includes both the number of tenants and the lease rates they are willing to pay. We bear a greater risk from lower tenant demand than other tower companies that have towers with positive cash flow, because the majority of our towers are newly constructed and have little or no positive cash flow at the time of construction.

Wireless service providers that own and operate their own towers and several of the independent tower companies generally are substantially larger and have greater financial resources than we do. 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 the site leasing business.

We are not profitable and expect to continue to incur losses.

We are not profitable. The following chart shows the net losses we incurred for the periods indicated:

	Years ended December 31,		
	2000	1999	1998
		(in millions)	
Net losses	$28.9	$34.6	$19.9

Our losses are principally due to significant depreciation, amortization and interest expense. We have not achieved profitability and expect to continue to incur losses for the foreseeable future.

Increased competition to purchase existing towers and to build new towers may negatively affect the success of our growth strategy.

Increased competition to purchase existing towers and to build new towers may negatively affect the success of our growth strategy. We compete for the opportunity to build new towers primarily with site developers, wireless carriers and other independent tower companies. We believe that competition for the opportunity to build new towers will increase and that additional competitors will enter the tower market. Some of these additional competitors have or are expected to have greater financial resources than we do.

We compete with:

- wireless service providers that own and operate their own towers;
- site development companies that acquire antenna space on existing towers for wireless service providers, manage new tower construction and provide site development services;
- other large independent tower companies; and
- smaller local independent tower operators

for towers to acquire and for sites to construct towers.

Our growth strategy depends in part on our ability to acquire and operate existing towers not built by us to expand our existing tower network. Increased competition for acquisitions may result in fewer acquisition opportunities for us and higher acquisition prices. We regularly explore acquisition opportunities, and we are currently actively negotiating to acquire additional towers. As of December 31, 2000, we had agreements to acquire 677 towers in 33 separate transactions for an aggregate purchase price of $218.5 million, including $90.0 million for all 275 towers from TeleCorp and $85.5 million for the additoinal 273 towers from US Unwired, or an average acquisition price of approximately $323,000 per tower. While all of the towers acquired from TeleCorp and US Unwired will generate revenues immediately upon consummation of their respective acquisition, the towers will not at such time be profitable. We cannot assure you that these towers will ever be profitable because these towers will be profitable only if we are able to sign additional leases with third parties for the location of antennas on these towers. All of these acquisitions are subject to a number of conditions and may or may not close.

We may not be able to identify, finance and complete future acquisitions of towers or tower companies on acceptable terms or may not be able to profitably manage and market available space on any towers that we acquire. We may also face challenges in integrating newly acquired towers or tower companies with our operations and may face difficulties in retaining current lessees on newly acquired towers.

If our carrier-directed new tower build projects are unsuccessful in yielding binding agreements or completed towers, our growth strategy or business may be negatively affected.

If our carrier-directed new tower build projects are unsuccessful in yielding binding agreements or completed towers, our growth strategy or business may be negatively affected. A carrier directive is an indication of interest from a wireless carrier for us to build a tower which we will own, on which they will place their antenna. Upon completion of the tower, the wireless carrier would lease space on the tower. A carrier directive, however, does not require the wireless carrier to actually lease space on the tower. That obligation does not arise until a lease is signed. We generally will not commence construction of a tower on a carrier-directed location until a lease is signed. As of December 31, 2000, we had carrier directives to build approximately 600 towers under build-to-suit programs for wireless service providers. We believe that the majority of these carrier directives will result in new towers built and owned by us and long-term leases for antenna space on such towers. However, there are numerous factors that may prevent carrier directives from resulting in leases, including:

- FAA, FCC or zoning restrictions that may prevent the building of a communication tower;
- the results of the review of the business, financial and legal aspects of the transactions conducted by us or our customers;
- the lease price; and
- the ability of the carriers who have awarded a directive to withdraw the directive.

As a result, we cannot assure you as to the percentage of current and future carrier directives that will ultimately result in constructed towers and tenant leases.

We will need to seek additional financing to fund our business plan.

Our business strategy contemplates substantial capital expenditures for the expansion of our tower portfolio. We intend to increase the number of towers we own and lease by agreeing with wireless carriers to assume ownership or control of their existing towers, by pursuing build-to-suit opportunities and by exploring other tower acquisition opportunities. To the extent we are unable to finance our future capital expenditures, we will be unable to achieve our currently contemplated business goals.

Our cash capital expenditures for the year ended December 31, 2000 were $445.3 million. We currently estimate that we will make at least $400.0 million to $450.0 million of cash capital expenditures during the year ending December 31, 2001, which will be primarily for the construction and acquisition of towers, tower companies and/or related businesses. This estimate includes capital expenditures planned in connection with the

TeleCorp and US Unwired transactions. We expect to fund $400.0 million of these planned capital expenditures from the proceeds from our $500.0 million 10¼% senior notes offering completed in February 2001 that resulted in net proceeds of $484.2 million, cash on hand and cash flow from operations. In addition, we intend to seek a new senior credit agreement on terms no less favorable to us than our prior senior credit facility. Thereafter, however, or in the event we exceed our currently anticipated cash capital expenditures by December 31, 2001, we anticipate that we will need to seek additional equity or debt financing to fund our business plan. Additional financing, including a new senior credit facility, may not be available on commercially acceptable terms or at all, and additional debt financing may not be permitted by the terms of our existing indebtedness, including our 10¼% senior notes and 12% senior discount notes. Prior to March 1, 2003, interest expense on our 12% senior discount notes will consist solely of non-cash accretion of original issue discount, and will not require cash interest payments. After that time, our 12% senior discount notes will have increased to $269.0 million and will require annual cash interest payments of approximately $32.3 million. If we are required to issue additional common equity to finance our capital expenditures, it could be dilutive to our existing shareholders

Managing our expansion and integrating acquisitions may strain our resources and reduce our cash flow.

Expanding our business may impose significant strains on our management, operating systems and financial resources. The pursuit and integration of newly constructed towers in addition to future acquisitions, investments, joint ventures and strategic alliances will require substantial attention from our senior management, which will limit the amount of time available to devote to our existing operations.

From January 1, 2000 to December 31, 2000, our work force increased from approximately 600 to approximately 1,000 employees. This growth has placed, and will likely continue to place, a substantial strain on our administrative, operational and financial resources. In addition, as part of our business strategy, we may acquire complementary businesses such as telecommunications services companies or expand into new businesses. Acquisitions involve a number of potential risks, including the potential loss of customers, and the inability to productively combine disparate company cultures and facilities or manage operating sites in geographically diverse markets. We may not be able to manage our growth successfully. Our management, personnel or operational and financial control systems may not be adequate to support expanded or complementary operations. Any of these inabilities or inadequacies could cause a significant increase in our expenses and reduce our cash flow.

We are subject to numerous regulations that may prevent, delay, or increase the cost of building or operating towers.

Extensive local, state and federal regulations may prevent, delay or increase the cost of building or operating towers. Before we can build a new tower, either for a wireless communications carrier or for our own account, we must receive approval under local regulations. Local regulations include city or other local ordinances, zoning restrictions and restrictive covenants imposed by community developers. These regulations vary greatly, but typically require tower owners to obtain approval from local officials or community standards organizations prior to tower construction. In addition, as the concern over tower proliferation has grown in recent years, certain communities have placed restrictions on new tower construction or have delayed granting permits required for construction. If we cannot receive local governmental approvals or if it is expensive or time consuming to obtain these approvals, then our results of operations will be negatively impacted.

Both the FCC and FAA regulate towers and other sites used for wireless communications transmitters and receivers. Wireless communications devices operating on towers are separately regulated and independently licensed based upon the particular frequency used.

The construction or modification of communication sites is also subject to the National Environmental Policy Act, which requires additional review of any tower that may have a significant effect upon the quality of the human environment. In addition, the operation of our towers is subject to federal, state and local environmental laws and regulations regarding the use, storage, disposal, emission, release and remediation of hazardous and non-hazardous substances, materials or wastes. Under certain of these environmental laws, we could be held strictly liable for the remediation of hazardous substance contamination at our facilities or at third party waste disposal sites, and could also be held liable for any personal or property damage related to the contamination.

Our estimates regarding our growth rate and our anticipated financial performance include the costs of complying with these regulations, as they currently exist. If new regulations are introduced or existing regulations are modified it could increase our cost of operations and decrease our cash flow.

If demand for wireless communication services decreases, our revenue will be adversely affected.

Substantially all of our customers to date have been providers of wireless communications services. If demand for wireless communication services decreases, our revenue growth will be, and our revenue may be, adversely affected. Demand for both our site leasing and site development services is dependent on demand for communication sites from wireless service providers, which, in turn, is dependent on the demand for wireless services. A slowdown in the growth of, or reduction in demand in, a particular wireless communication segment could adversely affect the demand for communication sites. Most types of wireless services currently require ground-based network facilities, including communication sites for transmission and reception. The extent to which wireless service providers lease these communication sites depends on a number of factors beyond our control, including:

- the level of demand for wireless services;
- the financial condition and access to capital of wireless service providers;
- the strategy of wireless service providers with respect to owning or leasing communication sites;
- government licensing of broadcast rights; and
- changes in telecommunications regulations and general economic conditions.

In addition, wireless voice service providers frequently enter into roaming agreements with competitors allowing them to use another's wireless communications facilities to accommodate customers who are out of range of their home provider's services. Wireless voice service providers may view these roaming agreements as a superior alternative to leasing antenna space on communications sites owned or controlled by us. The proliferation of these roaming agreements could have a material adverse effect on our revenue.

We depend on a relatively small number of customers for most of our revenue.

We derive a significant portion of our revenue from a small number of customers that vary at any given time, particularly in the site development services side of our business. The loss of any significant customer could have a material adverse effect on our revenue.

Following is a list of significant customers and the percentage of total revenues derived from such customers:

	For the years ended December 31,	
	2000	1999
	(% of revenue)	
Sprint	10.7	17.3
Cingular	less than 10.0	12.5

Our site development customers engage us on a project-by-project basis, and a customer can generally terminate an assignment at any time without penalty. In addition, a customer's need for site development services can decrease, and we may not be successful in establishing relationships with new customers. Moreover, our existing customers may not continue to engage us for additional projects.

The substantial majority of our existing carrier directives under build-to-suit programs are from Alamosa PCS, AT&T Wireless, Georgia PCS, Horizon PCS, and TeleCorp PCS.

Due to the long-term expectations of revenue from tenant leases, the tower industry is very sensitive to the creditworthiness of its tenants. Wireless service providers often operate with substantial leverage, and financial problems for our customers could result in uncollected accounts receivable, in the loss of customers and the associated lease revenues, or in a reduced ability of these customers to finance expansion activities. In July 2000, PageNet, one of our site leasing customers, filed for bankruptcy. For the year ended December 31, 2000, PageNet constituted less than 5% our total revenues. PageNet has continued to make all payments due to us under their lease agreements.

If we commence international operations in the future it could strain our resources and negatively affect our growth strategy and revenue.

We are currently evaluating international opportunities and we would like to begin operating internationally if we find an opportunity we believe is appropriate to pursue. We may commence international operations at any time. Initiating international operations may strain our resources and negatively affect our growth strategy and revenue. If we commence international operations, we will be subject to various political, economic and other uncertainties, including:

- difficulties and costs of staffing and managing international operations;
- different technology standards;
- fluctuations in currency exchange rates or the implementation of currency exchange controls;
- political and economic instability;
- unexpected changes in regulatory requirements; and
- potentially adverse tax consequences.

Any of these factors could delay or preclude our ability to generate revenue in any international markets that we may enter. Accordingly, we cannot assure that if we begin international operations our strategies will prove to be effective or that management's goals will be achieved.

Our towers are subject to damage from natural disasters.

Our towers are subject to risks associated with natural disasters such as tornadoes, hurricanes and earthquakes. We maintain insurance to cover the estimated cost of replacing damaged towers, but these insurance policies are subject to caps and deductibles. We also maintain third party liability insurance to protect us in the event of an accident involving a tower. A tower accident for which we are uninsured or underinsured, or damage to a tower or group of towers could require us to make significant capital expenditures and may have a material adverse effect on our operations.

New technologies may have a material adverse effect on our growth rate and results of operations.

The emergence of new technologies could reduce the demand for space on our towers. This could have a material adverse effect on our growth rate and results of operations. For example, the FCC has granted license applications for several low-earth orbiting satellite systems that are intended to provide mobile voice and data services. Although these systems are highly capital intensive and have only begun to be tested, mobile satellite systems could compete with land-based wireless communications systems. In addition, products are currently being developed which may permit multiple wireless carriers to use a single antenna, or to increase the range and capacity of an antenna.

Steven E. Bernstein controls the outcome of shareholder votes.

Steven E. Bernstein, our Chairman and Chief Executive Officer, controls 100% of the outstanding shares of Class B common stock. As of March 15, 2001, Mr. Bernstein controlled approximately 57% of the total voting power of both classes of our common stock. As a result, Mr. Bernstein has the ability to control the outcome of all matters determined by a vote of our common shareholders when voting together as a single class, including the election of all of our directors.

The loss of the services of certain of our executive officers may negatively affect our business.

Our success depends to a significant extent upon the continued services of Steven E. Bernstein, our Chairman and Chief Executive Officer, Jeffrey A. Stoops, our President, Ronald G. Bizick, II, our Executive Vice President and Chief Operating Officer-U.S. Site Development, and John Marino, our Senior Vice President and Chief Financial Officer. The loss of the services of any of Messrs. Bernstein, Stoops, Bizick or Marino may have a material adverse effect on our business. Each of Messrs. Bizick and Stoops has an employment agreement. We do not have an employment agreement with Messrs. Bernstein or Marino. Mr. Bernstein's compensation and other terms of employment are determined by the Board of Directors.

If we are unable to attract, retain or manage skilled employees it could have a material adverse effect on our business.

Our business, particularly site development services, involves the delivery of professional services and is labor-intensive. The loss of a significant number of employees, our inability to hire a sufficient number of qualified employees or adequately develop and motivate the skilled employees we have hired could have a material adverse effect on our business. We compete with other wireless communications firms and other enterprises for employees with the skills required to perform our services. We cannot assure you that we will be able to attract and retain a sufficient number of highly-skilled employees in the future or that we will continue to be successful in training, retaining and motivating employees.

Our dependence on our subsidiaries for cash flow may negatively affect our business.

We are a holding company with no business operations of our own. Our dependence on our subsidiaries for cash flow may have a material adverse effect on our operations. Our only significant asset is and is expected to be the outstanding capital stock of our subsidiaries. We conduct, and expect to conduct, all of our business operations through our subsidiaries. Accordingly, our only source of cash to pay our obligations is distributions from our subsidiaries of their net earnings and cash flow. We currently expect that the earnings and cash flow of our subsidiaries will be retained and used by them in their operations, including servicing their debt obligations, except as necessary to be distributed to us to cover holding company expenses including interest payments on our 10¼% senior notes. Even if our subsidiaries determined to make a distribution to us, applicable state law and contractual restrictions, including any dividend covenants contained in any new senior credit facility we may obtain in the future, may restrict or prohibit these dividends or distributions.

Future issuances of our stock may cause dilution.

As part of the consideration for our acquisitions, we sometimes agree to issue additional shares of Class A common stock if the towers or businesses that we acquire meet or exceed certain earnings or new tower targets in the 1-3 years after they have been acquired. As of December 31, 2000, we had the obligation to issue approximately 300,000 additional shares of Class A common stock if the earnings targets identified in various acquisition agreements are met.

ITEM 2. PROPERTIES

We are headquartered in Boca Raton, Florida, where we currently lease approximately 32,000 square feet of space. In 2000, we entered into a new agreement to lease 75,000 square feet of space in Boca Raton, Florida. We expect to terminate our old lease and occupy the new facility in the fourth quarter of 2001. We have entered into long-term leases for regional and Network Services office locations where we expect our activities to be longer-term. We open and close project offices from time to time in connection with our site development business, and offices for new tower build projects are generally leased for periods not to exceed 18 months. Our interests in towers are comprised of a variety of fee interests, leasehold interests created by long-term lease agreements, private easements, easements and licenses or rights-of-way granted by government entities. Please refer to "Site Leasing Business" for a listing of the locations of our owned towers.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to the vote of security holders during the fourth quarter of fiscal 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Class A common stock commenced trading under the symbol SBAC on the Nasdaq National Market System ("Nasdaq") on June 16, 1999. The following table presents trading information for the Class A common stock for the periods indicated, since June 16, 1999, on the Nasdaq:

	High	Low
June 16, 1999—June 30, 1999	$10.25	$ 7.75
Quarter ended September 30, 1999	$15.38	$ 9.06
Quarter ended December 31, 1999	$18.75	$ 9.44
Quarter ended March 31, 2000	$54.75	$16.50
Quarter ended June 30, 2000	$57.00	$31.50
Quarter ended September 30, 2000	$55.88	$37.00
Quarter ended December 31, 2000	$55.25	$30.88

As of March 15, 2001, there were 211 record holders of the Class A common stock, and two record holders of the Class B common stock.

This Company has not paid a dividend on any class of common stock and anticipates that it will retain future earnings, if any, to fund the development and growth of its business. We do not anticipate paying cash dividends on any of our common stock in the foreseeable future. In addition, the Company is restricted under the 12% senior discount notes and the 10¼% senior notes from paying dividends or making distributions and repurchasing, redeeming or otherwise acquiring any shares of common stock except under certain circumstances. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Notes to Consolidated Financial Statements.

ITEM 6. SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth selected historical financial data as of and for the years ended December 31, 2000, 1999, 1998, 1997, and 1996, that has been derived from, and is qualified by reference to, our audited financial statements. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes thereto included elsewhere in this report.

	Years ended December 31,				
	2000	1999	1998	1997	1996
	(dollars in thousands, except per share and tower data)				
OPERATING DATA:					
Revenues:					
Site development	$ 115,892	$ 60,570	$ 46,705	$ 48,241	$60,276
Site leasing	52,014	26,423	12,396	6,759	4,530
Total revenues	167,906	86,993	59,101	55,000	64,806
Cost of revenues (exclusive of depreciation shown below):					
Cost of site development	88,892	45,804	36,500	31,470	39,822
Cost of site leasing	19,502	12,134	7,281	5,356	3,638
Total cost of revenues	108,394	57,938	43,781	36,826	43,460
Gross profit	59,512	29,055	15,320	18,174	21,346
Selling, general and administrative(a)	27,799	19,784	18,302	12,033	17,754
Depreciation and amortization	34,831	16,557	5,802	514	160
Operating income (loss)	(3,118)	(7,286)	(8,784)	5,627	3,432
Interest and other (expense) income, net	(24,564)	(26,378)	(12,641)	236	(132)
(Provision) benefit for income taxes(b)	(1,233)	223	1,524	(5,596)	(1,320)
Extraordinary item	—	(1,150)	—	—	—
Net income (loss)	(28,915)	(34,591)	(19,901)	267	1,980
Dividends on preferred stock	—	733	(2,575)	(983)	—
Net (loss) income available to common shareholders	$ (28,915)	$ (33,858)	$ (22,476)	$ (716)	$ 1,980
Basic and diluted loss per common share before extraordinary item	$ (0.70)	$ (1.71)	$ (2.64)	$ (0.09)	
Extraordinary item	—	(0.06)	—	—	
Basic and diluted loss per common share	$ (0.70)	$ (1.77)	$ (2.64)	$ (0.09)	
Basic and diluted weighted average number of shares of common stock	41,156,312	19,156,027	8,526,052	8,075,000	
OTHER DATA:					
EBITDA(c)	$ 32,026	$ 9,582	$ (2,377)	$ 7,155	$10,603
Annualized tower cash flow(d)	31,056	18,692	8,088	1,946	991
Capital expenditures(e)	494,053	226,570	138,124	17,676	145
Cash provided by (used in):					
Operating activities	47,516	23,134	7,471	7,829	1,215
Investing activities	(445,280)	(208,870)	(138,124)	(17,676)	(145)
Financing activities	409,613	162,124	151,286	15,645	(1,036)
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 14,980	$ 3,131	$ 26,743	$ 6,109	$ 311
Property and equipment, net	765,815	338,892	150,946	17,829	632
Total assets	948,818	429,823	214,573	44,797	18,060
Total debt(f)	284,273	320,767	182,573	10,184	4,921
Redeemable preferred stock	—	—	33,558	30,983	—
Common stockholders' equity (deficit)	538,160	48,582	(26,095)	(4,344)	(102)

	Years ended December 31,				
	2000	1999	1998	1997	1996
	(dollars in thousands, except per share and tower data)				
TOWER DATA:					
Towers owned at the beginning of period	1,163	494	51	—	—
Towers constructed	779	438	310	15	—
Towers acquired	448	231	133	36	—
Towers owned at the end of period	2,390	1,163	494	51	—

(a) For the year ended December 31, 2000, selling, general and administrative expense included non-cash compensation expense of $0.3 million in connection with stock option and restricted stock activity. For the year ended December 31, 1999, selling, general and administrative expenses included non-cash compensation expense of $0.3 million incurred in connection with the issuance of stock options and Class A common stock. For the year ended December 31, 1998, selling, general and administrative expenses included non-cash compensation expense of $0.6 million incurred in connection with stock option activity.

(b) Provision for income taxes for the year ended December 31, 1997 included the tax effect of our conversion to a C corporation. For 1996, the provision for income tax represents a pro forma calculation (40%) as we were treated as an S Corporation under Subchapter S of the Internal Revenue Code of 1986, as amended.

(c) EBITDA represents earnings (loss) before interest income, interest expense, other income, income taxes, depreciation and amortization and the non-cash compensation expense referred to in footnote (a) above. EBITDA is commonly used in the telecommunications industry to analyze companies on the basis of operating performance, leverage and liquidity. EBITDA is not intended to represent cash flows for the periods presented, nor has it been presented as an alternative to operating income or as an indicator of operating performance and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States. Companies calculate EBITDA differently and, therefore, EBITDA as presented by us may not be comparable to EBITDA reported by other companies. See our Consolidated Statements of Cash Flows in our Consolidated Financial Statements included in this filing.

(d) We define "tower cash flow" as site leasing revenue less cost of site leasing revenue (exclusive of depreciation). We believe tower cash flow is useful because it allows you to compare tower performance before the effect of expenses (selling, general and administrative) that do not relate directly to tower performance. We define "annualized tower cash flow" as tower cash flow for the last calendar quarter attributable to our site leasing business multiplied by four.

(e) Includes the value of Class A common stock issued in connection with acquisitions.

(f) For 1996, total debt does not include amounts owed to the shareholder of $0.1 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are a leading independent owner and operator of wireless communications towers in the United States. We generate revenues from our two primary businesses, site leasing and site development. In our site leasing business, we lease antenna space on towers and other structures that we own or manage for others. The towers that we own have either been built by us at the request of a carrier or built or acquired based on our own initiative. In our site development business, we offer wireless service providers assistance in developing their own networks, including designing a network with full signal coverage, identifying and acquiring locations to place their antennas, obtaining zoning approvals, building towers when necessary and installing their antennas. Since our founding in 1989, we have participated in the development of more than 15,000 antenna sites in 49 of the 51 major wireless markets in the United States.

Site Leasing Services

In 1997, we began aggressively expanding our site leasing business by capitalizing on our nationally recognized site development experience and strong relationships with wireless service providers to take advantage of the trends toward independent tower ownership and co-location, which is the placement of multiple antennas on one tower. As of December 31, 2000, we owned or controlled 2,390 towers with 5,548 tenants, or 2.3 tenants per tower. In addition, we had agreements to acquire 677 towers. We also had carrier directives to build over 600 additional towers and had, in various phases of development, over 1,000 locations which we had internally identified as desirable locations on which to build a tower.

We believe our history and experience in providing site development services gives us a competitive advantage in choosing the most attractive locations on which to build new towers or buy existing towers, as measured by our success in increasing tower revenues and cash flows. Our same tower revenue growth at December 31, 2000 on the 1,163 towers we owned as of December 31, 1999 was 34%, based on tenant leases signed and revenues annualized as of December 31, 2000. We signed 261 new tenant leases in the quarter ended December 31, 2000 on the 1,950 towers we owned at the beginning of the quarter, at an average initial monthly rent of $1,567. Our annualized rate of tenants added per tower, on a broadband equivalent basis, was .55, .64, .59, .56 for each of the last four quarters. A broadband equivalent basis is calculated by dividing total lease revenue by $1,500, an industry benchmark for monthly tower rent per tenant. We believe that our annualized rate of new tenants added per tower per quarter is among the highest in the industry.

We have focused our capital expenditures on building new towers and acquiring existing towers. In general, we have chosen to build rather than buy the substantial majority, 65%, of our towers because we believe the economics of building are more favorable. To date, our average construction cost of a new tower is approximately $250,000, while we believe the industry's average acquisition cost of a new tower over the last two years has been approximately $400,000.

While we have focused primarily on building new towers for growth, we have also acquired 848 towers as of December 31, 2000. We seek to acquire towers where we can increase cash flow to substantially reduce the tower cash flow multiple paid at acquisition through additional tenant leases. The 848 tower acquisitions to date were completed at an aggregate purchase price of $323.9 million, which averages to a price of approximately $382,000 per tower. In addition to what we have already acquired, we are actively negotiating to acquire existing towers. In September 2000, we entered into an agreement to acquire 275 existing towers from TeleCorp PCS, Inc. (TeleCorp). The acquisition price of each tower will be $327,500. The tower acquisition agreement is subject to our satisfactory completion of our review of the business, financial and legal aspects of towers that may be acquired, and other items. On March 16 2001, the Company paid $66.5 million to purchase 203 towers under the TeleCorp agreement. We anticipate that we will close on the remaining 72 towers in the second quarter of 2001. In December 2000, we entered into an agreement with US Unwired to purchase a total of 300 towers. We purchased 127 towers in December 2000, and expect to purchase the remaining 173 towers in the second quarter of 2001, for approximately $54.1 million. As of December 31, 2000, we had agreements to acquire 677 towers in 33 separate transactions for an aggregate purchase price of approximately $218.5 million, including the TeleCorp and US Unwired agreements. These acquisitions are subject to a number of conditions and may or may not occur.

Site Development Services

Our site development business consists of two segments, site development consulting and site development construction, through which we provide wireless service providers a full range of end-to-end services. In the consulting segment of our site development business, we offer clients the following services: (1) network pre-design; (2) identification of potential locations for towers and antennas; (3) support in buying or leasing of the location; and (4) assistance in obtaining zoning approvals and permits. In the construction segment of our site development business we provide a number of services, including the following: (1) tower and related site construction; (2) switch construction; and (3) antenna installation.

We believe that our total site development business will grow with the expected overall growth of wireless and other telecommunications networks. We anticipate that site development construction revenues will continue to exceed site development consulting revenues. We also believe that our site leasing revenues will grow as wireless service providers continue to lease antenna space on our towers and the number of towers we own or control grows.

RESULTS OF OPERATIONS

As we continue our transition into site leasing, operating results in prior periods may not be meaningful predictors of future prospects. You should be aware of the dramatic changes in the nature and scope of our business when reviewing the ensuing discussion of comparative historical results. We expect that the acquisitions consummated to date and any future acquisitions, as well as our new tower builds, will have a material impact on future revenues, expenses and net loss. Revenues, cost of revenues, selling, general and administrative expenses, depreciation and amortization, interest income and interest expense each increased significantly in the year ended December 31, 2000 as compared to 1999, and some or all of those items may continue to increase significantly in future periods. We believe that our new tower build programs may have a material effect on future financial results, which effect will probably be negative until such time, if ever, as the newly constructed towers attain higher levels of tenant use.

Year Ended 2000 Compared to Year Ended 1999

Total revenues increased 93.0% to $167.9 million for 2000 from $87.0 million for 1999. Total site development revenue increased 91.3% to $115.9 million in 2000 from $60.6 million in 1999 due to an increase in both site development construction revenue and site development consulting revenue. Site development construction revenue increased 115.1% to $91.6 million for 2000 from $42.6 million for 1999, due to the inclusion of Network Services for an entire year, as well as higher levels of activity. Site development consulting revenue increased 35.0% to $24.3 million for 2000 from $18.0 million for 1999, due to the increased demand for site acquisition and zoning services from wireless communications carriers. Site leasing revenue increased 96.8% to $52.0 million for 2000 from $26.4 million for 1999, due to tenants added to our towers and the substantially greater number of towers in our portfolio during 2000 as compared to 1999.

Total cost of revenues increased 86.9% to $108.4 million for 2000 from $57.9 million for 1999. Site development cost of revenue increased 93.9% to $88.9 million in 2000 from $45.8 million in 1999 due to higher site development revenues. Site development consulting cost of revenue increased 25.8% to $15.6 million for 2000 from $12.4 million for 1999, reflecting higher site development consulting revenues. Site development construction cost of revenue increased 119.2% to $73.2 million for 2000 from $33.4 million for 1999, due to higher site development construction revenues which resulted primarily from the inclusion of Network Services for an entire year. Site leasing cost of revenue increased 60.7% to $19.5 million for 2000 from $12.1 million for 1999, due primarily to the increased number of towers owned.

Gross profit increased to $59.5 million for 2000 from $29.1 million for 1999, due to increased site development and site leasing revenues. Gross profit from site development increased 82.9% to $27.0 million in 2000 from $14.8 million in 1999 due to higher site development revenues. Gross profit margins for site development decreased in 2000 to 23.3% from 24.4% in 1999 due to a greater relative amount of lower margin site development construction business. Gross profit margin on site development consulting increased to 35.6% for 2000 from 30.9% for 1999. This increase is attributable to a change in the mix of our business to include more multi-purpose projects producing both site development revenue and build-to-suit towers. Gross profit margin on site development construction decreased to 20.1% for 2000 from 21.6% in 1999 due to an increase in the use of subcontractor labor. Gross profit for the site leasing business increased 127.5% in 2000 from 54.1% in 1999. The increased gross profit was due to the substantially greater number of towers owned and the greater average revenue per tower in the 2000 period. The increase in gross margin was due to additional tenants added to our towers and the resulting increase in average revenue per tower, which was greater than the increase in average expenses. As a percentage of total revenues, gross profit increased to 35.4% of total revenues in 2000 from 33.4% in 1999 due primarily to increased levels of higher margin site leasing gross profit.

Selling, general and administrative expenses increased 40.5% to $27.8 million for 2000 from $19.8 million for 1999. The increase in selling, general and administrative expenses represents the addition of offices, personnel and other infrastructure necessary to support our continued growth, as well as increased developmental expenses associated with our higher levels of new tower builds and acquisition activities. As a percentage of total revenue, selling, general and administrative expenses decreased to 16.6% for 2000 from 22.7% in 1999.

Depreciation and amortization increased to $34.8 million for 2000 as compared to $16.6 million for 1999. This increase was directly related to the increased amount of fixed assets, primarily towers, we owned in 2000 as compared to 1999.

Operating loss decreased to $(3.1) million for the year ended 2000 from $(7.3) million in 1999 as a result of the increased gross profit in 2000. Other expense, net, decreased to $(24.6) million for the year ended 2000 from $(26.4) million for the year ended 1999. The decrease is attributable to higher interest income on increased cash balances which more than offset an increase in interest expense. The increase in interest expense is due to increased interest associated with the senior credit facility, amortization of deferred financing charges and original issue discount, partially offset by increased interest capitalization as a result of increased construction activity. The extraordinary item in 1999 of $(1.1) million relates to the write-off of deferred financing fees associated with a prior bank credit agreement. Net loss was $(28.9) million for the year ended 2000 as compared to net loss of $(33.9) million for the year ended 1999.

Earnings (loss) before interest income, interest expense, other income, income taxes, depreciation and amortization and non-cash compensation expense ("EBITDA") increased 234.2% to $32.0 million for the year ended 2000 from $9.6 million for the year ended 1999. The following table provides a reconciliation of EBITDA to net loss to common shareholders:

	Years ended December 31,	
	2000	1999
	(in thousands)	
EBITDA	$ 32,026	$ 9,582
Interest expense, net of amount capitalized	(30,885)	(27,307)
Interest income	6,253	881
(Provision) benefit for income taxes	(1,233)	223
Depreciation and amortization	(34,831)	(16,557)
Other income	68	48
Non-cash compensation expense	(313)	(311)
Extraordinary item	—	(1,150)
Preferred stock dividend reversal	—	733
Net loss to common shareholders	$(28,915)	$(33,858)

Year Ended 1999 Compared to Year Ended 1998

Total revenues increased 47.2% to $87.0 million for 1999 from $59.1 million for 1998. Total site development revenue increased 29.7% to $60.6 million in 1999 from $46.7 million in 1998 due to an increase in site development construction revenue, which more than offset a decline in site development consulting revenue. Site development construction revenue increased 121.3% to $42.6 million for 1999 from $19.3 million for 1998, due to the acquisition of Network Services on April 30, 1999 as well as higher levels of activity. Site development consulting revenue decreased 34.6% to $18.0 million for 1999 from $27.4 million for 1998, due primarily to the decreased demand for site acquisition and zoning services from PCS licensees, as well as the increasing acceptance by wireless carriers of outsourced communication site infrastructure through build-to-suit programs where site acquisition and zoning services are provided by the tower owner. Site leasing revenue increased 113.2% to $26.4 million for 1999 from $12.4 million for 1998, due to a substantial number of revenue producing towers added during the period through new builds and acquisitions as well as the addition of new tenants on existing towers.

EBITDA increased to $9.6 million for the year ended 1999 from $(2.4) million for the year ended 1998. The following tables provides a reconciliation of EBITDA to net loss to common shareholders:

	Years ended December 31,	
	1999	1998
	(in thousands)	
EBITDA	$ 9,582	$ (2,377)
Interest expense, net of amount capitalized	(27,307)	(16,907)
Interest income	881	4,303
Benefit for income taxes	223	1,524
Depreciation and amortization	(16,557)	(5,802)
Other income (expense)	48	(38)
Non-cash compensation expense	(311)	(604)
Extraordinary item	(1,150)	—
Preferred stock dividend (accrual) reversal	733	(2,575)
Net loss to common shareholders	$(33,858)	$(22,476)

LIQUIDITY AND CAPITAL RESOURCES

SBA Communications Corporation is a holding company with no business operations of its own. Our only significant asset is the outstanding capital stock of our subsidiaries. We conduct all of our business operations through our subsidiaries. Accordingly, our only source of cash to pay our obligations, other than financings, is distributions with respect to our ownership interest in our subsidiaries from the net earnings and cash flow generated by these subsidiaries. Even if we decided to pay a dividend on or make a distribution of the capital stock of our subsidiaries, we cannot assure you that our subsidiaries will generate sufficient cash flow to pay a dividend, distribute funds, pay interest or principal on the 10¼% senior notes entered into in 2001, or the 12% senior discount notes or that we will be permitted to pay any dividends under the terms of any new debt facility.

Net cash provided by operations during the year ended December 31, 2000 was $47.5 million as compared to $23.1 million in 1999. This increase was primarily attributable to the increase in revenues. Net cash used in investing activities for year ended December 31, 2000 was $445.3 million compared to $208.9 million for the year ended December 31, 1999. This increase was primarily attributable to a higher level of tower acquisitions and new build activity in 2000 versus 1999. Net cash provided by financing activities for the year ended December 31, 2000 was $409.6 million compared to $162.1 million for the year ended December 31, 1999. The increase in net cash provided by financing activities in 2000 was attributable to our equity offerings of Class A common stock which closed in February and August 2000, and borrowings under our revolving credit facility.

Our balance sheet reflected negative working capital of $(27.5) million as of December 31, 2000 and negative working capital of $(20.9) million as of December 31, 1999. This is primarily due to the timing of certain accrued expenses related to our business operations and our use of a revolving credit facility to satisfy short term liquidity needs as opposed to carrying large cash balances.

In February 2000, we completed an offering of 9.0 million shares of our Class A common stock. We raised gross proceeds of $243.0 million, which produced net proceeds of approximately $229.5 million, after deduction of the underwriting discount and offering expenses. We used $70.5 million of these net proceeds to repay all revolving credit loans under the senior credit facility. Remaining proceeds were used for the construction and acquisition of towers and for general working capital purposes. Additionally, in February 2000 the managing underwriters of the offering exercised and closed on their over-allotment option to purchase an additional 1.4 million shares of our Class A common stock from certain shareholders. We did not receive any proceeds as a result of this exercise.

In July 2000, we filed a universal shelf registration statement on Form S-3 registering the sale of up to $500.0 million of any combination of the following securities: Class A common stock, preferred stock, debt securities, depositary shares, or warrants. In August 2000, we completed an offering under this universal shelf of 5.8 million shares of our Class A common stock, including shares issued upon the exercise of the over-allotment option. We raised gross proceeds of $247.3 million, which produced net proceeds of approximately $236.0 million, after deduction of the underwriting discount and offering expenses. We used $25.0 million of these net proceeds to repay a portion of the term loans under the senior credit facility. Remaining proceeds were used for the construction and acquisition of towers and general working capital purposes. As of the date of this report, we may issue any combination of the registered securities with an aggregate offering price of up to $252.7 million under this universal shelf registration statement.

In February 2001, the Company closed on $500.0 million 10¼% senior notes due 2009, which produced net proceeds of approximately $484.2 million after deducting offering expenses. The Company used $105.0 million of these proceeds to repay all borrowings under the senior credit facility and terminated the senior credit agreement. On March 16, 2001, the Company used $66.5 million of the remaining proceeds to purchase 203 towers under the TeleCorp agreement. We intend to use approximately $23.6 million of the remaining proceeds to purchase the remaining 72 towers under the TeleCorp agreement and approximately $54.1 million to purchase 173 towers from US Unwired. Remaining proceeds will be used to finance the construction and acquisition of additional towers and related businesses and for general working capital purposes. Interest on these notes is payable on February 1 and August 1 of each year, beginning August 1, 2001. The 10¼% senior notes are unsecured and are *pari passu* in right of payment with the Company's other existing and future senior indebtedness. The 10¼% senior notes place certain restrictions on, among other things, the incurrance of debt and liens, issuance of preferred stock, payment of dividends or other distributions, sale of assets, transactions with affiliates, sale and leaseback transactions, certain investments and our ability to merge or consolidate with other entities.

Our cash capital expenditures for the year ended December 31, 2000 were $445.3 million, and for the year ended December 31, 1999, were $208.9 million. We currently plan to make total cash capital expenditures during the year ending December 31, 2001 of at least $400.0 million to $450.0 million, including up to $175.0 million for the acquisition of up to 548 towers we may acquire from TeleCorp and US Unwired. Substantially all of these planned capital expenditures are expected to be funded by the proceeds of our $500.0 million 10¼% senior note offering completed in February 2001, cash on hand and cash flow from operations. The exact amount of our future capital expenditures will depend on a number of factors including acquisition opportunities that become available during the period, the needs of our build-to-suit customers and the availability to us of additional debt or equity capital on acceptable terms. In the event that we do not have sufficient liquidity when an acquisition or construction opportunity arises, we would be required to seek additional debt or equity financing. Failure to obtain any such financing could require us to significantly reduce our planned capital expenditures and scale back the scope of our tower construction activities or acquisitions, either of which could have a material adverse effect on our projected financial condition or results of operations. In addition we may need to refinance all or a portion of our indebtedness (including our 10¼% senior notes and our 12% senior discount notes) on, or prior to, scheduled maturity. Our ability to make scheduled payments of principal, or to pay interest on, our debt obligations, and our ability to refinance any such debt obligations (including the 10¼% senior notes or the 12% senior discount notes), or to fund planned capital expenditures, will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We have on file with the Securities and Exchange Commission shelf registration statements on Form S-4 registering up to a total of 3,000,000 shares of Class A common stock that we may issue in connection with the acquisition of wireless communication towers or companies that provide related services at various locations in the United States. During the year ended December 31, 2000, we issued 723,246 shares of Class A common stock under these registration statements in connection with ten acquisitions. As of December 31, 2000, we had 2,276,754 shares of Class A common stock remaining on these shelf registration statements.

In addition to the issuance under the shelf registration statements, on September 30, 2000, we issued 400,000 restricted shares of Class A common stock to the former shareholders of Network Services, in accordance with the terms of the acquisition agreement.

At December 31, 2000, our senior credit facility, as amended, consisted of a $50.0 million term loan and a $225.0 million revolving line of credit. Availability under the senior credit facility was determined by a number of factors, including the number of towers built by us with anchor tenants on the date of completion, the financial performance of our towers, the financial performance of our site development segment, as well as by other financial covenants, financial ratios and other conditions. At December 31, 2000, we had the $50.0 million term loan outstanding under the senior credit facility at a 10.06% variable rate and $25.0 million outstanding under the revolving credit facility at a 10.75% variable rate. In the first quarter of 2001, we used proceeds from the issuance of the 10¼% senior notes to repay all amounts outstanding under the senior credit facility, and terminated the facility.

Accordingly, the Company wrote off deferred financing fees related to the senior credit facility and will record a $4.8 million extraordinary loss in the first quarter of 2001 in connection with the termination of this facility. At December 31, 2000, we had $209.0 million outstanding on our 12% senior discount notes, net of unamortized original issue discount of $60.0 million. The 12% senior discount notes mature on March 1, 2008.

INFLATION

The impact of inflation on our operations has not been significant to date. However, we cannot assure you that a high rate of inflation in the future will not adversely affect our operating results.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks which are inherent in our financial instruments. These instruments arise from transactions entered into in the normal course of business, and in some cases relate to our acquisition of related businesses. During the year ended December 31, 2000 we were subject to interest rate risk on our senior credit facility. At December 31, 2000 our fixed rate debt consisted primarily of the accreted balance of the 12% senior discount notes. In the future, we may be subject to increased rate risk on any senior credit facility we may enter into and any other further financings.

The following table presents the future principal payment obligations and weighted average interest rates associated with our existing long-term debt instruments, assuming our actual level of long-term indebtedness:

	2001	2002	2003	2004	2005	Thereafter
Long-term debt:						
Fixed rate (12.0%)	—	—	—	—	—	$269,000,000
Term loan, $50.0 million, variable rate (10.06% at December 31, 2000)	—	$ 500,000	$ 500,000	$ 500,000	$ 48,500,000	—
Revolving loan, variable rate (10.75% at December 31, 2000)	$2,500,000	$5,000,000	$7,500,000	$10,000,000	—	—
Notes Payable, variable rates (2.9% to 8.8675% at December 31, 2000)	$ 106.222	$ 50,176	$ 550,176	$ 25,088	—	—

Our primary market risk exposure relates to (1) the interest rate risk on long-term and short-term borrowings, (2) our ability to refinance our 12% senior discount notes at maturity at market rates, (3) the impact of interest rate movements on our ability to meet interest expense requirements and exceed financial covenants and (4) the impact of interest rate movements on our ability to obtain adequate financing to fund future acquisitions. We manage the interest rate risk on our outstanding long-term and short-term debt through our use of fixed and variable rate debt. While we cannot predict or manage our ability to refinance existing debt or the impact interest rate movements will have on our existing debt, we continue to evaluate our financial position on an ongoing basis.

In February 2001 the Company closed $500.0 million of its 10¼% senior notes due 2009, and used a portion of the proceeds to repay all amounts outstanding under the senior credit facility and terminated the facility.

Senior Discount Note Disclosure Requirements

The indenture governing our 12% senior discount notes require certain financial disclosures for restricted subsidiaries separate from unrestricted subsidiaries and the disclosure to be made of Tower Cash Flow, as defined in the indenture, for the most recent fiscal quarter and Adjusted Consolidated Cash Flow, as defined in the indenture, for the most recently completed four-quarter period. As of December 31, 2000 we had no unrestricted subsidiaries. Tower cash flow, as defined in the indenture, for the quarter ended December 31, 2000 was $7.8 million. Adjusted Consolidated Cash Flow for the year ended December 31, 2000 was $39.1 million.

Special Note Regarding Forward Looking Statements

This annual report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Discussions containing forward-looking statements may be found in the material set forth in this section and under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview" and "Business," as well as in the annual report generally.

These statements concern expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this annual report contains forward-looking statements regarding:

- our strategy to transition the primary focus of our business from site development services toward the site leasing business, including our intent to make strategic acquisitions of towers and tower companies;
- anticipated trends in the site development industry and its effect on our revenues and profits;
- our estimates regarding the future development of the site leasing industry and its effect on our site leasing revenues;
- our plan to continue to construct and acquire tower assets and the resulting effect on our revenues, capital expenditures, expenses and net income;
- our ability to successfully consummate letters of intent or definitive agreements for newly built towers or acquisitions of existing towers and the resulting effect on our financial operations;
- our estimate of the amount of capital expenditures for twelve months ending December 31, 2001 that will be required for the construction or acquisition of towers; and
- our intention to fund capital expenditures for the twelve months ending December 31, 2001 from the net proceeds from our February 2001, 10¼% senior note offering, cash on hand and cash flow from operations.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to secure as many site leasing tenants as planned;
- our ability to maintain and expand our site leasing business and our site development business;
- our ability to complete construction of new towers on a timely and cost-efficient basis, including our ability to successfully address zoning issues, carrier design changes, changing local market conditions and the impact of adverse weather conditions;
- our ability to identify and acquire new towers, the ability to obtain third party consents, and the satisfactory resolution of any due diligence review of potential acquisitions;
- our ability to retain current lessees on newly acquired towers;
- our ability to realize economies of scale for newly acquired towers;
- the continued dependence on towers by the wireless communications industry;
- our ability to compete effectively for new tower opportunities and site development services in light of increased competition; and
- our ability to enter into a new senior credit facility and raise substantial additional financing to expand our tower holdings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data for the Company are on pages F-1 through F-21.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The items required by Part III, Item 10, are incorporated herein by reference from the Registrant's Proxy Statement for its 2001 Annual Meeting of Shareholders to be filed on or before April 30, 2001.

ITEM 11. EXECUTIVE COMPENSATION

The items required by Part III, Item 11 are incorporated herein by reference from the Registrant's Proxy Statement for its 2001 Annual Meeting of Shareholders to be filed on or before April 30, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The items required by Part III, Item 12 are incorporated herein by reference from the Registrant's Proxy Statement for its 2001 Annual Meeting of Shareholders to be filed on or before April 30, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The items required by Part III, Item 13 are incorporated herein by reference from the Registrant's Proxy Statement for its 2001 Annual Meeting of Shareholders to be filed on or before April 30, 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

(1) Financial Statements

See "Item 8. Financial Statements and Supplementary Data" for Financial Statements included with this Annual Report on Form 10-K.

(2) Financial Statement Schedules

Report of Independent Certified Public Accountants on Schedule

Schedule II—Valuation and Qualifying Accounts

See "Item 8. Financial Statements and Supplementary Data" for Financial Statements Schedules included with this Annual Report on Form 10-K.

All other schedules have been omitted because they are not required, not applicable, or the information is otherwise set forth in the financial statements or notes thereto.

(3) Exhibits

Exhibit No.	Description of Exhibits
3.4	—Fourth Amended and Restated Articles of Incorporation of SBA Communications Corporation.(2)
3.5	—Amended and Revised By-Laws of SBA Communications Corporation.(2)
4.1	—Indenture, dated as of March 2, 1998, between SBA Communications Corporation and State Street Bank and Trust Company, as trustee, relating to $269,000,000 in aggregate principal amount at maturity of 12% Senior Discount Notes due 2008.(1)
4.3	—Specimen Certificate of 12% Senior Discount Note due 2008 (included in Exhibit 4.1)
10.1	—SBA Communications Corporation Registration Rights Agreement dated as of March 5, 1997, among the Company, Steven E. Bernstein, Ronald G. Bizick, II and Robert Grobstein.(1)
10.1	—SBA Communications Corporation Registration Rights Agreement dated as of March 6 1997, among the Company and the Preferred Shareholders, as defined therein.(1)
10.8	—Agreement and Plan of Merger, dated as of March 31, 1999, between the Company, Com-Net Construction Services, Inc., Daniel J. Eldridge and Eldridge Family Limited Partnership.(2)
10.81	—First Amendment to Agreement and Plan of Merger, dated as of April 30, 1999 between the Company, Com-Net Construction Services Inc., Daniel J. Eldridge and Eldridge Family Limited Partnership.(2)
10.9	—Purchase Agreement dated as of March 31, 1999, between the Company, Com-Net Development Group, LLC., Daniel J. Eldridge and Tammy W. Eldridge.(2)
10.91	—First Amendment to Purchase Agreement, dated as of April 30, 1999, between the Company, Com-Net Development Group, LLC., Daniel J. Eldridge and Tammy W. Eldridge.(2)
10.10	—Employment Agreement dated as of January 1, 1997, between the Company and Ronald G. Bizick, II.(1)
10.12	—Employment Agreement dated as of March 14, 1997, between the Company and Jeffrey A. Stoops.(1)
10.15	—Employment Agreement dated as of June 15, 1998, between the Company and Michael N. Simkin.(1)
10.22	—Agreement to Build to Suit and to Lease, dated as of October 30, 1998, by and among BellSouth Personal Communications, Inc., for itself and as general partner of BellSouth Carolinas PCS, L.P., SBA Towers, Inc. and SBA, Inc.(2)
10.23	—1996 Stock Option Plan.(2)
10.24	—1999 Equity Participation Plan.(2)
	—1999 Stock Purchase Plan.(2)
10.26	—Second Amended and Restated Credit Agreement dated as of December 16, 1999, by and among SBA Communications Corporation, SBA Telecommunications, Inc., the several banks and financial institutions or entities from time to time parties thereto, Lehman Brothers, Inc., General Electric Capital Corporation, Toronto Dominion (Texas), Inc., Barclays Bank PLC, and Lehman Commercial Paper, Inc.(3)
10.27	—Incentive Stock Option Agreement, dated as of September 5, 2000, between SBA Communications Corporation and Thomas P. Hunt.
10.28	—Restricted Stock Agreement, dated as of September 5, 2000, between SBA Communications Corporation and Thomas P. Hunt.

Exhibit No.	Description of Exhibits
10.29	—Employment Agreement dated as of September 5, 2000, between the Company and Thomas P. Hunt.
10.30	—Purchase Agreement, dated as of September 15, 2000, by and among TeleCorp Realty, LLC, TeleCorp Puerto Rico Realty, Inc., TeleCorp Communications, Inc., SBA Towers, Inc. and SBA Telecommunications, Inc.
10.31	—Asset Purchase Agreement, dated as of December 18, 2000, by and between Louisiana Unwired L.L.C. and SBA Properties, Inc.
21	—Subsidiaries.
23.1	—Consent of Arthur Andersen LLP.

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(1) Incorporated by reference to the Registration Statement on Form S-4 previously filed by the Registrant (Registration no. 333-50219).

(2) Incorporated by reference to the Registration Statement on Form S-1 previously filed by the Registrant (Registration no. 333-76547).

(3) Incorporated by reference to the Registration Statement on Form S-3 previously filed by the Registrant (Registration no. 333-94175).

(b) Reports on Form 8-K:

(1) The Company filed a report on Form 8-K on October 17, 2000. In this report, the Company reported, under Item 5, certain operational results. Under Item 7, the Company included the related press release.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boca Raton, State of Florida on March 30, 2001.

SBA COMMUNICATIONS CORPORATION

By: /s/ STEVEN E. BERNSTEIN

Steven E. Bernstein
Chairman of the Board of Directors
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ STEVEN E. BERNSTEIN Steven E. Bernstein	Chairman of the Board of Directors, Chief Executive Officer (Principal Executive Officer)	March 30, 2001
/s/ JEFFREY A. STOOPS Jeffrey A. Stoops	President and Director (Principal Executive Officer)	March 30, 2001
/s/ JOHN MARINO John Marino	Chief Financial Officer (Principal Financial Officer)	March 30, 2001
/s/ PAMELA J. KLINE Pamela J. Kline	Chief Accounting Officer (Principal Accounting Officer)	March 30, 2001
/s/ DONALD B. HEBB, JR. Donald B. Hebb, Jr.	Director	March 30, 2001
/s/ C. KEVIN LANDRY C. Kevin Landry	Director	March 30, 2001
/s/ ROBERT S. PICOW Robert S. Picow	Director	March 30, 2001
/s/ RICHARD W. MILLER Richard W. Miller	Director	March 30, 2001

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To SBA Communications Corporation:

We have audited the accompanying consolidated balance sheets of SBA Communications Corporation (a Florida corporation) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SBA Communications Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

West Palm Beach, Florida,
February 20, 2001 (except with respect to the matters discussed in Note 16, as to which the date is March 16, 2001).

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,980,046	$ 3,130,912
Accounts receivable, net of allowances of $2,117,344 and $785,299 in 2000 and 1999, respectively	47,704,256	22,644,777
Prepaid and other current assets	5,968,475	4,946,561
Costs and estimated earnings in excess of billings on uncompleted contracts	13,583,513	2,888,963
Total current assets	82,236,290	33,611,213
Property and equipment, net	765,814,824	338,891,513
Intangible assets, net	83,386,959	53,616,887
Other assets	17,380,027	3,703,613
Total assets	$948,818,100	$429,823,226
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 76,944,232	$ 40,655,950
Accrued expenses	13,503,843	6,094,669
Current portion—notes payable	2,606,222	50,176
Due to shareholder	—	2,500,000
Billings in excess of costs and estimated earnings on uncompleted contracts	5,942,241	1,600,981
Other current liabilities	10,714,397	3,654,584
Total current liabilities	109,710,935	54,556,360
Long-term liabilities:		
Deferred tax liabilities, net	18,444,566	7,950,454
Senior discount notes payable	209,041,552	186,041,542
Notes payable	72,625,440	132,175,616
Other long-term liabilities	835,276	517,007
Total long-term liabilities	300,946,834	326,684,619
Commitments and contingencies (see Note 13)		
Shareholders' equity:		
Common stock-Class A par value $.01 (100,000,000 shares authorized), 40,989,044 and 21,546,737 shares issued and outstanding in 2000 and 1999, respectively	409,890	215,467
Common stock-Class B par value $.01 (8,100,000 shares authorized), 5,455,595 and 7,644,264 shares issued and outstanding in 2000 and 1999, respectively	54,556	76,443
Additional paid-in capital	627,370,391	109,049,538
Accumulated deficit	(89,674,506)	(60,759,201)
Total shareholders' equity	538,160,331	48,582,247
Total liabilities and shareholders' equity	$948,818,100	$429,823,226

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31,		
	2000	1999	1998
Revenues:			
Site development	$115,892,303	$ 60,569,614	$ 46,704,641
Site leasing	52,013,366	26,423,121	12,396,268
Total revenues	167,905,669	86,992,735	59,100,909
Cost of revenues (exclusive of depreciation and amortization shown below):			
Cost of site development	88,892,376	45,804,553	36,499,980
Cost of site leasing	19,501,959	12,133,678	7,280,786
Total cost of revenues	108,394,335	57,938,231	43,780,766
Gross profit	59,511,334	29,054,504	15,320,143
Operating expenses:			
Selling, general and administrative	27,798,589	19,783,547	18,302,226
Depreciation and amortization	34,831,394	16,556,533	5,802,090
Total operating expenses	62,629,983	36,340,080	24,104,316
Operating loss	(3,118,649)	(7,285,576)	(8,784,173)
Other income (expense):			
Interest income	6,253,015	881,338	4,303,277
Interest expense, net of capitalized interest	(4,878,327)	(5,244,373)	(1,196,544)
Non-cash amortization of original issue discount and debt issuance costs	(26,006,270)	(22,063,495)	(15,710,370)
Other	68,191	47,912	(37,591)
Total other expense	(24,563,391)	(26,378,618)	(12,641,228)
Loss before (provision) benefit for income taxes and extraordinary item	(27,682,040)	(33,664,194)	(21,425,401)
(Provision) benefit for income taxes	(1,233,265)	222,656	1,524,306
Net loss before extraordinary item	(28,915,305)	(33,441,538)	(19,901,095)
Extraordinary item, write-off of deferred financing fees	—	(1,149,954)	—
Net loss	(28,915,305)	(34,591,492)	(19,901,095)
Dividends on preferred stock	—	733,403	(2,575,000)
Net loss to common shareholders	$(28,915,305)	$(33,858,089)	$(22,476,095)
Basic and diluted loss per common share before extraordinary item	$ (0.70)	$ (1.71)	$ (2.64)
Extraordinary item	—	(0.06)	—
Basic and diluted loss per common share	$ (0.70)	$ (1.77)	$ (2.64)
Basic and diluted weighted average number of shares of common stock	41,156,312	19,156,027	8,526,052

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000

	Common Stock						
	Class A		Class B		Additional Paid-In Capital	Accumulated Deficit	Total
	Number	Amount	Number	Amount			
BALANCE, December 31, 1997	—	$ —	8,075,000	$80,750	$ —	$ (4,425,017)	$ (4,344,267)
Exercise of stock options	775,961	7,760	—	—	37,316	—	45,076
Issuance of common stock as executive compensation	104,961	1,049	—	—	504,005	—	505,054
Non-cash compensation adjustment	—	—	—	—	174,810	—	174,810
Net loss	—	—	—	—	—	(19,901,095)	(19,901,095)
Preferred stock dividends	—	—	—	—	—	(2,575,000)	(2,575,000)
BALANCE, December 31, 1998	880,922	8,809	8,075,000	80,750	716,131	(26,901,112)	(26,095,422)
Initial public offering of common stock, net of issuance costs	11,300,000	113,000	—	—	93,519,852	—	93,632,852
Non-cash compensation adjustment	—	—	—	—	311,265	—	311,265
Preferred stock dividends	—	—	—	—	—	(1,345,500)	(1,345,500)
Preferred stock conversion/redemption	8,050,000	80,500	—	—	(80,500)	2,078,903	2,078,903
Shares received for repayment of shareholder loan	—	—	(430,736)	(4,307)	(3,872,319)	—	(3,876,626)
Common stock issued in connection with acquisitions	1,100,000	11,000	—	—	17,689,000	—	17,700,000
Exercise of employee stock options/common stock issued in connection with employee stock purchase plan	215,815	2,158	—	—	766,109	—	768,267
Net loss	—	—	—	—	—	(34,591,492)	(34,591,492)
BALANCE, December 31, 1999	21,546,737	215,467	7,644,264	76,443	109,049,538	(60,759,201)	48,582,247
Offering of common stock, net of issuance costs	14,750,000	147,500	—	—	464,896,249	—	465,043,749
Common stock issued in connection with acquisitions	1,123,246	11,232	—	—	48,761,658	—	48,772,890
Non-cash compensation adjustment	—	—	—	—	312,788	—	312,788
Exercise of employee stock options/common stock issued in connection with employee stock purchase plan	1,003,005	10,030	—	—	4,353,932	—	4,363,962
Issuance of restricted stock	20,000	200	—	—	(200)	—	—
Conversion of Class B to Class A	2,188,669	21,887	(2,188,669)	(21,887)	—	—	—
Exercise of warrants	357,387	3,574	—	—	(3,574)	—	—
Net loss	—	—	—	—	—	(28,915,305)	(28,915,305)
BALANCE, December 31, 2000	40,989,044	$409,890	5,455,595	$54,556	$627,370,391	$(89,674,506)	$538,160,331

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(28,915,305)	$(34,591,492)	$(19,901,095)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	34,831,394	16,556,533	5,802,090
Provision for doubtful accounts	1,663,174	492,101	282,463
Provision for deferred taxes	—	—	(141,061)
Non-cash amortization of original issue discount and debt issuance costs	26,006,270	22,063,495	15,829,460
Non-cash compensation expense	312,788	311,265	174,810
Interest on shareholder notes	—	(91,858)	(223,462)
Write-off of deferred financing fees	—	1,149,954	—
Changes in operating assets and liabilities:			
(Increase) decrease in-			
Accounts receivable	(25,193,131)	(3,623,719)	(1,863,999)
Prepaid and other current assets	(929,465)	1,531,234	(4,998,412)
Costs and estimated earnings in excess of billings on uncompleted contracts	(10,029,079)	(1,422,186)	(480,736)
Other assets	(14,478,524)	(4,169,648)	(5,970,258)
Increase (decrease) in:			
Accounts payable	35,341,548	22,314,456	12,264,937
Accrued expenses	7,054,520	1,237,401	1,439,836
Deferred tax liabilities	10,494,112	(36,728)	4,147,248
Other current liabilities	7,378,082	603,745	1,518,096
Other long-term liabilities	—	—	381,567
Billings in excess of costs and estimated earnings on uncompleted contracts	3,979,951	809,136	(790,162)
Total adjustments	76,431,640	57,725,181	27,372,417
Net cash provided by operating activities	47,516,335	23,133,689	7,471,322
CASH FLOWS FROM INVESTING ACTIVITIES:			
Tower acquisitions, net of cash received and other capital expenditures	(445,280,127)	(208,870,025)	(138,123,784)
Net cash used in investing activities	(445,280,127)	(208,870,025)	(138,123,784)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds of common stock offerings, net of issuance costs	465,043,749	93,632,852	—
Proceeds from notes payable, net of financing fees	11,000,000	173,573,876	28,500,000
Repayment on notes payable	(70,794,785)	(73,026,087)	(21,593,054)
Proceeds from senior discount notes payable, net of financing fees	—	—	143,829,239
Issuance of common stock	—	—	505,054
Proceeds from exercise of stock options and employee stock purchase plan	4,363,962	768,267	45,075
Redemption of Series A redeemable preferred stock	—	(32,824,930)	—
Net cash provided by financing activities	409,612,926	162,123,978	151,286,314
Net increase (decrease) in cash and cash equivalents	11,849,134	(23,612,358)	20,633,852

(continued)

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	For the years ended December 31,		
	2000	1999	1998
CASH AND CASH EQUIVALENTS:			
Beginning of year	3,130,912	26,743,270	6,109,418
End of year	$ 14,980,046	$ 3,130,912	$26,743,270
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest, including amounts capitalized	$ 8,411,348	$ 5,940,096	$ 423,302
Taxes	$ 1,995,863	$ 665,622	$ 2,378,510
NON-CASH ACTIVITIES:			
Accrual (reversal) of dividends on Series A redeemable preferred stock	$ —	$ (733,403)	$2,575,000
Note receivable—shareholder	$ —	$ 3,876,626	$ —
Exchange of Series B preferred stock for common stock	$ —	$ 80,500	$ —
ACQUISITION SUMMARY:			
Assets acquired	$ 63,049,041	$ 32,281,360	$ —
Liabilities assumed	$ (2,197,157)	$ (6,666,726)	$ —
Common stock issued	$(48,772,890)	$(17,700,000)	$ —

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

SBA Communications Corporation (the "Company" or "SBA") was incorporated in the State of Florida in March, 1997. The Company holds all of the outstanding capital stock of SBA Telecommunications, Inc. ("Telecommunications"). Telecommunications holds all of the capital stock of SBA Towers, Inc. ("Towers"), SBA, Inc., SBA Leasing, Inc., and SBA Network Services, Inc. ("Network Services" f/k/a Com-Net Construction Services, Inc.). These companies own all of the outstanding capital stock of certain other tower and construction companies.

Towers and its subsidiaries own and operate transmission towers in various parts of the United States. Space on these towers is leased primarily to wireless communications carriers.

SBA, Inc. provides comprehensive turnkey services for the telecommunications industry in the areas of site development services for wireless carriers. Site development services provided by SBA, Inc. include site identification and acquisition, contract and title administration, zoning and land use permitting, construction management and microwave relocation.

SBA Leasing, Inc. ("Leasing") leases antenna tower sites from owners and then subleases such sites to wireless telecommunications providers.

Network Services and its subsidiaries are engaged in the construction and repair of transmission towers, including hanging of antennae, cabling and associated tower components.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

a. Basis of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

b. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The more significant estimates made by management include the allowance for doubtful accounts receivable, the costs and revenue relating to the Company's site development and construction contracts, valuation allowance on deferred tax assets, and the economic useful lives of towers. Actual results could differ from those estimates.

c. Cash and Cash Equivalents

The Company classifies as cash and cash equivalents all interest-bearing deposits or investments with original maturities of three months or less, and highly liquid short-term commercial paper.

d. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. Maintenance and repair items are expensed as incurred.

Interest is capitalized in connection with the construction of towers. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Approximately $3.5 million and $1.6 million of interest cost was capitalized in 2000 and 1999, respectively.

e. Intangible Assets

Intangible assets are comprised of costs paid in excess of the fair value of assets acquired ("Goodwill") and amounts paid related to covenants not to compete, deferred financing fees and deferred lease costs. Goodwill is being amortized over periods which range from 7 to 40 years. The covenants not to compete are being amortized over the terms of the contracts, which range from 1 to 10 years. Amortization expense was $3.6 million, $1.1 million and $0.3 million for the years ended December 31, 2000, 1999 and 1998, respectively. Accumulated amortization totaled approximately $5.0 million and $1.4 million at December 31, 2000 and 1999.

f. Deferred Financing Fees

Financing fees related to the issuance of long-term debt and the 12% senior discount notes, and the related original issue discount on the 12% senior discount notes, have been deferred and are being amortized using a method that approximates the effective interest rate method over the length of indebtedness to which they relate.

g. Deferred Lease Costs

The Company defers certain initial direct costs associated with new leases and amortizes these costs over the initial lease term, generally five years. Total costs deferred were approximately $1.1 million in both 2000 and 1999.

h. Impairment of Long-Lived Assets

Statement of Financial Accounting Standards No. 121 ("SFAS 121") *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of* requires that long-lived assets, including certain identifiable intangibles, and the goodwill related to those assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. Management has reviewed the Company's long-lived assets and has determined that there are no events requiring impairment loss recognition.

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of intangible assets or whether the remaining balance of intangible assets should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the intangible assets in assessing whether an impairment occurred. The Company measures impairment loss as the amount by which the carrying amount of the asset exceeds the fair value of the assets.

i. Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, which includes cash and cash equivalents, accounts receivable, prepaid expenses, notes receivable, accounts payable, accrued expenses and notes payable, approximates fair value due to the short maturity of those instruments. The Company's 12% senior discount notes are publicly traded and were trading based on an 11.81% yield at December 31, 2000, indicating a fair value of the notes of approximately $211.2 million. The carrying value of the discount notes is approximately $209.0 million at December 31, 2000.

j. Revenue Recognition

Revenue from tower leasing is recorded monthly on a straight-line basis over the life of the related lease agreements. Revenue for Leasing is recorded on a monthly basis at billed contractual amounts. Rental amounts received in advance are recorded in other liabilities.

Site development projects in which the Company performs consulting services include contracts on a time and materials basis or a fixed price basis. Time and materials based contracts are billed at contractual rates as the services are rendered. For those site development contracts in which the Company performs work on a fixed price basis, site development billing (and revenue recognition) is based on the completion of agreed upon phases of the project on a per site basis. Upon the completion of each phase on a per site basis, the Company recognizes the revenue related to that phase. Revenue related to services performed on uncompleted phases of site development projects was not recorded by the Company at the end of the reporting periods presented as it was not material to the Company's results of operations. Any estimated losses on a particular phase of completion are recognized in the period in which the loss becomes evident. Site development projects generally take from 3 to 12 months to complete.

Revenue from construction projects is recognized on the percentage-of-completion method of accounting, determined by the percentage of cost incurred to date compared to management's estimated total anticipated cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts. These amounts are based on estimates, and the uncertainty inherent in the estimates initially is reduced as work on the contracts nears completion. The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents expenses incurred and revenues recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "*Revenue Recognition in Financial Statements.*" SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company's revenue recognition policy is in accordance with the provisions of SAB 101. Adoption of the provisions of SAB 101 did not have a material impact on the Company's consolidated financial position.

Costs of site development project revenue and construction revenue include all direct material costs, salaries and labor costs, including payroll taxes, subcontract labor, vehicle expense and other costs directly related to the projects. All costs related to site development projects and construction projects are recognized as incurred. Costs of site leasing revenue include rent, maintenance and other tower expenses. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined to be probable.

k. Selling, General and Administrative Expenses

Selling, general and administrative expenses represent those costs incurred which are related to the administration or management of the Company. Also included in this category are corporate development expenses which represent costs incurred in connection with proposed acquisitions, and new build activities where a capital asset is not produced, and expansion of the customer base. The above costs are expensed as incurred.

l. Income Taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* ("SFAS No. 109"). SFAS No. 109 requires the Company to recognize deferred tax liabilities and assets for the expected future income tax consequences of events that have been recognized in the Company's consolidated financial statements. Deferred tax liabilities and assets are determined based on the temporary differences between the consolidated financial statements carrying amounts and the tax base of assets and liabilities, using enacted tax rates in the years in which the temporary differences are expected to reverse. In assessing the likelihood of utilization of existing deferred tax assets, management has considered historical results of operations and the current operating environment.

m. Reclassifications

Certain reclassifications have been made to the 1999 and 1998 consolidated financial statements to conform to the 2000 presentation.

n. Loss Per Share

Basic and diluted loss per share are calculated in accordance with Statement of Financial Accounting Standards No. 128, *Earnings per Share*. The Company has potential common stock equivalents related to its outstanding stock options. These potential common stock equivalents were not included in diluted loss per share because the effect would have been anti-dilutive. Accordingly, basic and diluted loss per common share and the weighted average number of shares used in the computations are the same for all periods presented. There were 3.1 million, 3.2 million and 1.7 million options outstanding at December 31, 2000, 1999 and 1998, respectively. The computation of basic and fully diluted loss per share is as follows:

	For the years ended December 31,		
	2000	1999	1998
Net loss before extraordinary item	$(28,915,305)	$(33,441,538)	$(19,901,095)
Preferred stock dividend	—	733,403	(2,575,000)
Loss to common stockholders	(28,915,305)	(32,708,135)	(22,476,095)
Weighted average number of shares outstanding	41,156,312	19,156,027	8,526,052
Loss per share	$ (0.70)	$ (1.71)	$ (2.64)

o. Comprehensive Income

During the years ended December 31, 2000, 1999 and 1998, the Company did not have any changes in its equity resulting from non-owner sources and accordingly, comprehensive income was equal to the net loss amounts presented for the respective periods in the accompanying Consolidated Statements of Operations.

3. CURRENT ACCOUNTING PRONOUNCEMENTS

In June 2000, the Financial Accounting Standards Board ("FASB") issued SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS 133*. SFAS 133 established accounting and reporting standards for derivative instruments including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS 138 addresses a limited number of issues causing implementation difficulties for numerous entities that apply SFAS 133 and amends the accounting and reporting standards of SFAS 133 for certain derivative instruments and certain hedging activities. The Company has elected to defer the adoption of both SFAS 133 and SFAS 137, "*Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of SFAS No. 133*," until fiscal 2001. The Company adopted SFAS 138 on January 1, 2001 and there was not a significant impact from the adoption.

In February 2001, the FASB issued a revised Exposure Draft entitled *"Business Combinations and Intangibles Assets — Accounting for Goodwill."* This Exposure Draft, if adopted as proposed, would eliminate the amortization of goodwill against earnings. Instead, it would be written down against earnings only in the periods in which the recorded value of the goodwill is more than its fair value. The FASB is expected to issue a final statement on business combinations and intangible assets in 2001. The adoption of this statement, if issued as proposed, would not have a material impact on our consolidated results of operations.

In March 2000, the FASB issued Interpretation No. 44 ("FIN 44"), "*Accounting for Certain Transactions involving Stock Compensation,*" an interpretation of Accounting Principles Board Opinion No. 25 ("Opinion 25"). FIN 44 clarifies (a) the definition of "employee" for purposes of applying Opinion 25, (b) the criteria for determining whether a plan qualifies as a non-compensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. FIN 44 was generally effective July 1, 2000, and the effects of applying FIN 44 are recognized on a prospective basis from that date. In fiscal year 2000, FIN 44 did not have a material impact on our consolidated financial position, results of operations or cash flow.

4. ACQUISITIONS

On April 30, 1999, the Company acquired all of the issued and outstanding stock of Network Services and issued 780,000 shares of its Class A common stock to the former shareholders of Network Services. The former shareholders of Network Services received $2.5 million in cash and 320,000 additional shares of the Company's Class A common stock in 1999 and an additional 400,000 shares of the Company's Class A common stock in 2000, as certain targets were met. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill and is being amortized on a straight-line basis over a period of 15 years.

During 2000, the Company acquired 448 towers and related assets from various sellers, all of which were individually insignificant to the Company. The aggregate purchase price for these acquisitions for the year ended December 31, 2000 was $174.5 million, which was paid from proceeds from borrowings, equity offerings, cash provided from operations and cash on hand. The historical results of operations of the assets acquired are not material in relation to the Company's consolidated financial statements; accordingly, pro forma financial information has not been presented for 2000.

During 1999, the Company completed 40 acquisitions consisting of 231 towers and related assets from various sellers, all of which were individually insignificant to the Company. The aggregate purchase price for these acquisitions for the year ended December 31, 1999 was $80.9 million, which was paid from cash on hand.

All acquisitions occurring in 2000 and 1999 were accounted for using the purchase method of accounting. The results of operations of the acquired assets are included with those of the Company from the dates of the respective acquisitions.

The unaudited pro-forma results for 1999 have been prepared for comparative purposes only and include certain pro-forma adjustments, such as additional amortization expense as a result of goodwill as if the transactions occurred at the beginning of 1999. The pro-forma results do not purport to be indicative of results that would have occurred had the combination been in effect for the periods presented, nor do they purport to be indicative of the results that will be obtained in the future.

	For the year ended December 31, 1999
Unaudited pro forma revenues	$100,556,580
Unaudited pro forma net loss	$ (34,671,567)
Unaudited pro forma basic and diluted loss per common share	$ (1.77)

5. CONCENTRATION OF CREDIT RISK

The Company's credit risks consist primarily of accounts receivable with national and local wireless communications providers and federal and state government agencies. The Company performs periodic credit evaluations of its customers' financial condition and provides allowances for doubtful accounts as required based upon factors surrounding the credit risk of specific customers, historical trends and other information. Following is a list of significant customers and the percentage of total revenue derived from such customers:

	For the years ended December 31,		
	2000	1999	1998
	(% of revenue)		
Sprint	10.7	17.3	34.0
Bell South	less than 10.0	12.3	19.3
Pacific Bell Mobile Systems	less than 10.0	0.9	10.7

Our site development consulting, site development construction and site leasing segments derive revenue from these customers.

6. PROPERTY AND EQUIPMENT

Property and equipment, consists of the following:

	Estimated useful lives	As of December 31,	
	(Years)	2000	1999
Towers	15	$721,360,967	$329,046,558
Construction in process		69,012,222	18,648,109
Furniture, equipment and vehicles	2–7	19,497,128	7,547,827
Buildings and improvements	5–26	624,659	596,676
Land		10,013,526	6,664,178
		820,508,502	362,503,348
Less: accumulated depreciation and amortization		(54,693,678)	(23,611,835)
Property and equipment, net		$765,814,824	$338,891,513

Construction in process represents costs incurred related to towers which are under development and will be used in the Company's operations.

7. COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following:

	As of December 31,	
	2000	1999
Costs incurred on uncompleted contracts	$48,060,291	$11,259,511
Estimated earnings	9,940,359	2,830,072
Billings to date	(50,359,378)	(12,801,601)
	$ 7,641,272	$ 1,287,982

These amounts are included in the accompanying consolidated balance sheet under the following captions:

	As of December 31, 2000	As of December 31, 1999
Costs and estimated earnings in excess of billings on uncompleted contracts	$13,583,513	$2,888,963
Billings in excess of costs and estimated earnings	(5,942,241)	(1,600,981)
	$ 7,641,272	$1,287,982

8. CURRENT AND LONG-TERM DEBT

Current and long-term debt consists of the following:

	As of December 31, 2000	As of December 31, 1999
Senior credit facility term loans, interest at variable rates (10.06% at December 31, 2000), quarterly installments basedon reduced availability beginning March 31, 2002, maturing December 31, 2005	$ 50,000,000	$ 75,000,000
Senior credit facility revolving loan, interest at a variable rate (10.75% at December 31, 2000), quarterly installments based on reduced availability beginning March 31, 2001, maturing December 31, 2004	25,000,000	57,000,000
12% senior discount notes, net of unamortized original issue discount of $59,958,448 at December 31, 2000, and $82,958,458 at December 31, 1999, unsecured, cash interest payable semi-annually in arrears beginning September 1, 2003, balloon principal payment of $269,000,000 due on March 1, 2008	209,041,552	186,041,542
Notes payable, varying rates (2.9% to 8.8675% at December 31, 2000)	231,662	225,792
	284,273,214	318,267,334
Less: current maturities	(2,606,222)	(50,176)
Long-term debt	$281,666,992	$318,217,158

Senior Credit Facility

On February 5, 1999, the Company, through Telecommunications, entered into a new credit facility (the "senior credit facility") with a syndicate of lenders which replaced and superceded in its entirety the Credit Agreement described below. The senior credit facility originally consisted of a $25.0 million term loan, which was fully funded at closing, and a $100.0 million revolving line of credit. The revolving line of credit was increased to $150.0 million on March 8, 1999 after receiving the requisite consents from the holders of the 12% senior discount notes (the "Notes"). The Company amended the indenture governing the Notes to increase one of the categories of permitted indebtedness from $125.0 million to $175.0 million. The senior credit facility also provides for letter of credit availability. On December 16, 1999, after receiving the requisite consents from the holders of the Notes, the Company amended the indenture governing the Notes to increase one of the categories of indebtedness from $175.0 million to $300.0 million. Simultaneously, Telecommunications amended and restated its existing senior credit facility and received commitments to expand total amounts available under the senior credit facility to $300.0 million. The term loan portion of the senior credit facility was increased to $75.0 million and was fully funded at closing. The revolving loan portion of the senior credit facility was increased to $225.0 million.

Availability under the senior credit facility was determined by a number of factors, including number of towers built by the Company with anchor tenants on the date of completion, the financial performance of the Company's towers, site development and construction segments, as well as by other financial covenants, financial ratios and other conditions. The initial term loan of $25.0 million and the $225.0 million revolving loan were to mature December 31, 2004 with amortization pursuant to a schedule and reduced availability beginning March 31, 2001. The additional term loan of $50.0 million was to mature December 31, 2005 with amortization pursuant to a schedule and reduced availability beginning March 31, 2002. Borrowings under the senior credit facility were to bear interest at the EURO rate plus a margin ranging from 2.25% to 3.50% (determined by a leverage ratio) or "base rate" (as defined in the senior credit facility) plus a margin ranging from 1.25% to 2.50% (determined by a leverage ratio). The senior credit facility was secured by substantially all of the assets of Telecommunications and its direct and indirect subsidiaries, required Telecommunications to maintain certain financial covenants, and placed restrictions on, among other things, the incurrence of debt and liens, dispositions of assets, transactions with affiliates and certain investments.

Subsequent to December 31, 2000 the Company borrowed an additional $30.0 million under the senior credit facility. In addition, subsequent to December 31, 2000 the Company used proceeds from our $500.0 million 10% senior note offering (see Note 16) completed in February 2001, to repay all amounts outstanding under the senior credit facility, and terminated the facility. Accordingly, the Company wrote off deferred financing fees related to the senior credit facility and will record a $4.8 million extraordinary loss in connection with the termination of this facility in the first quarter of 2001.

12% Senior Discount Notes

In March, 1998, the Company closed on $269.0 million 12% senior discount notes due March 1, 2008. The issuance of the Notes netted approximately $150.2 million in proceeds to the Company. The Notes will accrete in value until March 1, 2003 at which time they will have an aggregate principal amount of $269.0 million. Thereafter, interest will accrue on the Notes and will be payable in cash semi-annually in arrears on March 1 and September 1, commencing September 1, 2003. Proceeds from the Notes were used to acquire and construct telecommunications towers as well as for general working capital purposes.

The 12% senior discount notes contain numerous restrictive covenants, including but not limited to covenants that restrict the Company's ability to incur indebtedness, pay dividends, create liens, sell assets and engage in certain mergers and acquisitions. The ability of the Company to comply with the covenants and other terms of the 12% senior discount notes and to satisfy its respective debt obligations will depend on the future operating performance of the Company. In the event the Company fails to comply with the various covenants contained in the 12% senior discount notes it would be in default thereunder, and in any such case, the maturity of a portion or all of its long-term indebtedness could be accelerated.

Bank Credit Agreement

On June 29, 1998, the Company amended and restated its Credit Agreement with a syndicate of banks (the "Credit Agreement"). The amended Credit Agreement provided for revolving credit loans of $55.0 million. Availability was limited based on a minimum number of owned, leased or managed towers and at all times by certain financial conditions and covenants and ratios, and other conditions. The Credit Agreement was scheduled to mature on June 29, 2005. This Credit Agreement was replaced and superceded in its entity by the senior credit facility in February, 1999. Accordingly, deferred financing fees of approximately $1.1 million were written off and are included in the Consolidated Statement of Operations as an extraordinary item.

The Company's long-term debt at December 31, 2000 matures as follows:

2001	$ 2,606,222
2002	5,550,176
2003	8,050,176
2004	10,525,088
2005	48,500,000
Thereafter	209,041,552
Total	$284,273,214

9. RELATED PARTY TRANSACTIONS

The $2,500,000 due to shareholder at December 31, 1999 represents the amount owed to the former shareholders of Network Services as a result of certain earnings targets for 1999 having been met. The amount was paid in full in March 2000.

10. SHAREHOLDERS' EQUITY

a. Redeemable Preferred Stock

In 1997, the Company sold 8,050,000 shares of 4% Series A preferred stock, convertible initially into one share of the Company's Class A common stock and one share of the Company's 4% Series B redeemable preferred stock, to a syndicate of institutional investors. The Series A preferred stock had a conversion price of $3.73 and net proceeds received by the Company from the sale of the shares was approximately $27.0 million (net of approximately $2.4 million of issuance costs charged to retained earnings).

Each holder of Series A preferred stock had the right to convert his or her shares at any time into one share of Class A common stock, subject to certain anti-dilution protection provisions, and one share of Series B preferred stock. The Series A preferred stock automatically converted into Class A common stock and Series B preferred stock upon initial public offering.

The holders of outstanding shares of Series A preferred stock were entitled, in preference to the holders of any and all other classes of capital stock of the Company, to receive, out of funds legally available therefore, cumulative dividends on the Series A preferred stock in cash, at a rate per annum of 4% of the Series A subject to pro-ration for partial years. The liquidation amount equals the sum of $3.73 and any accumulated and unpaid dividends on the Series A preferred stock. Accrued but unpaid dividends on the Series A preferred stock were paid upon the conversion of the Series A preferred stock into Class A common stock and Series B preferred stock. On June 21, 1999, the date of the conversion, accrued dividends of approximately $2.8 million were paid to the holders of the Series A preferred stock. The Company had accrued the preferred stock dividends on the effective interest method over the period from issuance until the scheduled redemption. As a result, in 1999 the Company recorded a reduction in the amount of dividends payable of $0.7 million as a result of the early conversion and redemption prior to the originally scheduled redemption date.

b. Initial Public Offering

On June 21, 1999, the Company completed an initial public offering of 10.0 million shares of its Class A common stock. The Company raised gross proceeds of $90.0 million which produced net proceeds, after deduction of the underwriting discount and offering expenses, of $82.8 million. The Company used approximately $32.8 million of these net proceeds to pay all outstanding dividends on all outstanding shares of the Company's Series A preferred stock and to redeem all shares of the Company's Series B preferred stock. The Company also used $46.0 million to repay all revolving credit loans under the senior credit facility. Remaining proceeds were used for the construction and acquisition of towers and for general working capital purposes.

On July 19, 1999, the managing underwriters of the Company's initial public offering exercised and closed on their over-allotment option to purchase 1.3 million shares of Class A common stock. The Company received net proceeds of approximately $10.9 million from the sales of shares, which were sold at the initial public offering price of $9.00 per share. These net proceeds were also used for the construction and acquisition of towers and for general working capital purposes.

c. Offering of Common Stock

In February 2000, the Company completed an equity offering of 9.0 million shares of its Class A common stock. The Company raised gross proceeds of $243.0 million, which produced net proceeds of approximately $229.5 million, after deduction of the underwriting discount and offering expenses. The Company used $70.5 million of these net proceeds to repay all revolving credit loans under the senior credit facility. Remaining proceeds were used for the construction and acquisition of towers and for general working capital purposes.

In February 2000, the managing underwriters of the equity offering exercised and closed on their over-allotment option to purchase an additional 1.4 million shares of the Company's Class A common stock. Certain shareholders along with the Company had granted this option to the underwriters in connection with the equity offering. These certain shareholders satisfied from their shareholdings the exercise of the over-allotment option in full, resulting in no proceeds to the Company as a result of this exercise.

In July 2000, the Company filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission registering the sale of up to $500.0 million of any combination of the following securities: Class A common stock, preferred stock, debt securities, depositary shares, or warrants. In August 2000, the Company drew down $247.3 million under this universal shelf in connection with an offering of 5.8 million shares of its Class A common stock, including 750,000 shares issued upon the exercise of the managing underwriter's over-allotment option. From this offering, the Company raised gross proceeds of $247.3 million, which produced net proceeds of approximately $236.0 million, after deduction of the underwriting discount and offering expenses. The Company used $25.0 million of these net proceeds to repay a portion of the term loans under the senior credit facility. Remaining proceeds were used for the construction and acquisition of towers and general working capital purposes. As of December 31, 2000, the Company may issue under this universal shelf registration statement, any combination of the registered securities, with an aggregate offering price of up to $252.7 million.

d. Registration of Additional Shares in the Year Ended 2000

During 2000, the Company filed two shelf registration statements on Form S-4 with the Securities and Exchange Commission registering an aggregate 3.0 million shares of its Class A common stock. These shares may be issued in connection with acquisitions of wireless communication towers or companies that provide related services at various locations in the United States. During the year ended December 31, 2000, the Company issued 723,246 shares of its Class A common stock pursuant to these registration statements in connection with ten acquisitions. Subsequent to December 31, 2000, the Company issued 277,202 shares under these registration statements for one acquisition. As of the date of this report, the Company may issue up to 1,999,552 additional shares under these registration statements.

e. Exercise of Warrants

In February 2000, the holders of warrants exercised, pursuant to a cashless option, warrants issued in 1997 to purchase 402,500 shares of SBA's Class A common stock at an exercise price of $3.73 per share. Pursuant to the cashless exercise option, the Company issued 357,387 shares of Class A common stock and the holders surrendered warrants to purchase 45,113 additional shares as consideration.

f. Issuance of Common Stock

On September 30, 2000, the Company issued 400,000 restricted shares of Class A common stock to the former shareholders of Network Services in accordance with the terms of the acquisition.

g. Issuance of Restricted Stock

In September 2000, the Company granted 20,000 shares of Class A common stock pursuant to the Company's 1999 Equity Participation Plan. These restricted shares have a three year vesting period. Deferred compensation representing the fair value of the shares on the date of grant was recorded as an adjustment to additional paid in capital and compensation expense is being recognized over the vesting period.

h. Employee Stock Purchase Plan

In 1999, the Board of Directors of the Company adopted the 1999 Stock Purchase Plan (the "Purchase Plan"). A total of 500,000 shares of Class A common stock are reserved for purchase under the Purchase Plan. The Purchase Plan permits eligible employee participants to purchase Class A common stock at a price per share which is equal to the lesser of 85% of the fair market value of the Class A common stock on the first or the last day of an offering period. As of December 31, 2000, 59,369 shares had been purchased by employees under the Purchase Plan.

11. STOCK OPTIONS AND WARRANTS

In 1996, certain of the Company's senior executives terminated existing employment, incentive and option agreements in exchange for new employment agreements and immediately exercisable options to purchase 1,425,000 shares of Class A common stock. All of the options are exercisable at $.05 per share. As of December 31, 2000, 248,764 of the initial options remain outstanding.

The Company has two stock option plans (the 1996 Stock Option Plan and the 1999 Equity Participation Plan), whereby options (both non-qualified and incentive stock options), stock appreciation rights and restricted stock may be granted to directors, employees and consultants. A total of 6,300,000 shares of Class A common stock were initially reserved for issuance under these plans. At December 31, 2000, 1,856,135 shares remained for future issuance. These options generally vest over three or four year periods from the date of grant. The Company accounts for these plans under APB Opinion No. 25, under which compensation cost is not recognized on those issuances where the exercise price equals or exceeds the market price of the underlying stock on the grant date.

During 1998, 208,419 options to purchase Class A common stock were granted under the 1996 Stock Option Plan at exercise prices which the Company believed were below market value. Also during 1998, the Company granted 104,961 shares of Class A common stock to two executives and recorded non-cash compensation expense which represented the fair value of the shares on the date of grant.

During 1999, 881,157 options to purchase Class A common stock were granted under the 1999 Equity Participation Plan which the Company believed were below market value at the time of grant. All other option grants were at or above market value at the time of grant. The Company recorded non-cash compensation expense of $312,788, $311,265 and $678,815 for the years ended December 31, 2000, 1999 and 1998, respectively.

As required by FASB Statement No. 123 ("SFAS 123"), for those options which the Company granted at or above fair market value, the Company has determined the pro-forma effect of the options granted had the Company accounted for stock options granted under the fair value method of SFAS 123. The Black-Scholes option pricing model was used with the following assumptions for 1999 and 1998; risk free interest rate of 12%, dividend yield of 0%; expected volatility of .001% and expected lives of three years. For 2000 the following assumptions were used; risk free interest rate of 10%, dividend yield of 0%, volatility of 86%, and expected lives of three years. Had compensation cost for the stock option plan been determined based on fair value at the date of grant in accordance with SFAS 123, the Company's pro-forma net loss would have totaled $(38,277,115), $(40,198,079) and $(20,156,126) and pro-forma loss per share would have been $(0.93), $(2.10) and $(2.36) for the years ended December 31, 2000, 1999 and 1998, respectively. The effect of applying SFAS 123 in this pro-forma disclosure is not necessarily indicative of future results.

A summary of the status of the Company's stock option plans including their weighted average exercise price is as follows:

	2000		1999		1998	
	Shares	Price	Shares	Price	Shares	Price
Outstanding at beginning of year	3,177,194	$ 7.11	1,660,016	$ 2.12	1,797,292	$0.96
Granted	1,001,493	36.87	1,740,935	11.12	799,019	2.81
Exercised/redeemed	(973,569)	3.95	(183,520)	2.63	(775,961)	0.05
Forfeited/canceled	(115,462)	24.99	(40,237)	3.90	(160,334)	2.63
Outstanding at end of year	3,089,656	$16.97	3,177,194	$ 7.11	1,660,016	$2.12
Options exercisable at end of year	1,172,564	$ 6.29	1,211,829	$ 3.24	723,883	$1.45
Weighted average fair value of options granted during the year		$36.91		$11.12		$1.81

Option groups outstanding at December 31, 2000 and related weighted average exercise price and remaining life, in years, information are as follows:

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
Range of Exercise Price	Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Exercisable	Weighted Average Exercise Price
\$ 0.00—\$ 0.05	248,764	5.0	\$ 0.05	248,764	\$ 0.05
\$ 2.63—\$ 4.00	484,687	7.2	\$ 2.66	335,661	\$ 2.67
\$ 8.00—\$ 9.75	718,269	3.9	\$ 8.14	352,655	\$ 8.06
\$10.88—\$15.25	704,747	8.9	\$15.19	232,284	\$15.21
\$18.75	5,200	8.7	\$18.75	0	\$ —
\$27.00—\$30.88	250,282	8.5	\$27.08	3,000	\$27.00
\$32.38—\$36.38	61,500	9.2	\$35.52	0	\$ —
\$37.06—\$41.94	497,907	9.4	\$40.40	200	\$37.25
\$43.00—\$46.88	91,600	9.4	\$44.18	0	\$ —
\$50.06—\$51.94	26,700	9.4	\$50.54	0	\$ —
	3,089,656	7.2	\$16.97	1,172,564	\$ 6.29

12. INCOME TAXES

The provision (benefit) for income taxes in the consolidated statements of operations consists of the following components:

	For the years ended December 31, 2000	1999	1998
Current provision (benefit) for taxes:			
Federal income tax	\$ —	\$(1,255,510)	\$(1,729,384)
Foreign income tax	—	231,462	65,731
State income tax	1,233,265	801,392	280,408
Total	\$1,233,265	\$ (222,656)	\$(1,383,245)
Deferred provision (benefit) for taxes:			
Federal income tax	(8,156,398)	(9,460,748)	(123,429)
State income tax	(1,173,180)	(1,597,838)	(17,632)
Increase in valuation allowance	9,329,578	11,058,586	—
Total	\$1,233,265	\$ (222,656)	\$(1,524,306)

A reconciliation of the provision (benefit) for income taxes at the statutory U.S. Federal tax rate (34%) and the effective income tax rate is as follows:

	For the years ended December 31, 2000	1999	1998
Statutory Federal expense (benefit)	\$(9,401,014)	\$(11,836,810)	\$(7,284,636)
State income tax	39,656	(525,654)	(784,569)
Foreign tax	—	540,744	(40,120)
Other	235,611	540,478	261,824
Goodwill amortization	1,029,434	—	—
Valuation allowance	9,329,578	11,058,586	6,323,195
	\$1,233,265	\$(222,656)	\$(1,524,306)

The components of the net deferred income tax asset (liability) accounts are as follows:

	As of December 31,	
	2000	1999
Allowance for doubtful accounts	$ 868,421	$ 314,120
Deferred revenue	2,958,100	1,175,516
Other	208,261	288,057
Valuation allowance	(4,034,782)	(1,777,693)
Current deferred tax liabilities	$ —	$ —
Original issue discount	$ 22,596,166	$ 13,580,162
Net operating loss	15,938,424	3,819,561
Employee stock compensation	—	1,772,652
Book vs. tax depreciation	(26,869,448)	(11,651,792)
Other	1,057,995	201,383
Valuation allowance	(31,167,703)	(15,672,420)
Non-current deferred tax liabilities	$(18,444,566)	$(7,950,454)

In connection with the acquisition of certain towers during 2000 and 1999, the Company recorded deferred tax liabilities and goodwill of $10.5 million and $4.6 million, respectively, related to the book/tax basis differences in the acquired towers.

The Company has recorded a valuation allowance for deferred tax assets as management believes that it is not "more likely than not" that the Company will be able to generate sufficient taxable income in future periods to recognize the assets.

13. COMMITMENTS AND CONTINGENCIES

a. Operating Leases

The Company is obligated under various non-cancelable operating leases for land, office space, vehicles and equipment, and site leases that expire at various times through September, 2093. The annual minimum lease payments under non-cancelable operating leases as of December 31, 2000 are as follows:

2001	$ 25,702,727
2002	24,982,348
2003	24,480,554
2004	21,007,715
2005	13,858,393
Thereafter	62,316,527
Total	$172,348,264

Principally, all of the leases provide for renewal at varying escalations. Leases providing for fixed rate escalations have been reflected above.

Rent expense for operating leases was $16,993,303, $12,778,099, and $10,834,234 for the years ended December 31, 2000, 1999 and 1998, respectively.

b. Tenant Leases

The annual minimum tower space income to be received for tower space and antenna rental under non-cancelable operating leases as of December 31, 2000 are as follows:

2001	$ 72,128,373
2002	72,087,503
2003	68,117,939
2004	58,183,932
2005	33,268,968
Thereafter	55,158,316
Total	$358,945,031

Principally, all of the leases provide for renewal at varying escalations. Leases providing for fixed rate escalations have been reflected above.

c. Employment Agreements

The Company has employment agreements with certain officers of the Company which grant these employees the right to receive their base salary and continuation of certain benefits in the event of a termination (as defined by the agreement of such employees).

d. Litigation

The Company is involved in various claims, lawsuits and proceedings arising in the ordinary course of business. While there are uncertainties inherent in the ultimate outcome of such matters and it is impossible to presently determine the ultimate costs that may be incurred, management believes the resolution of such uncertainties and the incurrence of such costs will not have a material adverse effect on the Company's consolidated financial position or results of operations.

14. SEGMENT DATA

The Company operates principally in three business segments: site development consulting, site development construction, and site leasing. The Company's reportable segments are strategic business units that offer different services. They are managed separately based on the fundamental differences in their operations. Revenues, gross profit, capital expenditures (including assets acquired through the issuance of the Company's Class A common stock) and identifiable assets pertaining to the segments in which the Company operates are presented below:

	For the years ended December 31,		
	2000	1999	1998
Revenues:			
Site development—consulting	$ 24,250,982	$ 17,964,006	$ 27,448,910
Site development—construction	91,641,321	42,605,608	19,255,731
Site leasing	52,013,366	26,423,121	12,396,268
	$167,905,669	$ 86,992,735	$ 59,100,909
Gross profit:			
Site development—consulting	$ 8,624,855	$ 5,546,475	$ 5,552,140
Site development—construction	18,375,072	9,218,586	4,652,521
Site leasing	32,511,407	14,289,443	5,115,482
	$ 59,511,334	$ 29,054,504	$ 15,320,143
Capital expenditures:			
Site development—consulting	$ 1,488,937	$ 6,971,008	$ 21,565
Site development—construction	25,569,547	28,185,007	119,285
Site leasing	465,399,827	189,778,740	137,274,109
Assets not identified by segment	1,594,706	1,635,270	708,825
	$494,053,017	$226,570,025	$138,123,784

	As of December 31,	
	2000	1999
Assets:		
Site development—consulting	$ 14,248,205	$ 22,418,344
Site development—construction	99,961,668	48,519,024
Site leasing	815,659,797	338,722,978
Assets not identified by segment	19,341,481	20,162,880
	$949,211,151	$429,823,226

15. QUARTERLY FINANCIAL DATA (unaudited)

	Quarters Ended			
	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
Revenues	$53,578,755	$45,395,003	$38,502,886	$30,429,025
Gross profit	18,562,646	16,560,155	13,394,499	10,994,034
Net loss	(5,378,933)	(5,905,328)	(7,907,627)	(9,723,417)
Basic and diluted loss per common share	$ (0.12)	$ (0.28)	$ (0.20)	$ (0.27)

	Quarters Ended			
	Dec. 31, 1999	Sept. 30, 1999	June 30, 1999	March 31, 1999
Revenues	$29,260,169	$24,610,993	$19,405,272	$13,716,301
Gross profit	9,758,139	7,922,608	6,658,157	4,715,600
Loss before extraordinary item and preferred stock dividends	(9,514,500)	(7,985,681)	(8,734,089)	(7,207,268)
Net loss	(9,514,500)	(7,985,681)	(7,288,186)	(9,069,722)
Basic and diluted loss per common share before extraordinary item	$ (0.33)	$ (0.14)	$ (0.64)	$ (0.88)
Basic and diluted loss per common share	$ (0.33)	$ (0.14)	$ (0.64)	$ (1.01)

16. SUBSEQUENT EVENTS

a. Issuance of 10¼% Senior Notes

Subsequent to December 31, 2000 the Company borrowed an additional $30.0 million under the senior credit facility revolver. In February 2001, the Company issued $500.0 million of its 10¼% senior notes due 2009, which produced net proceeds of approximately $484.2 million after deducting offering expenses. The Company used $105.0 million of these proceeds to repay all borrowings under the senior credit facility, and terminated the senior credit agreement. The Company wrote off the deferred financing fees relating to the senior credit facility and will record a $4.8 million extraordinary loss in the first quarter of 2001 in connection with the termination of this facility. On March 16, 2001, the Company used $66.5 million of the remaining proceeds to purchase 203 towers under our agreement with TeleCorp PCS, Inc. The Company intends to use approximately $23.6 million of the remaining proceeds to purchase the remaining 72 towers under our agreement with TeleCorp PCS, Inc. and approximately $54.1 million to purchase 173 towers from Louisiana Unwired, Inc., a subsidiary of US Unwired, Inc. The remaining proceeds will be used to finance the construction and acquisition of additional towers and related businesses and for general working capital purposes.

b. Issuance of Options

In January 2001, the Company entered into bonus agreements with certain executives and employees to issue up to 592,500 shares, or options to acquire shares, of the Company's Class A common stock. Accordingly, the Company expects to record approximately $3.2 million of non-cash compensation expense in 2001, and $1.2 million in non-cash compensation expense in each year from 2002 through 2006.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of SBA Communications Corporation, and have issued our reports thereon dated February 20, 2001. Our audits were made for the purpose of forming an opinion on those consolidated financial statements taken as a whole. The schedule listed in the index of consolidated financial statements is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

West Palm Beach, Florida
February 20, 2001 (except with respect to the matters discussed in Note 16, as to which the date is March 16, 2001).

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning at Period	Additions Charged to Costs and Expenses(1)	Deduction From Reserves(2)	Balance at End of Period
Allowance for Doubtful Accounts For the Years Ended:				
December 31, 2000	$ 785,299	$ 1,663,174	$331,129	$ 2,117,344
December 31, 1999	$ 436,671	$ 492,101	$143,473	$ 785,299
December 31, 1998	$ 508,268	$ 282,463	$354,060	$ 436,671
Tax Valuation Account For the Years Ended:				
December 31, 2000	$17,450,113	$17,752,372	$ —	$35,202,485
December 31, 1999	$ 6,323,195	$11,126,918	$ —	$17,450,113
December 31, 1998	$ —	$ 6,323,195	$ —	$ 6,323,195

(1) For tax valuation account, amounts include adjustments for stock option compensation.

(2) Represents accounts written off.

EXHIBIT B

MANAGERIAL and TECHNICAL

EXHIBIT B

MANAGERIAL and TECHNICAL

MANAGEMENT BIOGRAPHIES

SBA has assembled an experienced team of industry professionals to achieve its mission of market leadership. The following summaries and resumes highlight management's extensive background:

Chairman and Chief Executive Officer
Steven E. Bernstein, founder of the Company, has been Chairman and Chief Executive Officer of the parent company since its inception in 1989. From 1986 to 1989, Mr. Bernstein was employed by McCaw Cellular Communications ("McCaw"). While at McCaw, Mr. Bernstein was responsible for the development of the initial Pittsburgh cellular system and the start up of the Pittsburgh sales network. Mr. Bernstein is a graduate of the University of Florida, where he majored in Real Estate and earned a Bachelor of Science degree in Business Administration. He earned the Personal Communications Industry Association's 1996 Entrepreneur of the Year Award and was a 1995 and 1996 Florida Entrepreneur of the Year Finalist.

President
Jeffrey A. Stoops, President and director, joined the parent company, SBA, Inc., in March 1997, initially as Senior Vice President responsible for finance, capital market activities, mergers and acquisitions and legal matters of the company. In December 1998 Mr. Stoops was appointed Chief Financial Officer and in April 2000 he was appointed President. As President, Mr. Stoops is responsible for all day-to-day operations of the company. Prior to joining the company, Mr. Stoops was partner with Gunster, Yoakley, Valdes-Fauli & Stewart, a Florida based law firm, where he practiced for thirteen years in the corporate, securities and mergers and acquisitions areas. Mr. Stoops is a member of the Florida Bar.

Chief Operating Officer
Ronald G. Bizick, II, Chief Operating Officer–United States Development, joined SBA, Inc., in February 1990 shortly after its inception and has been an executive officer since 1993. Mr. Bizick is responsible for all of our development activities in the entire United States. He has held a variety of key executive positions at the company. Most recently, Mr. Bizick was responsible for all company operations, sales, marketing and strategic asset development in the eastern United States. Prior to joining SBA, Mr. Bizick was employed by a private land planning and development firm specializing in commercial and residential wetland, subdivision and zoning approvals. Mr. Bizick holds a Bachelor of Arts degree in Business and Communications from the University of Pittsburgh.

Executive Vice President - International
Michael N. Simkin, Executive Vice President- International, joined the parent company in April 1998 and has been an executive officer of SBA, Inc. since beginning his

employment. Mr. Simkin is responsible for heading up the company's international efforts. Most recently, Mr. Simkin was responsible for all company operations, sales, marketing and strategic asset development in the western United States. Mr. Simkin has fifteen years of wireless industry experience. From July 1997 to February 1998, he was Chief Executive Officer of Centennial Communications Corporation, an international specialized mobile radio service provider based in Denver. From April 1995 to April 1997, Mr. Simkin was Vice President and General Manager of PrimeCo Personal Communications for the South Florida Region. Prior to his service with PrimeCo, Mr. Simkin held various management positions with Airtouch Communications including Executive Director-Strategic Planning and Vice President of Airtouch Paging. Mr. Simkin earned an AB in Economics and an MBA degree from the University of California at Berkley.

Vice President-Operations and Chief Technical Officer
John S. Stevens, P.E., has a broad array of experience in the telecommunications industry having successfully managed programs at both large and start-up industry leaders. Prior to his service at SBA, Mr. Stevens served as Director of Engineering and Operations for Sprint PCS in the initial design and development of PCS markets in Albany and Syracuse, New York, Connecticut and Atlanta, Georgia. Mr. Stevens has a BS in Engineering from the University of Colorado and an MBA from the State University of New York. He is also a licensed professional engineer.

Vice President Engineering and Operations
J. Allen Tharp has twelve years of experience in the telecommunications industry. He has held the position of Network Design Manager in the Birmingham and Atlanta markets for Sprint PCS. He also held the position of Area Manager of Engineering and Operations. Most recently he served as the Technology Development Director for Southern LINC, researching, testing and approving all new technology implemented in the iDEN systems. Mr. Tharp has a BS in Electrical Engineering from Auburn University.

Director of Technical Services
Paul L. Clewell has seven years experience in the telecommunications industry. He has held the position of Network Design Engineer and Wireless Switching Engineer in the Atlanta market for Sprint PCS. He has also served as consultant to AT&T Emerging Technologies Research and Development group. Most recently he served as Projects Director for Mastec Technologies. Mr. Clewell has a dual B.S. in Economics and Information Systems and is also a certified Project Manager.

Director of Network Design

John W. Brannon has extensive experience in the telecommunications industry. He has held the position of Senior Engineer in New Technology and Planning for Southern LINC, developing and researching new technology. He has also served as Network Design Engineer for Sprint PCS. Mr. Brannon's background includes experience in engineering and operations for wireless networks, as well as involvement in the design and deployment of wireless networks. Mr. Brannon has a BS in Electrical Engineering from the University of Alabama at Birmingham.

Director of Network Operations

Ronald A. Brady has 13 years experience in the telecommunications industry. Mr. Brady has held the position of Circuit Actions manager as a Non-Commissioned Officer in the United States Air Force as well as various other engineering positions in the United States and abroad. Most recently he has served as a Project Manager/Engineering Lead for Southern LINC, developing, researching, testing and approving all new technology implemented in the iDEN system. Mr. Brady has an AS in Computer Science from Jefferson State Community College and holds a current FCC General Radio Telephone Operator's license.