SBA COMMUNICATIONS CORP
Form 424B3
June 07, 2013
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-189000

PROSPECTUS

SBA TELECOMMUNICATIONS, LLC

Offer to Exchange

$800,000,000 5.75% Senior Notes due 2020

for

$800,000,000 5.75% Senior Notes due 2020, that have been registered under the Securities Act

SBA Telecommunications, LLC, a wholly-owned subsidiary of SBA Communications Corporation, is offering to exchange all of your outstanding unregistered $800,000,000 5.75% Senior Notes due 2020, which we refer to as the Original Notes, for registered $800,000,000 5.75% Senior Notes due 2020, which we refer to as the Exchange Notes.

Material Terms of the Exchange Offer:

The exchange offer will expire at 12:00 midnight, New York City time, on July 5, 2013, unless extended.

Upon expiration of the exchange offer, all Original Notes that are validly tendered and not withdrawn will be exchanged for an equal principal amount of Exchange Notes.

You may withdraw tendered Original Notes at any time prior to the expiration of the exchange offer.

The exchange offer is not subject to any minimum tender condition, but is subject to customary conditions.

The exchange of the Exchange Notes for Original Notes will not be a taxable exchange for U.S. Federal income tax purposes.

We are offering the exchange pursuant to a registration rights agreement that we entered into in connection with the issuance of the Original Notes.

Material Terms of the Exchange Notes:

The terms of the Exchange Notes and the guarantees thereof are substantially identical to the terms of the Original Notes and the guarantees thereof, except that the transfer restrictions, registration rights and additional interest provisions relating to the Original Notes will not apply to the Exchange Notes.

The exchange notes will be irrevocably and unconditionally guaranteed on a senior unsecured basis by our parent, SBA Communications Corporation.

There is no existing public market for the Original Notes or the Exchange Notes. We do not intend to list the Exchange Notes on any securities exchange or quotation system.

See the Section entitled "Risk Factors" that begins on page 7 for a discussion of the risks that you should consider prior to tendering your Original Notes in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Exchange Notes to be distributed in the exchange offer or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 7, 2013.

Table of Contents

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with any information or represent anything about us, our financial results or this offering that is not contained in this prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us. We are not making an offer to exchange Original Notes in any state where the offer is not permitted.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the Securities and Exchange Commission (the Commission). See Where You Can Find More Information; Incorporation by Reference. Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

SBA Communications Corporation

5900 Broken Sound Parkway NW

Boca Raton, Florida 33487

Phone (561) 995-7670

Fax (561) 998-3448

In order to obtain timely delivery of such materials, you must request information from us no later than five business days prior to the expiration of the relevant exchange offer.

The information in this prospectus is current only as of the date on its cover, and may change after that date. The information in any document incorporated by reference in this prospectus is current only as of the date of any such document. For any time after the cover date of this prospectus, we do not represent that our affairs are the same as described or that the information in this prospectus is correct nor do we imply those things by delivering this prospectus or issuing Exchange Notes to you.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Original Notes where such Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, starting on the expiration date and ending on the close of business one year after the expiration date, it will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

TABLE OF CONTENTS

Unless otherwise indicated or the context otherwise requires, when used in this prospectus, the terms SBA, we, our, and us refer to SBA Communications Corporation and its subsidiaries. However, the term SBACC refers only to SBA Communications Corporation and does not include any of its subsidiaries. Additionally, unless otherwise indicated or the context otherwise requires, the term Telecommunications refers to SBA Telecommunications, LLC and its subsidiaries. However, for purposes of the Description of Notes included in this prospectus, references to Telecommunications refer only to SBA Telecommunications, LLC and do not include its subsidiaries.

Table of Contents

Prospectus Summary

This prospectus summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in, and incorporated by reference into, this prospectus.

SBA Telecommunications, LLC

Telecommunications is an intermediate holding company and the sole direct wholly-owned subsidiary of SBACC. Telecommunications owns, directly and indirectly, the equity interests in all of the entities through which we conduct our business operations and own assets.

SBA Communications Corporation

SBA is a leading independent owner and operator of wireless communications towers. Our principal operations are in the United States and its territories. In addition, we own and operate towers in Canada, Central America and South America. Our primary business line is our site leasing business, which contributed 96.7% of our total segment operating profit for the year-to-date period ended March 31, 2013. In our site leasing business, we lease antenna space primarily to wireless service providers on towers and other structures that we own, manage or lease from others. The towers that we own have been constructed by us at the request of a wireless service provider, built or constructed based on our own initiative or acquired. As of March 31, 2013, we owned 17,539 tower sites, the majority of which have been built by us or built by other tower owners or operators who, like us, have built such towers to lease space to multiple wireless service providers. We also managed or leased approximately 4,900 actual or potential communications sites, approximately 500 of which were revenue producing as of March 31, 2013. Our other business line is our site development business, through which we assist wireless service providers in developing and maintaining their own wireless service networks.

Principal Executive Offices

The principal executive offices of SBACC and Telecommunications are located at 5900 Broken Sound Parkway NW, Boca Raton, FL 33487 and the telephone number is (561) 995-7670. SBACC was founded in 1989 and incorporated in Florida in 1997. Telecommunications was incorporated in Florida in 1998 and was converted to a limited liability company in 2012. SBA s corporate website is www.sbasite.com. The information contained on SBA s website is not part of this prospectus.

Table of Contents

Summary of the Exchange Offer

This summary is not a complete description of the Exchange Offer. For a more detailed description of the Exchange Offer, see The Exchange Offer in this prospectus.

Offering of the Original Notes	On July 13 2012, Telecommunications issued in a private placement $800.0 million in aggregate principal amount of 5.75% Senior Notes due 2020, which we refer to as the Original Notes. The Original Notes are guaranteed by SBACC.		
Registration Rights Agreement		7,212,493	
Commitments and Contingencies			
Stockholders' Equity			
Preferred Stock, par value $0.001 per share, 1,000,000 shares authorized, no shares issued and outstanding		-	-
Common Stock, par value $0.001 per share, 45,714,286 shares authorized; 16,821,243 and 16,202,689 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively		16,822	16,203
Additional paid-in capital		94,618,263	92,537,742
Accumulated deficit		(77,704,306)	(70,042,714)
Total stockholders' equity		16,930,779	22,511,231
Total liabilities and stockholders' equity	$	24,547,289	$29,723,724

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

3

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended March 31, 2015	2014
Revenue, net of returns, allowances and discounts	$ 2,113,564	$ 590,575
Cost of revenues	1,207,064	631,699
Gross profit (loss)	906,500	(41,124)
Operating expenses		
Selling, general and administrative, (inclusive of stock-based compensation of $1,940,912 and $5,144,315 for the three months ended March 31, 2015 and 2014 - see Note 8)	6,529,941	8,646,544
Acquisition-related expenses	1,945,789	65,982
Change in fair value of contingent consideration liability	107,536	-
Total operating expenses	8,583,266	8,712,526
Loss from operations	(7,676,766)	(8,753,650)
Other income (expense)		
Interest expense	-	(292)
Interest income	5,967	4,547
Change in value of warrant liability	12,042	(283,267)
Total other income (expense)	18,009	(279,012)
Loss before income tax provision	(7,658,757)	(9,032,662)
Income tax provision	2,835	3,500
Net loss	$ (7,661,592)	$ (9,036,162)
Basic and diluted net loss per common share	$ (0.48)	$ (0.73)
Weighted average shares used in computing basic and diluted net loss per common share	16,068,562	12,356,096

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

4

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(UNAUDITED)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2014	16,202,689	$16,203	$92,537,742	$(70,042,714)	$22,511,231
Exercise of common stock options	53,986	54	236,224	-	236,278
Stock-based compensation	600,000	600	2,031,912	-	2,032,512
Net settlement on vesting of restricted stock awards	(35,432)	(35)	(187,615)	-	(187,650)
Net loss	-	-	-	(7,661,592)	(7,661,592)
Balance, March 31, 2015	16,821,243	$16,822	$94,618,263	$(77,704,306)	$16,930,779

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

5

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended March 31, 2015			2014		
Operating Activities						
Net loss	$	(7,661,592	)	$	(9,036,162	)
Adjustments to reconcile net loss to net cash used in operating activities:						
Depreciation and amortization		311,162			185,213	
Amortization of deferred lease incentive		(2,085	)		(2,084	)
Deferred income taxes		2,835			3,500	
Provision for inventory obsolescence		(478	)		(22,545	)
Stock-based compensation expense		2,032,512			5,013,205	
Stock issued for services rendered		-			148,320	
Change in value of warrant liability		(12,042	)		283,267	
Fair value adjustment to contingent consideration		107,536			-	
Changes in operating assets and liabilities:						
Accounts receivable		(434,979	)		(7,219	)
Inventory		(189,501	)		22,943	
Prepaid expenses and other current assets		(336,454	)		(50,232	)
Accounts payable		44,756			11,158	
Accrued expenses and other current liabilities		263,017			835,122	
Net Cash Used in Operating Activities		(5,875,313	)		(2,615,514	)

Investing Activities				
Payment for distribution rights		-		(100,000)
Purchase of improvements and equipment		(5,000)		(6,596)
Net Cash Used in Investing Activities		(5,000)		(106,596)
Financing Activities				
Proceeds from the exercise of stock options		236,278		469,550
Payment of withholding taxes related to stock-based employee compensation		(187,650)		(201,174)
Net Cash Provided by Financing Activities		48,628		268,376
Net Decrease in Cash and Cash Equivalents		(5,831,685)		(2,453,734)
Cash and Cash Equivalents - Beginning of period		16,770,879		12,100,544
Cash and Cash Equivalents - End of period	$	10,939,194	$	9,646,810
Supplemental Disclosure of Cash Flows Information				
Cash paid during the period for:				
Interest	$	-	$	282
Non-cash investing and financing activities:				
Cashless warrant exercise	$	-	$	672,632
2013 Bonus awarded in equity		-		307,189

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

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Description of Business and Basis of Presentation

Alliqua BioMedical, Inc. (the "Company") is a provider of advanced wound care solutions. The Company's primary business strategy is to create superior outcomes for patients, providers, and partners through its hydrogel technology platform and licensed and proprietary products. The Company's core businesses include advanced wound care and contract manufacturing. The Company seeks to leverage its proprietary hydrogel and licensed technology platform to add value to its own products and those of its partners.

Basis of Presentation

The condensed consolidated financial statements contained in this report are unaudited. In the opinion of management, the condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary to present fairly the Company's financial position as of March 31, 2015 and results of operations for the three months ended March 31, 2015, and cash flows for the three months ended March 31, 2015. While management believes that the disclosures presented are adequate to make the information not misleading, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company's latest year-end financial statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Annual Report"). The results of the Company's operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for the full year.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, AquaMed Technologies, Inc., HepaLife Biosystems, Inc., Alliqua BioMedical SUB, Inc., ALQA Cedar Inc. and Choice Therapeutics, Inc. All significant inter-company transactions and accounts have been eliminated in consolidation.

Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current year presentation. Such reclassifications did not have a material effect on the Company's financial condition or results of operations as previously reported.

Significant Accounting Policies and Estimates

The Company's significant accounting policies are disclosed in Note 2 — *Summary of Significant Accounting Policies* in the 2014 Annual Report. Since the date of the 2014 Annual Report, there have been no material changes to the Company's significant accounting policies. The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes.   These estimates and assumptions include valuing equity securities and derivative financial instruments issued in financing transactions, inventory reserves, deferred taxes and related valuation allowances, and the fair values of long lived assets, intangibles, goodwill and contingent consideration. Actual results could differ from the estimates.

Recent Accounting Pronouncements

In May 2014, the FASB issued a new revenue recognition standard entitled "Revenue from Contracts with Customers" under Accounting Standards Update 2014-09. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. New disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers are also required. The standard is effective for annual reporting periods beginning after December 15, 2017, which for the Company will commence with the year beginning January 1, 2018. Earlier application is not permitted. Entities must adopt the new guidance using one of two retrospective application methods. The Company is currently evaluating the standard to determine the impact of its adoption on the consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update 2014-12, “Compensation — Stock Compensation: Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period” (“ASU 2014-12”). ASU 2014-12 requires that a performance target that affects vesting of share-based payments and that could be achieved after the requisite service period be treated as a performance condition that affects vesting and as such, should not be reflected in estimating the grant-date fair value of the award. ASU 2014-12 is effective for annual and interim periods beginning after December 15, 2015. This standard is not expected to have a material effect on the Company’s financial position, results of operations or cash flows.

2. Net Loss Per Common Share

Basic net loss per common share is computed based on the weighted average number of shares of common stock outstanding during the periods presented. Common stock equivalents, consisting of stock options, warrants and non-vested restricted stock, were not included in the calculation of the diluted loss per share because their inclusion would have been anti-dilutive.

The total common shares issuable upon the exercise of stock options, warrants and non-vested restricted stock are as follows:

	As of March 31,	
	2015	2014
Stock options	5,522,507	4,907,284
Warrants	2,675,121	3,652,194
Non-vested restricted stock	741,975	329,096
Total	8,939,603	8,888,574

3. Acquisitions

Acquisition of Choice Therapeutics, Inc.

On May 5, 2014, the Company acquired all outstanding equity interest of Choice Therapeutics, Inc., a provider of innovative wound care products using proprietary TheraBond 3D® Antimicrobial Barrier Systems. The Company’s initial cash payment for this acquisition was $2.0 million and approximately $2.0 million in shares of common stock. In addition to the initial cash payment, the Company may pay up to $5.0 million in contingent consideration which may be earned based upon the acquired company achieving specific performance metrics over the three twelve month periods, ended April 30, 2017. See Note 11 – Fair Value Measurement for details related to fair value of the contingent consideration.

The assets and liabilities of the acquired business were included in the Company's condensed consolidated balance sheet based upon estimated fair values on the date of acquisition as determined in the purchase price allocation, using available information and making assumptions management believes are reasonable. The Company's allocation of purchase price for this acquisition is included in the table below, which summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

8

Consideration:	
Common stock	$1,992,854
Cash paid	2,000,000
Fair value of contingent consideration	2,700,000
Total consideration	6,692,854
Cash	474
Inventory	396,961
Other assets	11,587
Tradenames	111,000
Technology	2,396,000
Customer relationships	176,000
Goodwill	3,674,326
Other liabilities	(73,494)
Net assets acquired	$6,692,854

The amortization period of intangible assets acquired ranges from 3 to 12 years. The Company recorded approximately $3.7 million of goodwill in connection with this acquisition, reflecting the strategic fit and revenue and earnings growth potential of this business.

The following unaudited pro forma results of operations for the three months ended March 31, 2014 assumes that the above acquisition was made at the beginning of the year prior to the acquisition. The pro forma results were calculated applying the Company's accounting policies and reflect the elimination of transaction costs related to the acquisition that were included in the Company's results of operations for the three months ended March 31, 2014. The unaudited pro forma information does not purport to be indicative of the results that would have been obtained if the acquisition had actually occurred at the beginning of the year prior to acquisition, nor of the results that may be reported in the future.

	Pro forma Results for the Three Months Ended March 31, 2014
Revenues	$ 1,051,209
Net loss	$ (9,408,466)

Acquisition of Celleration, Inc.

On February 2, 2015, the Company entered in an Agreement and Plan of Merger ("the Merger Agreement") with AlQA Cedar, Inc., a wholly-owned subsidiary of the Company, and Celleration, Inc. The Merger Agreement provides for an initial aggregate purchase price of $30,415,000 payable in equal amounts of cash and the Company's common stock.

In connection with the Merger Agreement, the Company received a commitment letter from a lender in which the lender has committed to provide the Company with a senior, secured term loan facility in the amount of $15,500,000, pursuant to the terms of the commitment letter. The Company expects to use the proceeds from this loan facility to provide the capital for the upfront cash portion associated with the consummation of the Merger Agreement. The Merger Agreement may be terminated by either party if the merger is not completed by May 31, 2015, provided that the Company may extend that date to July 31, 2015 in certain circumstances so long as the Company can provide Celleration with a $1,000,000 loan by May 15, 2015. The Merger Agreement also contains customary termination provisions which would require the Company to pay a termination fee of $3,000,000, less any amounts loaned to Celleration, if the Merger Agreement is terminated by (i) the Company or Celleration for the Company's failure to obtain the required approval of the Company's stockholders or (ii) Celleration for the Company's failure to secure the required financing. Celleration is required to pay the Company a termination fee of $4,000,000 if Celleration terminates the Merger Agreements in order to accept a superior proposal as defined in the Merger Agreement.

Celleration focuses on developing and commercializing therapeutic ultrasound healing technologies, including the MIST Therapy System® and UltraMIST®, which deliver noncontact low-frequency, low-intensity ultrasound to the wound bed through a saline mist. The merger is expected to close during the second quarter of 2015, subject to the receipt of any required approvals and the satisfaction or waiver of the conditions to the merger contained in the Merger Agreement. However, it is possible that factors outside the control of the parties could require the parties to complete the merger at a later time or not complete it at all. During the three months ended March 31, 2015, the Company incurred acquisition-related costs of approximately $1,946,000 in connection with due diligence, professional fees, and other expenses related to Celleration.

4. Inventory

Inventory consists of the following:

	March 31, 2015	December 31, 2014
Raw materials	$220,378	$197,514
Work in process	546,419	489,431
Finished goods	835,546	725,897
Less: Inventory reserve	(616)	(1,094)
Total	$1,601,727	$1,411,748

5. Intangible Assets

The gross carrying amount and accumulated amortization of intangible assets are as follows:

		March 31, 2015		
	Useful Life (Years)	Gross Amount	Accumulated Amortization	Net Carrying Amount
Technology	10	$5,396,000	$(2,069,633)	$3,326,367
Customer relationships	9-12	776,000	(326,260)	449,740
Distribution rights	5.27	400,000	(115,928)	284,072
Tradename	3	111,000	(33,916)	77,084
Non-compete	1	208,333	(190,972)	17,361
		$6,891,333	$(2,736,709)	$4,154,624

December 31, 2014

	Useful Life (Years)	Gross Amount	Accumulated Amortization	Net Carrying Amount
Technology	10	$5,396,000	$(1,934,733)	$3,461,267
Customer relationships	9-12	776,000	(308,871)	467,129
Distribution rights	5.27	400,000	(96,880)	303,120
Tradename	3	111,000	(24,667)	86,333
Non-compete	1	208,333	(138,889)	69,444
		$6,891,333	$(2,504,040)	$4,387,293

Amortization expense attributable to intangible assets for the three months ended March 31, 2015 and 2014 was $232,669 and $106,548, respectively. Amortization expense for the years ended December 31, 2015, 2016, 2017, 2018 and 2019 is expected to be $791,790, $722,346, $697,679, $683,704, and $334,156, respectively.

6. Accrued Expenses

Accrued expenses consist of the following:

	March 31, 2015	December 31, 2014
Salaries, benefits and incentive compensation	$1,495,878	$ 1,528,229
Professional fees	494,030	228,426
Royalty fees	173,016	100,537
Deferred revenue	78,000	78,523
Deferred lease incentive liability	8,337	8,337
Other	81,615	123,807
Total accrued expenses and other current liabilities	$2,330,876	$ 2,067,859

7. Commitments and Contingencies

License Agreement

On July 15, 2011, the Company entered into a license agreement with Noble Fiber Technologies, LLC, whereby the Company has the exclusive right and license to manufacture and distribute “SilverSeal Hydrogel Wound Dressings” and “SilverSeal Hydrocolloid Wound Dressings”. The license is granted for ten years with an option to be extended for consecutive renewal periods of two years after the initial term. Royalties are to be paid equal to 9.75% of net sales of licensed products. The agreement calls for minimum royalties to be paid each calendar year as follows: 2015 - $500,000 and 2016 - $600,000. Total royalties charged to selling, general and administrative expense for the three months ended March 31, 2015 and 2014 were $125,000 and $100,000, respectively. $1,219 is included in accounts payable and $123,781 is included in accrued expenses as of March 31, 2015 in connection with this agreement.

Sorbion Distributor Agreement

On September 23, 2013, the Company entered into a distributor agreement (the “Sorbion Agreement”) with Sorbion GmbH & Co KG, pursuant to which the Company became the exclusive distributor of sorbion sachet S, sorbion sana and new products with hydrokinetic fibers as primary dressings in the United States, Canada and Latin America, subject to certain exceptions. The term of the agreement ends on December 31, 2018.

In order to maintain its exclusivity, the Company must purchase the following minimum amounts, in Euros, of the products for the indicated calendar year:

Calendar Year	Minimum Annual Purchase Amount
2015	1,000,000 Euros
2016	2,500,000 Euros
2017	4,000,000 Euros

Since the Company must purchase the minimum amounts in Euros, the equivalent U.S. dollar expenditure will be subject to fluctuations in foreign currency exchange rates. The minimum annual purchase amounts in U.S. Dollars for each calendar year in the period from 2015-2017, based on the exchange rate as of March 31, 2015, are approximately $1,085,010, $2,712,530, and $4,340,040, respectively.

If the Company fails to purchase products in amounts that meet or exceed the minimum annual purchase amount for a calendar year, it may cure such minimum purchase failure by paying Sorbion in cash an amount equal to the minimum annual purchase amount for such calendar year less the amount the Company paid to Sorbion for the products purchased for such calendar year. If the Company does not cure a minimum purchase failure with a makeup payment for a calendar year, Sorbion may terminate the Company's exclusivity with respect to the products and grant the Company non-exclusive rights with respect to the products. If the Company does not cure a minimum purchase failure for two subsequent calendar years, Sorbion may terminate the agreement. The Company will not be required to meet the minimal annual purchase amount if Sorbion fails to supply the Company with the products in accordance with the agreement. Sorbion may also terminate the Company's exclusivity with respect to the products if the Company does not cure a material breach of the agreement within 30 days. The Company has the right to use the trademarks related to the products. The Company has the ability to sell the products under their respective trademarked names and at prices determined by the Company. The Company is eligible for certain discounts with respect to the purchase and shipping of the products if its orders of the products are above certain amounts.

Celgene License, Marketing and Development and Supply Agreement

In November 2013, the Company entered into a License, Marketing and Development Agreement (the “License Agreement”) with Anthrogenesis Corporation, d/b/a Celgene Cellular Therapeutics (“CCT”), an affiliate of Celgene Corporation (“Celgene”), pursuant to which CCT granted the Company an exclusive, royalty-bearing license in its intellectual property for certain placental based products, including ECMs, an extracellularmatrix derived from the human placenta, and Biovance®, CCT’s proprietary wound coverings produced from decellularized, dehydrated human amniotic membrane, to develop and commercialize ECMs and Biovance in the United States. Following the commencement of commercial sales of the licensed products, the Company will pay CCT annual license fees, designated amounts when certain milestone events occur and royalties on all sales of licensed products, with such amounts being variable and contingent on various factors. The initial term of the License Agreement ends on November 14, 2023, unless sooner terminated pursuant to the termination rights under the License Agreement, and will extend for additional two-year terms unless either party gives written notice within a specified period prior to the end of a term. The License Agreement may be terminated (i) by CCT if the Company or any of its affiliates challenges the validity, enforceability or scope of certain enumerated CCT patents anywhere in the world; (ii) by either party if there is a final decree that a licensed product infringed on the intellectual property of a third party; (iii) by either party for breach of the License Agreement, if the breach is not cured within a specified period after receiving written notice of the breach; or (iv) by either party if the other party is the subject of insolvency proceedings, either voluntary or involuntary. In addition, the License Agreement is terminable on a product-by-product basis, and not with respect to the entire License Agreement (i) by CCT in the second year of the License Agreement, and by either CCT or the Company in the third year of the License Agreement and beyond, if the Company fails to meet certain sales thresholds and (ii) by either party upon written notice if outside legal counsel recommends discontinuance of commercialization of a product because of significant safety, legal, or economic risk as a result of a claim, demand or action or as a result of a change in the interpretation of law by a governmental or regulatory authority. The License Agreement also contains mutual confidentiality and indemnification obligations for the Company and CCT. In September 2014, the Company entered into a First Amendment to the License Agreement (the “Amended License Agreement”), pursuant to which the Company received the right to market Biovance for podiatric and orthopedic applications. The Amended License Agreement also amends certain terms and the related schedule for milestone payments to CCT.

In November 2013, the Company also entered into a Supply Agreement (the “Biovance Supply Agreement”) with CCT, pursuant to which CCT shall supply the Company with the Company’s entire requirements of Biovance for distribution and sale in the United States. The Biovance Supply Agreement will be terminated automatically upon the termination of the License Agreement and may otherwise be terminated (i) by CCT upon six months’ prior written notice, (ii) by the Company upon six months’ prior written notice if CCT fails to deliver at least a specified portion of a firm purchase order by the required delivery date specified in the order on at least a specified number of occasions in a specified period; (iii) by either party for breach of the Biovance Supply Agreement, if the breach is not cured within a specified period after receiving written notice of the breach; or (iv) by either party if the other party is the subject of insolvency proceedings, either voluntary or involuntary. On April 10, 2014, the Company and CCT entered into an amendment to the Biovance Supply Agreement in order to amend the pricing schedule.

In April 2014, the Company entered into a Supply Agreement (the “ECM Supply Agreement”) with CCT, pursuant to which CCT shall, as soon as reasonably practicable after the date that CCT obtains regulatory clearance or approval in the United States for any of CCT's extracellular matrix products derived from the human placenta (each an "ECM"), supply and sell to the Company all of the Company's requirements of ECMs, in finished form and final packaging, for exploitation in the United States under the License Agreement. The ECM Supply Agreement will automatically terminate upon the termination or expiration of the License Agreement and may otherwise be terminated (i) by CCT upon six months' prior written notice, (ii) by the Company upon six months' prior written notice if CCT fails to deliver at least a specified portion of a firm purchase order by the required delivery date specified in the order on at least a specified number of occasions in a specified period; (iii) by either party for breach of the ECM Supply Agreement, if the breach is not cured within a specified period after receiving written notice of the breach; or (iv) by either party if the other party is the subject of insolvency proceedings, either voluntary or involuntary. The ECM Supply Agreement also contains mutual confidentiality and indemnification obligations for the Company and CCT.

Senior Secured Term Loan Facility

In connection with the Merger Agreement with Celleration, the Company entered into a commitment letter, dated as of February 2, 2015 (the "Commitment Letter"), with Perceptive Credit Opportunities Fund, LP ("Perceptive"), pursuant to which Perceptive has committed to provide the Company with a senior, secured term loan facility in the aggregate amount of $15,500,000, pursuant to the terms and conditions of the Commitment Letter and the term sheet annexed thereto (the "Debt Financing"). Pursuant to the Commitment Letter, the Debt Financing will (i) have a four year term, (ii) accrue interest at an annual rate equal to (a) the greater of one-month LIBOR or 1% plus (b) 9.75%, (iii) be interest only for the first 24 months, followed by monthly amortization payments of $225,000, with the remaining unpaid balance due on the maturity date and (iv) be secured by a first priority lien on substantially all of the Company's assets. The Company expects to use the funds from the Debt Financing to fund the upfront cash portion of the purchase price and other expenses associated with the consummation of the transactions contemplated by the Merger Agreement. On March 10, 2015, the Commitment Letter was amended to extend the expiration time of Perceptive's commitments and agreements under the Commitment Letter to May 31, 2015, unless the Company extends the "Outside Date" as defined in that certain Agreement and Plan of Merger, dated February 2, 2015 (the "Merger Agreement"), by and among the Company, Alliqua Cedar, Inc., Celleration, Inc. and certain representatives of Celleration stockholders, in accordance with the terms and conditions set forth therein, in which case such time shall automatically be extended to July 31, 2015 ("the Extended Expiration Time"). Accordingly, Perceptive's commitments and agreements with respect to the senior, secured term loan facility described in the Commitment Letter, as amended, will automatically terminate at the Extended Expiration Time if the conditions precedent set forth in the definitive credit documentation described below have not been satisfied.

In addition, on March 10, 2015, the Company and Perceptive agreed on a form of Credit Agreement and Guaranty (the "Credit Agreement") to be entered into by the Company, each of its subsidiaries and Perceptive upon the satisfaction of certain conditions precedent set forth in the Credit Agreement prior to the Extended Expiration Time, which are the same conditions to Perceptive's obligation to fund the term loan under the Credit Agreement. These conditions include, among other things: the contemporaneous consummation of the merger on the terms and conditions set forth in the Merger Agreement (the "Merger"); the receipt by Perceptive of a promissory note evidencing the full amount of the loan and related loan documentation evidencing the security interests granted therein, a five-year warrant to purchase 750,000 shares of the Company's common stock, certain financial statements, documentation for the perfection of security interests, various closing certificates and opinions of counsel to the Company; the Company's payment of all fees due and payable to Perceptive under the Credit Agreement as of the closing date of the Merger (the "Closing Date") and miscellaneous other closing conditions that are customary for credit facilities and transactions of this type.

The Credit Agreement will require the Company to prepay the outstanding principal amount of the term loan with 100% of the net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, subject to certain exceptions. The Company will also incur an incremental fee for any repayments or prepayments other than the required monthly principal payments made prior to the third anniversary of the Closing Date. The Company will also be required to pay an exit fee when the term loan is paid in full equal to the greater of 1% of the outstanding principal balance immediately prior to the final payment and $100,000.

The Credit Agreement contains customary affirmative and negative covenants and events of default for a secured financing arrangement, including limitations on additional indebtedness, liens, asset sales and acquisitions, among others. In addition to other customary events of default, any termination of that certain License, Marketing and Development Agreement between the Company and CCT, as amended, will constitute an event of default under the Credit Agreement.

Litigation, Claims and Assessments

The Company is subject to periodic lawsuits, investigations and claims that arise in the ordinary course of business. The Company is not party to any material litigation as of March 31, 2015.

8. Stockholders' Equity

2011 Plan

The Company maintains the 2011 Long-Term Incentive Plan (the "2011 Plan") that provides for the granting of stock options, RSUs, restricted stock and other awards to employees, directors and others. A total of 1,828,571 shares of common stock have been authorized for issuance under the 2011 Plan, of which, as of March 31, 2015, 62,777 shares were available for future issuances.

2014 Plan

On April 10, 2014 and June 5, 2014, the Company's Board of Directors and the Company's shareholders approved the 2014 Long-Term Incentive Plan (the "2014 Plan"), respectively. The 2014 Plan provides for the granting of stock options, RSUs, restricted stock and other awards to employees, directors and others. A total of 2,000,000 shares of common stock are reserved for award under the 2014 Plan, of which, as of March 31, 2015, 371,000 shares were available for future issuances.

Stock-Based Compensation

The following table summarizes stock-based compensation expense:

	Three Months Ended March 31,	
	2015	2014
Options	$ 1,530,541	$ 3,464,956
Warrants	-	197,792
Restricted stock units	-	180,715
Restricted stock	501,971	1,318,062
Total stock-based compensation	$ 2,032,512	$ 5,161,525

For the three months ended March 31, 2015, $91,600 of stock-based compensation expense is included in cost of revenues and $1,940,912 is included in selling, general and administrative expenses in the condensed consolidated statements of operations. For the three months ended March 31, 2014, $17,210 of stock-based compensation expense is included in cost of revenues and $5,144,315 is included in selling, general and administrative expenses in the condensed consolidated statements of operations.

Restricted Stock

The following table summarizes the restricted stock issued as compensation during the three months ended March 31, 2015:

Issuance Date	Grantee Type	Shares Issued	Vesting Term	Grant Date Value

02/06/15	Officers	600,000	[1]	3,738,000
	2015 - Restricted Stock - Total	600,000		3,738,000

[1] Vests in three equal annual installments, with one-third vesting on each of February 6, 2016, February 6, 2017 and February 6, 2018.

As of March 31, 2015, there was $3,563,477 of unrecognized stock-based compensation expense related to restricted stock which will be amortized over a weighted average period of 1.8 years.

A summary of common stock award activity during the three months ended March 31, 2015 is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value	Total Grant Date Fair Value
Non-vested, December 31, 2014	188,149	$ 7.03	$ 1,322,096
Granted	600,000	6.23	3,738,000
Vested	(46,174)	6.99	(322,756)
Forfeited	-	-	-
Non-vested, March 31, 2015	741,975	$ 6.38	$ 4,737,340

14

Warrants

There were no compensatory warrants issued during the three months ended March 31, 2015.

As of March 31, 2015, there was no unrecognized stock-based compensation expense related to compensatory warrants.

A summary of the warrant activity during the three months ended March 31, 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Intrinsic Value
Outstanding, December 31, 2014	2,675,121	$ 5.76		
Issued	-	-		
Exercised	-	-		
Cancelled	-	-		
Outstanding, March 31, 2015	2,675,121	$ 5.76	3.4	$ 1,399,606
Exercisable, March 31, 2015	2,675,121	$ 5.76	3.4	$ 1,399,606

The following table presents information related to warrants at March 31, 2015:

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life in Years	Exercisable Number of Warrants
$ 2.19	108,572	2.5	108,572
3.02	74,286	1.9	74,286
3.50	2,286	2.1	2,286
4.24	780,191	3.2	780,191
4.38	188,444	3.6	188,444
4.81	8,889	3.6	8,889

5.69	1,040,880	3.6	1,040,880
7.00	18,286	0.1	18,286
8.75	25,429	0.3	25,429
10.50	427,858	4.0	427,858
	2,675,121	3.4	2,675,121

As of March 31, 2015, five-year warrants to purchase an aggregate of 75,429 shares of common stock at an exercise price of $2.19 per share were deemed to be a derivative liability. See Note 11 – Fair Value Measurement.

Stock Options

Options – 2015 Grants

During the three months ended March 31, 2015, ten-year options to purchase an aggregate of 795,500 shares of common stock at exercise prices ranging from $5.01 to $6.23 with an aggregate grant date value of $3,834,816 were granted to employees. Options to purchase an aggregate of 791,000 shares of common stock were granted pursuant to the 2014 Plan and vest ratably over three years on the anniversaries of the grant date. Options to purchase an aggregate of 4,500 shares of common stock were granted pursuant to the 2011 Plan and vested immediately. The grant date value is being amortized over the vesting term.

Options – Summary Data

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following weighted average assumptions:

	Three Months Ended March 31,			
	2015		2014	
Risk free interest rate	1.67	%	1.90	%
Expected term (years)	6.00		5.92	
Expected volatility	98.25	%	102.63	%
Expected dividends	0.00	%	0.00	%

The risk-free interest rate is based on rates of treasury securities with the same expected term as the options. The Company uses the "simplified method" to calculate the expected term of employee and director stock-based options. The expected term used for consultants is the contractual life. The Company is utilizing an expected volatility figure based on a review of the Company's historical volatility, over a period of time, equivalent to the expected life of the instrument being valued. The expected dividend yield is based upon the fact that the Company has not historically paid dividends, and does not expect to pay dividends in the near future.

Option forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual option forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The Company estimated forfeitures related to options at annual rates ranging from 0% to 5% for options outstanding at March 31, 2015.

The weighted average estimated fair value per share of the options granted during the three months ended March 31, 2015 and 2014 was $4.82 and $6.58, respectively.

During the three months ended March 31, 2015, the Company issued an aggregate of 53,986 shares of common stock to several holders of options who elected to exercise options to purchase an aggregate of 53,986 shares of common stock for cash proceeds of $236,278. The options had an exercise price of $4.38 per share. The aggregate intrinsic value of the options exercised was $67,156 for the three months ended March 31, 2015.

As of March 31, 2015, there was $7,403,090 of unrecognized stock-based compensation expense related to stock options which will be amortized over a weighted average period of 1.7 years, of which $74,524 is subject to non-employee mark-to-market adjustments.

A summary of the stock option activity during the three months ended March 31, 2015 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Intrinsic Value
Outstanding, December 31, 2014	4,817,660	$ 6.56		
Granted	795,500	6.17		
Exercised	(53,986)	4.38		
Forfeited	(36,667)	6.59		
Outstanding, March 31, 2015	5,522,507	$ 6.52	8.0	$ 1,603,929
Exerciseable, March 31, 2015	2,620,641	$ 5.91	6.9	$ 1,395,540

16

The following table presents information related to stock options at March 31, 2015:

	Options Outstanding		Options Exercisable		
Range of Exercise Price	Weighted Average Exercise Price	Outstanding Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Exercisable Number of Options
\$3.28-\$3.99	\$ 3.40	433,971	\$ 3.36	8.1	403,971
\$4.00-\$4.99	4.42	1,038,415	4.38	4.1	792,704
\$5.00-\$5.99	5.40	355,427	5.52	6.9	127,960
\$6.00-\$6.99	6.59	2,277,677	6.76	8.5	750,608
\$7.00-\$7.99	7.75	31,000	-	-	-
\$8.00-\$8.99	8.74	800,898	8.75	7.8	390,293
\$9.00-\$9.99	9.01	321,500	9.00	8.9	117,161
\$10.00-\$26.69	10.96	263,619	11.05	7.9	37,944
		5,522,507		6.9	2,620,641

9. Related Party

On January 6, 2014, the Company entered into an option cancellation and release agreement with two former directors, pursuant to which each of the parties agreed to cancel options previously granted to purchase 278,096 shares of common stock of the Company at exercise prices ranging from \$6.34 to \$9.19. In exchange for the cancellation of the options, the Company granted each individual 194,667 shares of common stock of the Company pursuant to the 2011 Plan. The incremental expense for the exchange was \$98,915 and is included in stock-based compensation in the three months ended March 31, 2014.

10. Concentration of Risk

Revenue for the three months ended March 31, 2015 and 2014, and accounts receivable as of March 31, 2015 from our largest customers, both contract manufacturing customers, are as follows:

	% of Total Revenue		Accounts Receivable
Customer	2015	2014	March 31, 2015
A	26 %	55 %	23 %
B	0 %	11 %	0 %

11. Fair Value Measurement

Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date. It focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are as follows:

Level 1: Observable prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

On March 31, 2015, the Company recomputed the fair value of its warrant liability to purchase an aggregate of 75,429 shares of common stock as $292,181 using the Binomial option pricing model (Level 3 inputs) using the following assumptions: expected volatility of 98.25%, risk-free rate of 0.89%, expected term of 2.61 years, and expected dividends of 0.00%. The Company recorded a gain on the change in fair value of these warrant liabilities of $12,042 during the three months ended March 31, 2015.

The following table sets forth a summary of the changes in the fair value of Level 3 warrant liabilities that are measured at fair value on a recurring basis:

	Three Months Ended March 31, 2015	2014
Warrant Liabilities		
Beginning balance	$ 304,223	$ 933,465
Change in fair value of warrant liability	(12,042)	283,267
Value of warrants exercised	-	(672,632)
Ending balance	$ 292,181	$ 544,100

	Three Months Ended March 31, 2015
Contingent Consideration	
Beginning balance	$ 2,931,598
Change in fair value of contingent consideration	107,536
Ending balance	$ 3,039,134

Assets and liabilities measured at fair value on a recurring or nonrecurring basis are as follows:

	March 31, 2015 Level 1	Level 2	Level 3
Liabilities:			
Warrant liabilities	$-	$ -	$292,181
Contingent consideration	-	-	3,039,134
Total liabilities	$-	$ -	$3,331,315

	December 31, 2014 Level 1	Level 2	Level 3
Liabilities:			
Warrant liabilities	$-	$ -	$304,223
Contingent consideration	-	-	2,931,598
Total liabilities	$-	$ -	$3,235,821

Warrants that contain exercise reset provisions and contingent consideration liabilities are Level 3 derivative liabilities measured at fair value on a recurring basis using pricing models for which at least one significant assumption is unobservable as defined in ASC 820. The fair value of contingent consideration liabilities that was classified as Level 3 in the table above was estimated using a discounted cash flow technique with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement as defined in ASC 820. The significant inputs in the Level 3 measurement not supported by market activity include the probability assessments of expected future cash flows related to the acquisitions, appropriately discounted considering the uncertainties associated with the obligation, and as calculated in accordance with the terms of the acquisition agreements. The development and determination of the unobservable inputs for Level 3 fair value measurements and the fair value calculations are the responsibility of the Company's chief financial officer and are approved by the chief executive officer.

12. Subsequent Events

On May 4, 2015, the Company closed an underwritten public offering of 7,582,418 shares of its common stock at a price to the public of $4.55 per share. Proceeds from this offering, net of underwriter fees were $32,430,000. The Company intends to use the net proceeds from this offering to fund the commercial expansion of its marketed products, to pursue additional product platforms, and for working capital and general corporate purposes. The shares of common stock were issued pursuant to the Company's shelf registration statement on Form S-3 previously filed with the Securities and Exchange Commission and declared effective on September 25, 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes above.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements," which include information relating to future events, future financial performance, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predict," "potential," "continue," "expect," "anticipate," "future," "intend," "plan "estimate," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will actually be achieved. Forward-looking statements are based on information we have when those statements are made or our management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

the uncertainty regarding the adequacy of our liquidity to pursue our complete business objectives;

inadequate capital;

loss or retirement of key executives;

our plans to make significant additional outlays of working capital before we expect to generate significant revenues and the uncertainty regarding when we will begin to generate significant revenues, if we are able to do so;

an unfavorable decision on product reimbursement;

adverse economic conditions and/or intense competition;

loss of a key customer or supplier;

entry of new competitors and products;

adverse federal, state and local government regulation;

technological obsolescence of our products;

technical problems with our research and products;

risks of mergers and acquisitions including the potential occurrence of an event, change or other circumstance that could give rise to the termination of a transaction, the inability to complete transactions due to the failure to satisfy the conditions to closing, including the receipt of regulatory and stockholder approvals, the time and cost of implementing transactions and the potential failure to achieve expected gains, revenue growth or expense savings;

19

- price increases for supplies and components; and

- the inability to carry out research, development and commercialization plans.

For a discussion of these and other risks that relate to our business and investing in shares of our common stock, you should carefully review the risks and uncertainties described under the heading "Part I – Item 1A. Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on form 10-K for the year ended December 31, 2014. The forward-looking statements contained in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. We do not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

Overview

We are a provider of advanced wound care solutions. Through our hydrogel technology platform and licensed and proprietary products, we seek to create superior outcomes for patients, providers, and partners. Our core businesses include advanced wound care and contract manufacturing. We leverage our proprietary hydrogel and licensed technology to add value to our own products and those of our partners.

Acquisition of Celleration, Inc.

On February 2, 2015, we entered into an Agreement and Plan of Merger (as may be amended from time to time, the "Merger Agreement") with ALQA Cedar, Inc., our wholly-owned subsidiary ("Merger Sub"), Celleration, Inc. ("Celleration") and certain representatives of the Celleration stockholders, which provides for, among other things, the merger of Celleration with and into Merger Sub, with Merger Sub continuing as the surviving corporation on the terms and conditions set forth in the Merger Agreement.

Celleration focuses on developing and commercializing therapeutic ultrasound healing technologies, including the MIST Therapy System® and UltraMIST®, which deliver noncontact low-frequency, low-intensity ultrasound to the wound bed through a saline mist.

If the merger is completed, holders of outstanding shares of Celleration common stock, holders of Celleration Series AA preferred stock and holders of in the money Celleration stock options and warrants (collectively referred to herein as the Celleration equity holders) will initially receive at closing, a pro rata portion of an aggregate purchase price of

$30,415,000, payable in equal amounts of cash and shares of our common stock, subject to certain adjustments and escrow holdbacks. In addition, the Celleration equity holders will have the right to receive certain future contingent payments subject to the terms and conditions set forth in the Merger Agreement. The merger is expected to close during the second quarter of 2015, subject to the receipt of any required approvals and the satisfaction or waiver of the conditions to the merger contained in the Merger Agreement. However, it is possible that factors outside the control of the parties could require the parties to complete the merger at a later time or not complete it at all.

Results of Operations

Three Months Ended March 31, 2015 Compared to the Three Months Ended March 31, 2014

Overview. For the three months ended March 31, 2015 and 2014, we had a net loss of $7,661,592 and $9,036,162, respectively. Included in the net loss for three months ended March 31, 2015 and 2014 was non-cash stock-based compensation of $2,032,512 and $5,161,525 and acquisition-related expenses of $1,945,789 and $65,982, respectively. We expect our future growth to consist of both organic and acquisition growth from product sales.

Revenues, net. For the three months ended March 31, 2015 revenues increased by $1,522,989, or 258%, to $2,113,564 from $590,575 for the three months ended March 31, 2014. The increase in our overall revenue was primarily due to increase in product sales.

The components of revenue were as follows for the three months ended March 31, 2015 and 2014:

20

	Three Months Ended March 31,	
	2015	2014
Revenues		
Products	$ 1,477,428	$ 112,305
Contract manufacturing	636,136	478,270
Total revenues, net	$ 2,113,564	$ 590,575

Our growth rates for the three months ended March 31, 2015 and 2014 were as follows:

	Three Months Ended March 31,			
	2015		2014	
Revenue growth	$ 1,522,989		$ 198,778	
% Growth over prior year	257.9	%	50.7	%
Comprised of:				
% of organic growth*	168.9	%	50.7	%
% of acquisition growth**	89.0	%	0.0	%
	257.9	%	50.7	%

*Represents growth from contract manufacturing and sales of our hydrogel, sorbion, and Biovance products.

**Represents growth from the sale of products acquired in the purchase of Choice Therapeutics in May 2014.

Gross profit (loss). Our gross profit was $906,500 for the three months ended March 31, 2015 compared to gross loss of $41,124 for the three months ended March 31, 2014. The improved results for the three months ended March 31, 2015, as compared to 2014 was primarily due to the greater volume of product sales as product revenue typically commands higher gross profit margins. Gross margin on our product sales was approximately 73%, while our overall gross margin was approximately 43% for the three months ended March 31, 2015. We expect our future gross profit to increase as a result of products sales becoming a higher proportion of our total sales.

The components of cost of revenues are as follows for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
Cost of revenues		
Stock-based compensation	$ 91,600	$ 17,210
Compensation and benefits	207,825	153,079

Depreciation and amortization	146,736	146,736
Materials	629,684	213,666
Equipment, production and other expenses	131,219	101,008
Total cost of revenues	$ 1,207,064	$ 631,699

Selling, general and administrative expenses. The following table highlights selling, general and administrative expenses by type for the three months ended March 31, 2015 and 2014:

21

	Three Months Ended March 31,	
	2015	2014
Selling, general and administrative expenses		
Stock-based compensation	$ 1,940,912	$ 5,144,315
Compensation and benefits	2,167,630	1,777,331
Marketing	412,083	224,323
Royalty fees	174,235	100,000
Other expenses	1,835,081	1,400,575
Total selling, general and administrative expenses	$ 6,529,941	$ 8,646,544

Selling, general and administrative expenses decreased by $2,116,603, to $6,529,941 for the three months ended March 31, 2015, as compared to $8,646,544 for the three months ended March 31, 2014.

Stock-based compensation decreased by $3,203,403, to $1,940,912 for the three months ended March 31, 2015, as compared to $5,144,315 for the three months ended March 31, 2014. The decrease in stock-based compensation is primarily due to the decrease in equity awards granted to consultants and a decrease in the fair value of equity awards granted in the three months ended March 31, 2015 as compared to the three months ended March 31, 2014. Compensation and benefits increased by $390,299, to $2,167,630 for the three months ended March 31, 2015, as compared to $1,777,331 for the three months ended March 31, 2014. The increase in compensation and benefits was primarily due to the increase in the number of full-time employees from 38 at March 31, 2014 to 50 at March 31, 2015.

Marketing expenses increased by $187,760 to $412,083 for the three months ended March 31, 2015, as compared to $224,323 for the three months ended March 31, 2014. The increase was primarily due to increased efforts to market our proprietary and licensed products through tradeshows, sample products, market research and marketing materials.

Royalty expenses increased by $74,235 to $174,235 for the three months ended March 31, 2015, as compared to $100,000 for the three months ended March 31, 2014. The increase was primarily due to the scheduled increase in minimum royalties for the exclusive right and license to manufacture and distribute SilverSeal products. The minimum royalty due for the year ended December 31, 2015 is $500,000 compared to $400,000 due for the year ended December 31, 2014. Also included in royalty expense for the three months ended March 31, 2015 is approximately $49,000 of royalties due in connection with sales of our Biovance product.

Other selling, general and administrative expenses increased by $434,506, to $1,835,081 for the three months ended March 31, 2015, as compared to $1,400,575 for the three months ended March 31, 2014. The increase in other selling, general and administrative expense is primarily in support of our revenue growth. Other selling, general and administrative expenses consist of costs associated with our selling efforts and general management, including consulting, recruiting, information technology, travel, training and professional fees such as legal and accounting expenses.

Acquisition-related expenses. During the three months ended March 31, 2015, we incurred acquisition-related costs of $1,945,789 in connection with due diligence, professional fees, and other expenses related to the acquisition of Celleration, compared to $65,982 related to the acquisition of Choice Therapeutics during the three months ended March 31, 2014.

Liquidity and Capital Resources

As of March 31, 2015, we had cash and cash equivalents totaling $10,939,194 compared to $16,770,879 at December 31, 2014. The decrease was attributable to cash used in operating activities of $5,875,313 during the three months ended March 31, 2015.

Net cash flow used in operating activities was $5,875,313 and $2,615,514 for the three months ended March 31, 2015 and 2014, respectively. Net cash flow used in operating activities included approximately $1.2 million of transaction costs related to our acquisition of Celleration during the three months ended March 31, 2015. Changes in working capital increased cash flows used in operating activities approximately $1.4 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014.

Net cash used in investing activities was $5,000 for the three months ended March 31, 2015 compared to $106,596 used in investing activities in the three months ended March 31, 2014. Cash used in investing activities includes capital expenditures related to our contract manufacturing during the three months ended March 31, 2015. Cash used in investing activities primarily relates to cash payments related to the purchase of distribution rights in the three months ended March 31, 2014.

Net cash flow generated from financing activities was $48,628 for the three months ended March 31, 2015, compared to cash flow generated from financing activities of $268,376 for the three months ended March 31, 2014. During the three months ended March 31, 2015, we received proceeds from stock option exercises of $236,278. This was offset by the payment of withholding taxes related to vesting of certain restricted stock awards of $187,650. During the three months ended March 31, 2014, we received proceeds from stock option exercises of $469,550. This was offset by the payment of withholding taxes related to vesting of certain restricted awards of $201,174.

At March 31, 2015, current assets totaled $14,758,794 and current liabilities totaled $4,425,555, as compared to current assets totaling $19,629,067 and current liabilities totaling $4,129,824 at December 31, 2014. As a result, we had working capital of $10,333,239 at March 31, 2015 compared to working capital of $15,499,243 at December 31, 2014.

Our cash requirements have historically been for product development, clinical trials, marketing and sales activities, finance and administrative costs, capital expenditures and overall working capital. We have experienced negative operating cash flows since inception and have funded our operations primarily from sales of common stock and other securities.

Liquidity Outlook

In 2013, we restructured our senior management team with the goal of maximizing the potential for success in achieving our sales and marketing goals. We have hired new executive officers, various senior sales and marketing executives, and a direct sales force to sell our wound care products. We expect to continue to attend trade shows and seek other avenues to market our products. We continue to focus our efforts on expanding our product offerings. We are seeking complementary products to our current portfolio, in an effort to expand our offerings.

The implementation of our growth strategy will continue to result in an increase in our fixed cost structure. Due to the time delay between outlays for working capital expenditures, such as costs to acquire rights to additional products, merger and acquisition activity, the hiring and training of sales agents and personnel, pre-launch marketing costs, the purchasing of inventory, and the billing and collection of revenue, we expect negative operating cash flows to continue.

On February 2, 2015 we entered in the Merger Agreement with Celleration. The Merger Agreement provides for an initial aggregate purchase price of $30,415,000 payable in equal amounts of cash and our common stock. In connection with the Merger Agreement, we also received a commitment letter from a lender in which the lender has committed to provide us with a senior, secured term loan facility in the amount of $15,500,000, pursuant to the terms of the commitment letter. We expect to use the proceeds from this loan facility to provide the capital for the upfront cash portion associated with the consummation of the Merger Agreement. The Merger Agreement may be terminated by either party if the Merger is not completed by May 31, 2015, provided that we may extend that date to July 31, 2015 in certain circumstances so long as we provide Celleration with a $1,000,000 loan by May 15, 2015. In addition, we expect approximately $3.6 million of acquisition-related expenses to be paid subsequent to the completion of the Celleration acquisition. The acquisition is expected to close in the second quarter of 2015.

A shelf registration statement on Form S-3 relating to the public offering of the shares of common stock described above was filed with the SEC and was declared effective on September 25, 2014. This registration statement will enable us to offer and sell to the public from time to time in one or more offerings, up to $100,000,000 of common and preferred stock, debt securities, warrants, units or any combination thereof. The terms of any securities offered under the registration statement, and the intended use of the net proceeds resulting therefrom, will be established at the times of the offerings and will be described in prospectus supplements filed with the SEC at the times of the offerings. There can be no assurance that we will be successful in securing additional capital in sufficient amounts and on terms favorable to us.

On May 4, 2015, the Company closed an underwritten public offering of 7,582,418 shares of its common stock at a price to the public of $4.55 per share. Proceeds from this offering, net of underwriter fees were $32,430,000. The shares of common stock were issued pursuant to our shelf registration statement on Form S-3. The Company intends to use the net proceeds from this offering to fund the commercial expansion of its marketed products, to pursue additional product platforms, and for working capital and general corporate purposes.

We believe that our cash on hand will be sufficient to fund our current business for at least the next 12 months. However, our future results of operations involve significant risks and uncertainties. Factors that could affect our future operating results and cause actual results to vary materially from expectations include, but are not limited to, potential demand for our products, unfavorable decisions on product reimbursement, risks from competition, regulatory approval of our new products, technological change, and dependence on key personnel.

Off Balance Sheet Arrangements

As of March 31, 2015, we had no off-balance sheet arrangements in the nature of guarantee contracts, retained or contingent interests in assets transferred to unconsolidated entities (or similar arrangements serving as credit, liquidity or market risk support to unconsolidated entities for any such assets), or obligations (including contingent obligations) arising out of variable interests in unconsolidated entities providing financing, liquidity, market risk or credit risk support to us, or that engage in leasing, hedging or research and development services with us.

Critical Accounting Policies

There have been no significant changes to the Company’s critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in the Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2015, we conducted an evaluation, under the supervision and participation of management including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level as of March 31, 2015.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in lawsuits, investigations and claims that arise in the ordinary course of business. Except as set forth below, as of the date of this filing, we are not party to any material litigation nor are we aware of any such threatened or pending legal proceedings that we believe could have a material adverse effect on our business, financial condition or operating results.

There are no material proceedings in which any of our directors, officers or affiliates or any registered or beneficial shareholder of more than 5% of our common stock is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS

During the three months ended March 31, 2015 there were no material changes to the risk factors previously discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, except for the following:

Risks Related to Our Company

We have experienced significant losses and expect losses to continue for the foreseeable future.

We have yet to establish any history of profitable operations. We have incurred net losses of $7,661,592 and $9,036,162, respectively, for the three months ended March 31, 2015 and 2014. We have incurred annual net losses of $25,445,435 and $21,976,882, respectively, during the years ended December 31, 2014 and 2013. As of March 31, 2015, we had an accumulated deficit of $77,704,306. We expect to incur additional operating losses for the foreseeable future. Although we expect sales and order backlogs to increase in 2015 from our existing product offerings, there can be no assurance that we will be able to achieve these revenues throughout the year or be profitable in the future.

We will require additional capital in order to execute the longer term aspects of our business plan.

The implementation of our growth strategy will continue to result in an increase in our fixed cost structure. Due to the time delay between outlays for working capital expenditures, such as costs to acquire rights to additional products, the hiring and training of sales agents and personnel, marketing costs, the purchasing of inventory, the billing and collection of revenue, the conducting of a post marketing clinical trial for Biovance, and diligence costs related to merger and acquisition activities, we expect to have a net cash outflow from operating activities and revenues from sales brought in as a result of these expenditures. Future results of operations involve significant risks and uncertainties. Factors that could affect our future operating results and cause actual results to vary materially from expectations include, but are not limited to, potential demand for our products, risks from competitors, regulatory approval of our new products, technological change, and dependence on key personnel.

In order to complete our future growth strategy, additional equity and/or debt financing will be required. If we are unable to raise additional capital or if we encounter circumstances that place unforeseen constraints on capital resources, we will be required to take even stronger measures to conserve liquidity, which may include, but are not limited to, eliminating all non-essential positions and ceasing all marketing efforts. We would have to curtail business development activities and suspend the pursuit of our business plan. There can be no assurance that we will be successful in improving revenues, reducing expenses and/or securing additional capital in sufficient amounts and on favorable terms.

There is no assurance that the merger with Celleration will be completed and, even if the merger is successfully completed, the anticipated benefits to our stockholders may not be realized.

On February 2, 2015, we entered into the Merger Agreement, pursuant to which Celleration agreed to merge with and into Merger Sub, our wholly owned subsidiary. Completion of the merger is subject to the satisfaction or waiver of a number of conditions as set forth in the Merger Agreement, including without limitation the approval of the Merger Agreement by Celleration stockholders and the approval of the issuance of our common stock in the merger by our stockholders. There can be no assurance that we or Celleration will be able to satisfy the closing conditions or that closing conditions beyond our control will be satisfied or waived. The conditions to the proposed merger could prevent or delay the completion of the transaction. If the merger and the integration of the companies' respective businesses are not completed within the expected timeframe, such delay may materially and adversely affect the synergies and other benefits that we expect to achieve as a result of the merger and could result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the merger.

In addition, the parties can agree at any time to terminate the Merger Agreement, even if Celleration stockholders have already adopted the Merger Agreement and thereby approved the merger and the other transactions contemplated by the Merger Agreement. Both we and Celleration can also terminate the Merger Agreement under other specified circumstances.

If the merger is not completed, our ongoing business could be adversely affected and we will be subject to a variety of risks associated with the failure to complete the merger, including without limitation the following:

- the requirement, under certain circumstances, to pay to Celleration a reverse termination fee equal to $3 million less any amount previously loaned to Celleration;

- reputational harm due to the adverse perception of any failure to successfully complete the merger; and

- having to pay certain costs relating to the merger, such as legal, accounting, financial advisory, filing and printing fees notwithstanding the failure to complete the merger.

If the merger is not completed, these risks could materially affect the market price of our common stock and our future business and financial results.

We will incur substantial additional indebtedness in connection with the merger, may not be able to refinance the senior, secured loan facility on favorable terms, if drawn upon, and may not be able to meet all of our debt obligations.

In connection with the merger, we have entered into a commitment letter for a new senior, secured term loan facility in the aggregate amount of $15,500,000. Proceeds from the debt financing will be used to finance, in part, the cash consideration for the merger and to pay fees and expenses incurred in connection with the merger. If we finance the merger by drawing on the loan facility, based on assumed interest rates, leverage ratios and credit ratings, the combined company's debt service obligations, comprised of principal and interest (excluding capital leases and equipment notes), during the 12 months following the completion of the merger is expected to be approximately $1,662,250. As a result of this increase in debt, demands on the combined company's cash resources will increase after the completion of the merger. The increased level of debt could, among other things:

- require the combined company to dedicate a large portion of its cash flow from operations to the servicing and repayment of its debt, thereby reducing funds available for working capital, capital expenditures, research and development expenditures and other general corporate requirements;

- limit the combined company's ability to obtain additional financing to fund future working capital, capital expenditures, research and development expenditures and other general corporate requirements;

- limit the combined company's flexibility in planning for, or reacting to, changes in its business and the industry in which we operate;

- restrict the combined company's ability to make strategic acquisitions or dispositions or to exploit business opportunities;

- place the combined company at a competitive disadvantage compared to its competitors that have less debt;

- adversely affect the combined company's credit rating, with the result that the cost of servicing the combined company's indebtedness might increase and its ability to obtain surety bonds could be impaired;

- adversely affect the market price of our common stock; and
- limit the combined company's ability to apply proceeds from an offering or asset sale to purposes other than the servicing and repayment of debt.

We depend on our executive officers and key personnel.

We believe that our success will depend, in part, upon our ability to retain our executive officers, including David Johnson, our Chief Executive Officer, Brian Posner, our Chief Financial Officer, and Brad Barton, our Chief Operating Officer, and other key personnel we have recently added, and attract additional skilled personnel, which may require substantial additional funds. There can be no assurance that we will be able to find and attract additional qualified employees or retain any such executive officers and other key personnel. Our inability to hire qualified personnel, the loss of services of our executive officers or key personnel, or the loss of services of executive officers or key personnel who may be hired in the future may have a material and adverse effect on our business.

Our strategic business plan may not produce the intended growth in revenue and operating income.

Our strategies include making significant investments in sales and marketing programs to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected.

Our acquisition strategy may not produce the intended growth in revenue and operating income.

As part of our strategy for growth, we may make acquisitions and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. Such acquisitions could reduce shareholders' ownership, cause us to incur debt, expose us to liabilities and result in amortization expenses related to intangible assets with definite lives. In addition, acquisitions involve other risks, including diversion of management resources otherwise available for ongoing development of our business and risks associated with entering new markets with which we have limited experience or where distribution alliances with experienced distributors are not available. Our future profitability may depend in part upon our ability to further develop our resources to adapt to these new products or business areas and to identify and enter into satisfactory distribution networks. Moreover, we may fail to realize the anticipated benefits of any acquisition as rapidly as expected or at all, or the acquired business may not perform in accordance with our expectations. We may also incur significant expenditures in anticipation of an acquisition that is never realized. There can be no assurance that difficulties encountered in connection with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

Our future success depends upon market acceptance of our existing and future products.

We believe that our success will depend in part upon the acceptance of our existing and future products by the medical community, hospitals and physicians and other health care providers, third-party payers, and end-users. Such acceptance may depend upon the extent to which the medical community and end-users perceive our products as safer, more effective or cost-competitive than other similar products. Ultimately, for our new products to gain general market acceptance, it may also be necessary for us to develop marketing partners for the distribution of our products. There can be no assurance that our new products will achieve significant market acceptance on a timely basis, or at all. Failure of some or all of our future products to achieve significant market acceptance could have a material adverse effect on our business, financial condition, and results of operations.

We are dependent on significant customers.

Historically, our contract manufacturing business has generated most of our revenue, and much of this revenue is generated from a limited number of clients, who account for a substantial percentage of our total revenues. For the year ended December 31, 2014, one customer accounted for approximately 23% of our revenue. For the year ended December 31, 2013, two customers accounted for approximately 67% of our revenue, with one customer accounting for 51% and the other 16%. These customers are both medical device manufacturers and consumers of our contract manufacturing products. The decrease in this concentration from 2013 to 2014 is due to an increase in product revenue, which is consistent with our strategy. We expect that as revenues from the sales of our proprietary wound dressings increase, this concentration will continue to abate in 2015. The loss of any of our significant customers would have a significant negative effect on our overall operations.

We may not be able to correctly estimate our future operating expenses, which could lead to cash shortfalls.

Our operating expenses may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. These factors include:

the time and resources required to develop and conduct clinical trials and obtain regulatory approvals for our products;

the costs to attract and retain personnel with the skills required for effective operations; and/or

the costs of preparing, filing, prosecuting, defending and enforcing patent claims and other patent related costs, including litigation costs and the results of such litigation.

If we do not accurately predict our operating expenses, we may not allocate resources appropriately, which could lead to cash shortfalls and force us to seek additional capital or curtail other projects or initiatives, all of which could have a significant negative effect on our business, results of operations and financial condition.

We operate in a highly competitive industry and face competition from large, well-established medical device manufacturers as well as new market entrants.

Competition from other medical device companies and from research and academic institutions is intense, expected to increase, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. In addition to competing with universities and other research institutions in the development of products, technologies and processes, we compete with other companies in acquiring rights to products or technologies from those institutions. A number of factors may limit the market acceptance of our products, including the timing of regulatory approvals and market entry relative to competitive products, the availability of alternative products, the price of our products relative to alternative products, the availability of third party reimbursement and the extent of marketing efforts by third party distributors or agents that we retain. There can be no assurance that our products will receive market acceptance in a commercially viable period of time, if at all. Furthermore, there can be no assurance that we can develop products that are more effective or achieve greater market acceptance than competitive products, or that our competitors will not succeed in developing or acquiring products and technologies that are more effective than those being developed by us, that would render our products and technologies less competitive or obsolete.

Our competitors enjoy several competitive advantages over us, including some or all of the following:

large and established distribution networks in the U.S. and/or in international markets;

greater financial, managerial and other resources for products research and development, sales and marketing efforts and protecting and enforcing intellectual property rights;

significantly greater name recognition;

more expansive portfolios of intellectual property rights;

established relations with physicians, hospitals, other healthcare providers and third party payors;

products which have been approved by regulatory authorities for use in the U.S. and/or Europe and which are supported by long-term clinical data; and

greater experience in obtaining and maintaining regulatory approvals and/or clearances from the FDA and other regulatory agencies.

Our competitors' products will compete directly with our products. In addition, our competitors as well as new market entrants may develop or acquire new treatments, products or procedures that will compete directly or indirectly with our products. The presence of this competition in our market may lead to pricing pressure which would make it more difficult to sell our products at a price that will make us profitable or prevent us from selling our products at all. Our failure to compete effectively would have a material and adverse effect on our business, results of operations and financial condition.

Certain of our existing and potential future products will require FDA approval before they can be marketed in the United States.

Inherent in the development of new medical products is the potential for delay because product testing, including clinical evaluation, is required before most products can be approved for human use. With respect to medical devices, such as those that we manufacture and market, before a new medical device, or a new use of, or claim for, an existing product can be marketed, unless it is a Class I device, it must first receive either premarket clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act or approval of a premarket approval application, or PMA, from the FDA, unless an exemption applies. In the 510(k) clearance process, the FDA must determine that the proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The PMA approval pathway requires an applicant to demonstrate the safety and effectiveness of the device for its intended use based, in part, on extensive data including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The premarket approval process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. Both the 510(k) and premarket approval processes can be expensive and lengthy and entail significant user fees.

Failure to comply with applicable regulatory requirements can result in, among other things, suspensions or withdrawals of approvals or clearances, seizures or recalls of products, injunctions against the manufacture, holding, distribution, marketing and sale of a product, civil and criminal sanctions. Furthermore, changes in existing regulations or the adoption of new regulations could prevent us from obtaining, or affect the timing of, future regulatory approvals. Meeting regulatory requirements and evolving government standards may delay marketing of our new products for a considerable period of time, impose costly procedures upon our activities and result in a competitive advantage to larger companies that compete against us.

We cannot assure you that the FDA or other regulatory agencies will approve any products developed by us, on a timely basis, if at all, or, if granted, that approval will not entail limiting the indicated uses for which we may market the product, which could limit the potential market for any of these products.

Changes to the FDA approval process or ongoing regulatory requirements could make it more difficult for us to obtain FDA approval or clearance of our products or comply with ongoing requirements.

Based on scientific developments, post-market experience, or other legislative or regulatory changes, the current FDA standards of review for approving new medical device products are sometimes more stringent than those that were applied in the past. For example, the FDA is currently evaluating the 510(k) process for clearing medical devices and may make substantial changes to industry requirements, including which devices are eligible for 510(k) clearance, the ability to rescind previously granted 510(k) clearances and additional requirements that may significantly impact the process.

We cannot determine what effect changes in regulations or legal interpretations by the FDA or the courts, when and if promulgated or issued, may have on our business in the future. Changes could, among other things, require different labeling, monitoring of patients, interaction with physicians, education programs for patients or physicians, curtailment of necessary supplies, or limitations on product distribution. These changes, or others required by the FDA could have an adverse effect on the sales of these products. The evolving and complex nature of regulatory science and regulatory requirements, the broad authority and discretion of the FDA and the generally high level of regulatory oversight results in a continuing possibility that from time to time, we will be adversely affected by regulatory actions despite ongoing efforts and commitment to achieve and maintain full compliance with all regulatory requirements.

Should the FDA determine that Biovance does not meet regulatory requirements that permit qualifying human cells, tissues and cellular and tissue-based products to be processed, stored, labeled and distributed without pre-marketing approval, we may be required by the FDA to stop processing and distributing Biovance, or to narrow the indications for which Biovance is marketed, which, in turn, could also result in a default under our planned credit facility.

Biovance is a product derived from human tissue. The FDA has specific regulations governing human cells, tissues and cellular and tissue-based products, or HCT/Ps. An HCT/P is a product containing or consisting of human cells or tissue intended for transplantation into humans. HCT/Ps that meet the criteria for regulation solely under Section 361 of the Public Health Service Act and 21 CFR 1271 (361 HCT/Ps) are not subject to pre-market clearance or approval requirements, but are subject to post-market regulatory requirements. To be a 361 HCT/P, a product must meet all four of the following criteria:

- It must be minimally manipulated;
- It must be intended for homologous use;
- It must not be combined with another article; and
- It must not have a systemic effect (except for autologous, family-related or reproductive use).

We and Celgene believe that Biovance qualifies as a 361 HCT/P. However, if the FDA disagrees with our belief, changes its policy with respect to 361 HCT/P qualifications, or determines that our marketing claims exceed what would be permitted for a 361 product, and Biovance is determined to not qualify as a section 361 HCT/P product, we may have to revise our labeling and other written or oral statements of use or obtain approval or clearance from the FDA before we can continue to market the product in the United States. Furthermore, a communication from the FDA asserting that Biovance does not qualify as a 361 HCT/P product could also trigger an event of default under the credit agreement that we expect to enter into to finance the cash portion of the purchase price for the Celleration acquisition. For more information, see “Prospectus Supplement Summary – Debt Financing for the Merger” and “- Risks Related to the Debt Financing for the Merger.”

Modifications to our current products may require new marketing clearances or approvals or require us to cease marketing or recall the modified products until such clearances or approvals are obtained.

Any modification to a FDA-cleared product that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, requires a new FDA 510(k) clearance or, possibly, a premarket approval. The FDA requires every manufacturer to make its own determination as to whether a modification requires a new 510(k) clearance or premarket approval, but the FDA may review and disagree with any decision reached by the manufacturer. In the future, we may make additional modifications to our products after they have received FDA clearance or approval and, in appropriate circumstances, determine that new clearance or approval is unnecessary. Regulatory authorities may disagree with our past or future decisions not to seek new clearance or approval and may require us to obtain clearance or approval for modifications to our products. If that were to occur for a previously cleared or approved product, we may be required to cease marketing or recall the modified device until we obtain the necessary clearance or approval. Under these circumstances, we may also be subject to significant regulatory fines or other penalties. If any of the foregoing were to occur, our financial condition and results of operations could be negatively impacted.

We and our manufacturers will be required to comply with current good manufacturing practices and could be subject to suspensions or product withdrawals if found non-compliant.

The FDA regulates the facilities, processes and procedures used to manufacture and market medical products in the U.S. Manufacturing facilities must be registered with the FDA and all products made in such facilities must be manufactured in accordance with "current good manufacturing practices," or cGMP, regulations enforced by the FDA. Compliance with cGMP regulations requires the dedication of substantial resources and requires significant expenditures. The FDA periodically inspects our manufacturing facilities and those of our subcontractors and procedures to assure compliance. The FDA may cause a suspension or withdrawal of product approvals if regulatory standards are not maintained. In the event an approved manufacturing facility for a particular drug or medical device is required by the FDA to curtail or cease operations, or otherwise becomes inoperable, or a third party contract manufacturing facility faces manufacturing problems, obtaining the required FDA authorization to manufacture at the same or a different manufacturing site could result in production delays, which could adversely affect our business, results of operations, financial condition and cash flow.

We will be subject to ongoing federal and state regulations, and if we fail to comply, our business could be seriously harmed.

Following initial regulatory approval of any products that we may develop, we will be subject to continuing regulatory review, including review of adverse drug experiences and clinical results that are reported after our products become commercially available. This would include results from any post-marketing tests or continued actions required by a condition of approval. The manufacturing facilities we may use to make any of our products may become subject to periodic review and inspection by the FDA. If a previously unknown problem or problems with a product or a manufacturing and laboratory facility used by us is discovered, the FDA may impose restrictions on that product or on the manufacturing facility, including requiring us to withdraw the product from the market. Any changes to an approved product, including the way it is manufactured or promoted, often requires FDA approval before the product, as modified, can be marketed. In addition, for products we develop in the future, we and our contract manufacturers may be subject to ongoing FDA requirements for submission of safety and other post-market information. If we or any of our contract manufacturers fail to comply with applicable regulatory requirements, a regulatory agency may:

issue warning letters;

impose civil or criminal penalties;

suspend or withdraw our regulatory approval;

suspend or terminate any of our ongoing clinical trials;

refuse to approve pending applications or supplements to approved applications filed by us;

impose restrictions on our operations;

close the facilities of our contract manufacturers; and/or

seize or detain products or require a product recall.

Additionally, regulatory review covers a company's activities in the promotion of its drugs, with significant potential penalties and restrictions for promotion of drugs for an unapproved use. Sales and marketing programs, such as illegal promotions to health care professionals, are under scrutiny for compliance with various mandated requirements. We are also required to submit information on open and completed clinical trials to public registries and databases. Failure to comply with these requirements could expose us to negative publicity, fines and penalties that could harm our business.

If we violate regulatory requirements at any stage, whether before or after marketing approval is obtained, we may be fined, be forced to remove a product from the market or experience other adverse consequences, including delay, which would materially harm our financial results. Additionally, we may not be able to obtain the labeling claims necessary or desirable for product promotion.

Recent U.S. healthcare legislation imposes an excise tax on us and requires cost controls that may impact the rate of reimbursement for our products, each of which may adversely affect our business, cash flows and results of operations.

Significant U.S. healthcare reform legislation, the Patient Protection and Affordable Care Act, as reconciled by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), was enacted into law in March 2010. Commencing January 1, 2013, the ACA imposed an excise tax on manufacturers or producers making sales of medical devices in the U.S., other than sales at retail for individual use. Although several bills have been proposed in the U.S. Congress to eliminate the tax, most of these bills are tied to corresponding increases in taxes from other sources, and therefore face substantial opposition. We likely will not be able to offset the new tax with increased revenue. Accordingly, the excise tax may adversely affect our business, cash flows and results of operations.

The ACA also contains provisions aimed at improving the quality and decreasing the costs of healthcare. The Medicare provisions include value-based payment programs, increased funding for comparative effectiveness research, reduced hospital payments for avoidable readmissions and hospital-acquired conditions, and pilot programs to evaluate alternative payment methodologies that promote care coordination (such as bundled physician and hospital payments). Additionally, the ACA includes a reduction in the annual rate of reimbursement growth for hospitals that began in 2011 and provides for the establishment of an independent payment advisory board to recommend ways of reducing the rate of growth in Medicare spending beginning in 2014. Many of these provisions will not be effective for a number of years, and there are many programs and requirements for which the details have not yet been fully established. Although it remains impossible to predict the extent of the regulation and the full impact of the ACA, any changes that lower reimbursement for our products or reduce medical procedure volumes could adversely affect its business and results of operations.

We and our sales personnel, whether employed by us or by others, must comply with various federal and state anti-kickback, self-referral, false claims and similar laws, any breach of which could cause a material adverse effect on our business, financial condition and results of operations.

Our relationships with physicians, hospitals and the marketers of our products are subject to scrutiny under various federal anti-kickback, self-referral, false claims and similar laws, often referred to collectively as healthcare fraud and abuse laws. Healthcare fraud and abuse laws are complex, and even minor, inadvertent violations can give rise to liability, or claims of alleged violations. Possible sanctions for violation of these fraud and abuse laws include monetary fines; civil and criminal penalties; exclusion from federal and state healthcare programs, including

Medicare, Medicaid, Veterans Administration health programs, workers' compensation programs and TRICARE, the healthcare system administered by or on behalf of the U.S. Department of Defense for uniformed services beneficiaries, including active duty and their dependents, retirees and their dependents; and forfeiture of amounts collected in violation of such prohibitions. Certain states have similar fraud and abuse laws that also authorize substantial civil and criminal penalties for violations. Any government investigation or a finding of a violation of these laws would likely result in a material adverse effect on the market price of our common stock, as well as our business, financial condition and results of operations.

The federal Anti-Kickback Statute prohibits any knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for the referral of an individual or the ordering or recommending of the use of a product or service for which payment may be made by any federal healthcare program, including Medicare.

The scope and enforcement of the healthcare fraud and abuse laws is uncertain and subject to rapid change. There can be no assurance that federal or state regulatory or enforcement agencies will not investigate or challenge our current or future activities under these laws. Any investigation or challenge could have a material adverse effect on our business, financial condition and results of operations. Any state or federal investigation, regardless of the outcome, could be costly and time-consuming. Additionally, we cannot predict the impact of any changes in these laws, whether these changes are retroactive or will have effect on a going-forward basis only.

If we engage additional physicians on a consulting basis, the agreements with these physicians will be structured to comply with all applicable laws, including the federal ban on physician self-referrals (commonly known as the "Stark Law") the federal Anti-Kickback Statute, state anti self-referral and anti-kickback laws. Even so, it is possible that regulatory or enforcement agencies or courts may in the future view these agreements as prohibited arrangements that must be restructured or for which we would be subject to other significant civil or criminal penalties. Because our strategy includes the involvement of physicians who consult with us on the design of our products, we could be materially impacted if regulatory or enforcement agencies or courts interpret our financial relationships with our physician advisors who refer or order our products to be in violation of one or more health care fraud and abuse laws. Such government action could harm our reputation and the reputations of our physician advisors. In addition, the cost of noncompliance with these laws could be substantial because we could be subject to monetary fines and civil or criminal penalties, and we could also be excluded from state and federal healthcare programs, including Medicare and Medicaid, for non-compliance.

If we unable to protect our intellectual property rights adequately, we may not be able to compete effectively.

Our success depends in part on our ability to protect the proprietary rights to the technologies used in our products. We rely on patent protection, as well as a combination of trademark laws and confidentiality, noncompetition and other contractual arrangements to protect our proprietary technology. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep a competitive advantage. Our patents and patent applications, if issued, may not be broad enough to prevent competitors from introducing similar products into the market. Our patents, if challenged or if it attempts to enforce them, may not necessarily be upheld by the courts. In addition, patent protection in foreign countries may be different from patent protection under U.S. laws and may not be favorable to us.

Efforts to enforce any of our proprietary rights could be time-consuming and expensive, which could adversely affect our business and prospects and divert its management’s attention.

We are dependent on proprietary know-how.

Our manufacturing know-how as to mixing, coating and cross-linking may be able to be duplicated, even if it is difficult to do so. There is no assurance that, should we apply for intellectual property protection for our intellectual property, we would be able to obtain such protection. Therefore, our competitors may develop or market technologies that are more effective or more commercially attractive than ours.

We also rely on trade secret protection to protect our interests in proprietary know-how and for processes for which patents are difficult to obtain or enforce. We may not be able to protect our trade secrets adequately. In addition, we rely on non-disclosure and confidentiality agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary technology. These agreements may be breached and we may not have adequate remedies for any breach. Moreover, others may independently develop equivalent proprietary information, and third parties may otherwise gain access to our trade secrets and proprietary knowledge. Any disclosure of confidential data into the public domain or to third parties could allow competitors to learn our trade secrets and use the information in competition against us.

Despite our efforts to protect our proprietary rights, there is no assurance that such protections will preclude our competitors from developing and/or marketing similar products. While we are not aware of any third party intellectual property that would materially affect our business, our failure or inability to obtain patents and protect our proprietary information could result in our business being adversely affected.

If we are not able to establish and maintain successful arrangements with third parties or successfully build our own sales and marketing infrastructure, we may not be able to commercialize our products, which would adversely affect our business and financial condition.

We are currently expanding our sales and marketing capabilities. To commercialize our products, we must continue to develop our own sales, marketing and distribution capabilities, which will be expensive and time consuming, or make arrangements with third parties to perform these services for us. The third parties may not be capable of successfully selling any of our products. We will have to commit significant resources to developing a marketing and sales force and supporting distribution capabilities. If we decide to enter into arrangements with third parties for performance of these services, we may find that they are not available on terms acceptable to us, or at all.

We may face intellectual property infringement claims that could be time-consuming, costly to defend and could result in our loss of significant rights and, in the case of patent infringement claims, the assessment of treble damages.

On occasion, we may receive notices of claims of our infringement, misappropriation or misuse of other parties' proprietary rights. We may have disputes regarding intellectual property rights with the parties that have licensed those rights to us. We may also initiate claims to defend our intellectual property. Intellectual property litigation, regardless of its outcome, is expensive and time-consuming, could divert management's attention from our business and have a material negative effect on our business, operating results or financial condition. In addition, the outcome of such litigation may be unpredictable. If there is a successful claim of infringement against us, we may be required to pay substantial damages—including treble damages if we were to be found to have willfully infringed a third party's patent—to the party claiming infringement, and to develop non-infringing technology, stop selling our products or using technology that contains the allegedly infringing intellectual property or enter into royalty or license agreements that may not be available on acceptable or commercially practical terms, if at all. Our failure to develop non-infringing technologies or license the proprietary rights on a timely basis could harm our business. In addition, modifying our products to exclude infringing technologies could require us to seek re-approval or clearance from various regulatory bodies for our products, which would be costly and time consuming. Also, we may be unaware of pending patent applications that relate to our technology. Parties making infringement claims on future issued patents may be able to obtain an injunction that would prevent us from selling our products or using technology that contains the allegedly infringing intellectual property, which could harm our business.

Our products risk exposure to product liability claims

We are and, if successful in developing, testing and commercializing our products, will increasingly be, exposed to potential product liability risks, which are inherent in the testing, manufacturing and marketing of such products. It is likely we will be contractually obligated, under any distribution agreements that we enter into with respect to products we manufacture, to indemnify the individuals and/or entities that distribute our products against claims relating to the manufacture and sale of products distributed by such distribution partners. This indemnification liability, as well as direct liability to consumers for any defects in the products sold, could expose us to substantial risks and losses. While we have obtained product liability insurance, there can be no assurance that we will be able to maintain such insurance on acceptable terms or that such insurance will provide adequate coverage against potential liabilities. As we begin to sell and distribute our new line of proprietary products, we intend to increase the limits of our product liability insurance. A successful product liability claim or series of claims brought against us could result in judgments, fines, damages and liabilities that could have a material adverse effect on our business, financial condition and results of operations. We may incur significant expense investigating and defending these claims, even if they do not result in liability. Moreover, even if no judgments, fines, damages or liabilities are imposed on us, our reputation could suffer, which could have a material adverse effect on our business, financial condition and results of operations.

Healthcare policy changes, including recent laws to reform the U.S. healthcare system, may have a material adverse effect on us.

Healthcare costs have risen significantly over the past decade. There have been, and continue to be, proposals by legislators, regulators, and third-party payors to keep these costs down. Certain proposals, if passed, would impose limitations on the prices we will be able to charge for our products, or the amounts of reimbursement available for our products from governmental agencies or third-party payors. These limitations could have a material adverse effect on our financial position and results of operations.

Various healthcare reform proposals have emerged at the federal and state levels. We cannot predict the exact effect newly enacted laws or any future legislation or regulation will have on us. However, the implementation of new legislation and regulation may lower reimbursements for our products, reduce medical procedure volumes and adversely affect our business, possibly materially. In addition, the enacted excise tax may materially and adversely affect our operating expenses and results of operations.

Decisions in reimbursement levels by governmental or other third-party payors for procedures using our products may have an adverse impact on acceptance of our products.

We believe that our products will be purchased principally by hospitals or physicians, which typically bill various third-party payors, such as state and federal healthcare programs (e.g., Medicare and Medicaid), private insurance plans and managed care plans, for the products and services provided to their patients. The ability of our customers to obtain appropriate reimbursement for products and services from third-party payors is critical to the success of our business because reimbursement status affects which products customers purchase and the prices they are willing to pay. In addition, our ability to obtain reimbursement approval in foreign jurisdictions will affect our ability to expand our product offerings internationally.

Third-party payors have adopted, and are continuing to adopt, a number of policies intended to curb rising healthcare costs. These policies include:

imposition of conditions of payment by foreign, state and federal healthcare programs as well as private insurance plans, and;

reduction in reimbursement amounts applicable to specific products and services.

Adverse decisions relating to coverage or reimbursement of our products would have an adverse impact on the acceptance of our products and the prices that our customers are willing to pay for them.

We are unable to predict whether foreign, federal, state or local healthcare reform legislation or regulation affecting our business may be proposed or enacted in the future, or what effect any such legislation or regulation would have on our business. Changes in healthcare systems in the U.S. or internationally in a manner that significantly reduces reimbursement for procedures using our products or denies coverage for these procedures would also have an adverse impact on the acceptance of our products and the prices which our customers are willing to pay for them.

It may be difficult to replace some of our suppliers.

In general, raw materials essential to our businesses are readily available from multiple sources. However, for reasons of quality assurance, availability, or cost effectiveness, certain components and raw materials are available only from a sole supplier. The Dow Chemical Company and the BASF Corporation are the principal manufacturers of the two polymers, polyethylene oxide and polyvinylpyrrolidone, respectively, that we primarily use in the manufacture of hydrogels. Carolina Silver is the principal manufacturer utilized in production of our TheraBond dressings. Carolina Silver utilizes a proprietary and patented manufacturing process.

We believe that, due to the size and scale of production of our suppliers, there should be adequate supply of these raw materials from these manufacturers. In addition, our policy is to maintain sufficient inventory of components so that our production will not be significantly disrupted even if a particular component or material is not available for a period of time. However, there is no guarantee that our inventory will be sufficient to carry us through any disruption in supply. Because we have no direct control over our third-party suppliers, interruptions or delays in the products and services provided by these third parties may be difficult to remedy in a timely fashion. In addition, if such suppliers are unable or unwilling to deliver the necessary raw materials or products, we may be unable to redesign or adapt our technology to work without such raw materials or products or find alternative suppliers or manufacturers. In such events, we could experience interruptions, delays, increased costs or quality control problems.

Under our distribution agreement with Sorbion and our supply agreements with CCT, we receive finished goods from these parties. Because we have no direct control over these suppliers, interruptions or delays in the products and services provided by these parties may be difficult to remedy in a timely fashion. In addition, if such suppliers are unable or unwilling to deliver the necessary products, we would be unable to sell these products, and, therefore, could experience a significant adverse impact on our revenue.

Celleration purchases the UltraMIST system from a single source. Reliance on outside suppliers makes Celleration vulnerable to a number of risks that could impact Celleration’s ability to manufacture the UltraMIST System and/or disposable applicators, resulting in harm to its business, including:

- inability to obtain an adequate supply in a timely manner or on commercially reasonable terms;
- uncorrected defects that impact the performance, efficacy and safety of its products;
- difficulty identifying and qualifying alternative suppliers for components in a timely manner;
- production delays related to the evaluation and testing of products from alternative suppliers and corresponding regulatory qualifications;
- delays in delivery by Celleration's suppliers due to changes in demand from Celleration or other customers; and
- delays in delivery or production stoppage by Celleration's supplier due to a shortage of one or more of the components comprising Celleration's product.

If the supply of the UltraMIST System or the disposable applicators for the MIST Therapy System or UltraMIST System or saline bottles is interrupted or significantly delayed and Celleration is unable to acquire product from alternate sources in a timely manner and at a commercially reasonable price, Celleration's ability to meet its customers' demand would be impaired and its business could be harmed. Identifying and qualifying additional or replacement suppliers for the UltraMIST System or disposable applicators may not be accomplished quickly or at all and could involve significant additional costs. Interruption of supply from Celleration's suppliers or failure to obtain additional suppliers would limit its ability to distribute its products and could therefore have an adverse effect on Celleration's business.

We are dependent upon third-party local distributors to market and distribute our products in key markets.

We rely on third-party distributors for marketing and distribution of our products in certain markets, both domestically and internationally. Our success in generating sales in markets where we have engaged local distributors depends in part on the efforts of others whom we do not employ. Many of these distributors have only limited personnel, which could impair their ability to successfully market, sell and service our products. Because of limited resources or for other reasons, they may not comply with applicable local regulations or respond promptly to adverse event reporting requirements under U.S. FDA regulations. As a result of such failures to comply with regulatory requirements, we may experience significant loss of revenue, increased costs and damage to our reputation, and our business, financial condition and results of operations could be materially adversely affected. In addition, if a distributor is terminated by us or goes out of business, it may take us a period of time to locate an alternative distributor, to transfer or obtain appropriate regulatory approvals and to train its personnel to market our products, and our ability to sell and service our products in the region formerly serviced by such terminated distributor could be materially adversely affected. Any of these factors could materially adversely affect our revenue from international markets, increase our costs in those markets or damage our reputation.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause its business and reputation to suffer.

In the ordinary course of our business, we use networks to collect and store sensitive data, including intellectual property, proprietary business information and that of its customers, suppliers and business partners, personally identifiable information of our customers and employees, and data relating to patients who use its products. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, its information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provides to customers, damage our reputation, and cause a loss of confidence in its products and services, which could adversely affect our operating margins, revenues and competitive position.

We are subject to federal and state regulation with respect to electron beam radiation services and facilities.

We are also subject to federal and state regulation with respect to electron beam radiation services and facilities. The expansion of our business into the manufacturing and distribution of our products for consumer use will subject us to additional governmental regulation.

Risks Related to the Merger with Celleration

We expect to incur substantial expenses related to the merger and the integration of Celleration.

We expect to incur substantial expenses in connection with the merger and the integration of Celleration. Specifically, based on estimates as of April 2, 2015, we expect to incur approximately $3.2 million of transaction costs related to the merger. Additionally, in connection with the plan to integrate our operations with those of Celleration, we expect to incur various nonrecurring expenses, such as costs associated with systems implementation, severance and other costs related to exit or disposal activities. We are not able to determine the exact timing, nature and amount of these expenses as of the date of this prospectus supplement. However, these expenses could have an adverse effect on the financial condition or results of operations of Alliqua and Celleration, as well as those of the combined company following the completion of the merger, during the period in which they are recorded. Although we expect that the realization of efficiencies related to the integration of the businesses may offset incremental transaction, merger-related and restructuring costs over time, we cannot give any assurance that this net benefit will be achieved in the near term, or at all.

The pendency of the merger could have an adverse effect on our and/or Celleration's business, financial condition, results of operations or business prospects.

The pendency of the merger could disrupt our and/or Celleration's businesses in the following ways, among others:

- Our and/or Celleration's employees may experience uncertainty regarding their future roles in the combined company, which might adversely affect our and/or Celleration's ability to retain, recruit and motivate key personnel;

- the attention of our and/or Celleration's management may be directed towards the completion of the merger and other transaction-related considerations and may be diverted from the day-to-day business operations of our and/or Celleration, as applicable, and matters related to the merger may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to our and/or Celleration, as applicable; and

- customers, suppliers and other third parties with business relationships with us and/or Celleration may decide not to renew or may decide to seek to terminate, change and/or renegotiate their relationships with us and/or Celleration as a result of the merger, whether pursuant to the terms of their existing agreements with us and/or Celleration or otherwise.

Any of these matters could adversely affect the businesses of, or harm the financial condition, results of operations or business prospects of, us and/or Celleration.

The issuance of our common stock in connection with the merger could decrease the market price of our common stock.

In connection with the merger and as part of the merger consideration, we will issue shares of our common stock to Celleration equity holders. The issuance of our common stock in the merger may result in fluctuations in the market price of Alliqua common stock, including a stock price decrease.

Our stockholders will be diluted by the merger.

The consummation of the merger and the issuance of our common stock as part of the merger consideration will dilute the ownership position of our current stockholders. Upon completion of the merger, we estimate that our current continuing stockholders will own approximately 84% and former Celleration equity holders will own approximately 16% of the issued and outstanding shares of our common stock immediately after the transaction. The estimated ownership position of our continuing stockholders may be further diluted by the potential issuance of additional shares of our common stock as part of the contingent consideration upon the occurrence of certain future events. Consequently, our stockholders and Celleration equity holders, as a general matter, will have less influence over our management and policies after the effective time of the merger than they currently exercise now over the management and policies of Alliqua and Celleration, respectively.

The merger may be completed even though material adverse changes may result from the pendency of the merger, industry-wide changes or other causes.

In general, we may refuse to complete the merger if there is a material adverse effect (as defined in the Merger Agreement) affecting Celleration prior to the closing of the merger. However, some types of changes do not permit either party to refuse to complete the merger, even if such changes would have a material adverse effect on us or Celleration. If adverse changes occur but we must still complete the merger, the market price of our common stock may suffer.

A portion of the merger consideration is contingent on the occurrence of certain events in the future.

We have agreed to pay certain additional consideration to Celleration equity holders that is contingent upon the occurrence of certain events in the future, subject to the terms and conditions set forth in the Merger Agreement, including the contingent consideration. There can be no assurance that any of the foregoing contingencies or future events will occur or be satisfied in a timely manner or at all, or that an effect, event, development or change will not transpire that could delay or prevent these contingencies or future events from occurring or being satisfied.

In addition, for a period of 18 months after the closing of the merger, we have the right to setoff certain indemnification claims against the contingent consideration in certain circumstances. Accordingly, there can be no guarantee with respect to whether or when any of the contingent consideration will be paid to Celleration equity holders, if at all. As a result, the exact amounts of cash and shares of our common stock that Celleration equity holders will be entitled to receive as part of the total merger consideration will not be determined until subsequent to the closing of the merger.

The fairness opinion of our financial advisor in connection with the merger does not reflect changes in circumstances between the date of the signing of the Merger Agreement and the closing of the merger.

Our board of directors received an opinion from Cowen and Company, that as of the date of the opinion, and based upon and subject to the various assumptions made, procedures followed, matters considered, limitations of the review undertaken, qualifications contained and other matters set forth therein, the consideration to be paid by us in the merger pursuant to the terms of the Merger Agreement was fair, from a financial point of view, to us. Subsequent changes in the operation and prospects of us or Celleration, general market and economic conditions and other factors may significantly alter our or Celleration's value or the price of the shares of our common stock by the time the merger is to be completed. The opinion does not address the fairness, from a financial point of view, of the consideration to be paid by us at the time the merger is to be completed, or as of any other date other than the date of such opinion.

Risks Related to the Debt Financing for the Merger

We expect to incur up to $15.5 million of indebtedness to finance the cash portion of the purchase price for the acquisition, which will increase our liabilities and expose us to greater risks.

We expect to finance the upfront cash portion of the merger consideration and other expenses of the proposed merger through a combination of cash resources, including available cash on our balance sheet and third-party debt financing consisting of a new senior, secured term loan facility in the aggregate amount of $15.5 million that a third party lender has committed to provide pursuant to the terms and conditions of a definitive form of credit agreement, which the parties have signed and agreed to hold in escrow pending release upon the satisfaction of certain conditions precedent to the lender's obligation to fund the term loan set forth in the credit agreement, which include, among other things, the substantially concurrent consummation of the merger on the terms and conditions set forth in the Merger Agreement. The terms of the credit agreement, when legally effective, will contain certain restrictions that prohibit us and our subsidiaries from engaging in certain transactions and activities, including but not limited to the following:

- no entering into, creating, incurring or assuming any indebtedness of any kind, subject to limited exceptions;
- no creating or incurring new liens, subject to certain exceptions;
- no new acquisitions or investments in other entities, subject to certain exceptions
- no winding up, liquidation or dissolution of our affairs;

- no mergers or consolidations with another person or disposition of assets, subject to certain exceptions;
- no entering into inbound or outbound licenses, subject to certain exceptions;
- no change in the nature of our core business;
- no payments of cash dividends; and
- no repayments, repurchases or other acquisitions of shares of our common stock or other equity securities.

In addition, the credit agreement will, when legally effective, require us to meet certain financial covenants. Our ability to meet these financial covenants may be affected by events beyond our control. If, as or when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, the credit agreement, the lender could institute foreclosure proceedings against our assets, which would harm our business, financial condition and results of operations.

If an event of default occurs under the credit agreement, when legally effective, it could result in a material adverse effect on our business, operating results and financial condition, or the loss of our assets as the lender will hold a first priority security interest in all of our assets and the assets of our subsidiaries.

Events of default under the convertible debentures include, but are not limited to, the following:

- failure to pay principal, interest or other amounts, if any, when due;
- any form of bankruptcy or insolvency proceeding instituted by or against us or any of our subsidiaries that is not dismissed in 60 days;
- a default occurring under any other debenture, mortgage, credit agreement, indenture or other instrument representing or securing indebtedness in an amount exceeding $250,000;

- we or any of our subsidiaries is party to a change of control;
- the FDA or other governmental authority (i) issues a letter or other communication asserting any of our products lacks a required product authorization, including in respect of CE marks or 510(k)s or 361HCT/P qualification, or (ii) initiates enforcement action or warning against us, any of our products or manufacturing facilities resulting in the discontinuance of marketing, withdrawal of any material products, or delay in the manufacture of any material products, each lasting for more than 90 days;
- a recall of any product that has generated or is expected to generate at least $1,000,000 in revenue in the aggregate over any consecutive twelve (12) month period;
- we or any of our subsidiaries enters into a settlement agreement with the FDA or any other governmental authority that results in aggregate liability as to any single or related series of transactions, incidents or conditions, in excess of $500,000;
- we are in default under our license agreement with CCT or the license agreement is terminated, amended, waived or otherwise modified in a manner materially adverse to the lender's interests; and
- failure to observe or perform any other covenant contained in the credit agreement.

If an event of default were to occur, payment of the entire principal amount could be accelerated and become immediately due and payable. The cash that we may be required to pay would most likely come out of our working capital, which may be insufficient to repay the obligation. In such event, we may lose some or all of our assets as the lender will have a first priority security interest, and the assets of subsidiaries, including without limitation the assets of Celleration. We may also be required to file for bankruptcy, sell assets, or cease operations, any of which would put our company, our investors and the value of our common stock, at significant risk.

Risks Related to the Combined Company Following the Merger

Successful integration of Celleration with us and successful operation of the combined company are not assured. Also, integrating our business with that of Celleration may divert the attention of management away from operations.

If the merger is completed, Merger Sub will acquire all of the business and assets of Celleration and will continue operating as our wholly owned subsidiary. There can be no assurance that, after the merger, Merger Sub will be able to maintain and grow the acquired business and operations of Celleration. In addition, the market segments in which

Celleration operates may experience declines in demand and/or new competitors. Integrating and coordinating certain aspects of the operations, portfolio of products and personnel of Celleration with ours will involve complex operational, technological and personnel-related challenges. This process will be time-consuming and expensive, may disrupt the businesses of either or both of the companies and may not result in the full benefits expected by us and Celleration, including cost synergies expected to arise from supply chain efficiencies and overlapping general and administrative functions. The potential difficulties, and resulting costs and delays, include:

- managing a larger combined company;
- consolidating corporate and administrative infrastructures;
- issues in integrating research and development and sales forces;
- difficulties attracting and retaining key personnel;
- loss of customers and suppliers and inability to attract new customers and suppliers;
- unanticipated issues in integrating information technology, communications and other systems;
- incompatibility of purchasing, logistics, marketing, administration and other systems and processes; and
- unforeseen and unexpected liabilities related to the merger or Celleration's business.

Additionally, the integration of our and Celleration's operations, products and personnel may place a significant burden on management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm the combined company's business, financial condition and operating results.

The combined company may not be able to adequately protect or enforce its intellectual property rights, which could harm its competitive position.

The combined company's success and future revenue growth will depend, in part, on its ability to protect its intellectual property. The combined company will primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect its proprietary technologies and processes. It is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose proprietary technologies and processes, despite efforts by the combined company to protect its proprietary technologies and processes. While the combined company will hold a significant number of patents, there can be no assurances that any additional patents will be issued. Even if new patents are issued, the claims allowed may not be sufficiently broad to protect the combined company's technology. In addition, any of our or Celleration's existing patents, and any future patents issued to the combined company, may be challenged, invalidated or circumvented. As such, any rights granted under these patents may not provide the combined company with meaningful protection. We and Celleration may not have, and in the future the combined company may not have, foreign patents or pending applications corresponding to its U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If the combined company's patents do not adequately protect its technology, competitors may be able to offer products similar to the combined company's products. The combined company's competitors may also be able to develop similar technology independently or design around its patents.

The market price of our common stock after the merger may be subject to significant fluctuations and may be affected by factors different from those currently affecting the market price of our common stock.

Upon completion of the merger, Celleration equity holders who receive shares of our common stock will become our stockholders. While our common stock has an observable trading history, our common stock on a post-merger basis may trade differently than its pre-merger trading history, and the market price of our common stock could be subject to significant fluctuations following the merger. In addition, our businesses differ from those of Celleration in important respects and, accordingly, the results of operations of the combined company and the market price of our common stock following the merger may be affected by factors different from those currently affecting our and Celleration's independent results of operations.

The merger may cause dilution to our earnings per share, which may negatively affect the market price of our common stock.

Although we anticipate that the merger will have an immediate accretive impact on the adjusted earnings per share of our common stock, our current expectation is based on preliminary estimates as of the date of the public announcement of the merger, which may materially change. We could also encounter additional transaction-related costs or other factors, such as the failure to realize all of the benefits anticipated to result from the merger. In addition, we expect that Celleration equity holders immediately prior to the merger will own, in the aggregate, approximately 16% of the then outstanding shares of Alliqua common stock following the merger, based on the number of outstanding shares of our common stock on April 17, 2015. Once our shares are issued in the merger, our earnings per share may be lower than it would have been in the absence of the merger. All of these factors could cause dilution to our earnings per share or decrease or delay the expected accretive effect of the merger, and cause a decrease in the market price of our common stock. There can be no assurance that any increase in our earnings per share will occur, even over the long term. Any increase in our earnings per share as a result of the merger is likely to require, among other things, us to successfully manage the operations of Celleration and increase our consolidated earnings after the merger.

Risks Related to Our Common Stock

Our stock price has been and may continue to be volatile, which could result in substantial losses for investors.

The market price of our common stock has been and is likely to continue to be highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- technological innovations or new products and services by us or our competitors;
- additions or departures of key personnel;
- sales of our common stock, particularly under any registration statement for the purposes of selling any other securities, including management shares;

- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry developments;
- economic, political and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also significantly affect the market price of our common stock.

We do not expect to pay dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

We currently intend to retain any future earnings for funding growth. We do not anticipate paying any dividends in the foreseeable future. As a result, you should not rely on an investment in our securities if you require dividend income. Capital appreciation, if any, of our shares may be your sole source of gain for the foreseeable future. Moreover, you may not be able to re-sell your shares at or above the price you paid for them.

We are subject to financial reporting and other requirements that place significant demands on our resources.

We are subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, including the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires us to conduct an annual management assessment of the effectiveness of our internal controls over financial reporting. It also requires an independent registered public accounting firm to test our internal control over financial reporting and report on the effectiveness of such controls. These reporting and other obligations place significant demands on our management, administrative, operational, internal audit and accounting resources. Any failure to maintain effective internal controls could have a material adverse effect on our business, operating results and stock price. Moreover, effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed.

There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected.

The ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002 require us to identify material weaknesses in internal control over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the U.S. Our management, including our chief executive officer and chief financial officer, does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions, such as growth of the company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In addition, discovery and disclosure of a material weakness, by definition, could have a material adverse impact on our financial statements. Such an occurrence could discourage certain customers or suppliers from doing business with us, cause downgrades in our future debt ratings leading to higher borrowing costs and affect how our stock trades. This could in turn negatively affect our ability to access public debt or equity markets for capital.

Our board of directors can authorize the issuance of preferred stock, which could diminish the rights of holders of our common stock, and make a change of control of us more difficult even if it might benefit our shareholders.

Our board of directors is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and other rights and limitations of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our shareholders.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock and make it more difficult for us to raise funds through future offerings of common stock. As additional shares of our common stock become available for resale in the public market, the supply of our common stock will increase, which could decrease the price of our common stock.

In addition, if our shareholders sell substantial amounts of our common stock in the public market, upon the expiration of any statutory holding period under Rule 144, upon the expiration of lock-up periods applicable to outstanding shares, or upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang,” in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, could also make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Although we currently have research coverage by securities and industry analysts, you should not invest in our common stock in anticipation that we will increase such coverage. If one or more of the analysts who covers us at any given time downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to purchases by us of our equity securities during the three months ended March 31, 2015:

Period	Total number of shares (or units) purchased		Average price paid per share (or unit)(1)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
1/1/2015 to 1/31/2015	21,681	(2)	$ 5.30	-	-
2/1/2015 to 2/28/2015	-		-	-	-
3/1/2015 to 3/31/2015	13,751	(3)	5.29	-	-
Total	35,432		$ 5.30	-	-

(1) For purposes of determining the number of shares to be surrendered to meet tax withholding obligations, the price per share deemed to be paid was the closing price of our common stock on the NASDAQ Capital Market on the applicable vesting date.

(2) Includes 21,681 shares of our common stock surrendered by David Johnson to pay tax withholding obligations incurred in connection with the vesting of restricted stock on January 1, 2015.

(3) Includes (i) 7,673 shares of our common stock surrendered by David Johnson, (ii) 759 shares of our common stock surrendered by Brian Posner, (iii) 2,225 shares of our common stock surrendered by Brad Barton and (iv) 3,094 shares of our common stock surrendered by an employee, each to pay tax withholding obligations incurred in connection with the vesting of restricted stock on March 6, 2015.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

See “Index to Exhibits” for a description of our exhibits.

42

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ALLIQUA BIOMEDICAL, INC.	
Date: May 14, 2015	By:	/s/ David Johnson
	Name:	David Johnson
	Title:	Chief Executive Officer (Principal Executive Officer)
	By:	/s/ Brian M. Posner
	Name:	Brian M. Posner
	Title:	Chief Financial Officer (Principal Financial Officer)

43

Index to Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated February 2, 2015, by and among Alliqua BioMedical, Inc., ALQA Cedar, Inc., Celleration, Inc. and certain representatives of the stockholders of Celleration, Inc., as identified therein, incorporated by reference to Exhibit 2.1 to the Form 8-K filed February 2, 2015.**
3.1	Certificate of Incorporation of Alliqua BioMedical, Inc., incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on June 11, 2014.
3.2	Bylaws of Alliqua BioMedical, Inc., incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed on June 11, 2014.
3.3	Certificate of Amendment to Certificate of Incorporation of Alliqua BioMedical, Inc., incorporated by reference to Exhibit 3.3 to Current Report on Form 8-K filed on June 11, 2014.
10.1	Voting Agreement, dated February 2, 2015, by and between Alliqua BioMedical, Inc. and each of the stockholders of Celleration, Inc., as identified therein, incorporated by reference to Exhibit 10.1 to Amendment No. 1 to Registration Statement on Form S-4 filed on April 2, 2015.
10.2	Commitment Letter, dated February 2, 2015, by and between Perceptive Credit Opportunities Fund, LP and Alliqua BioMedical, Inc., incorporated by reference to Exhibit 10.2 to Amendment No. 1 to Registration Statement on Form S-4 filed on April 2, 2015.
10.3	Side Letter Agreement to Commitment Letter, dated March 10, 2015, by and between Perceptive Credit Opportunities Fund, LP and Alliqua BioMedical, Inc., incorporated by reference to Exhibit 10.3 to Amendment No. 1 to Registration Statement on Form S-4 filed on April 2, 2015.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from the Company’s Annual Report on Form 10-Q for the three months ended March 31, 2015, formatted in XBRL (eXtensible Business Reporting Language), (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders’ Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.

* Filed herewith.

** Certain exhibits and schedules have been omitted and the Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted exhibits upon request.

44

nant described under the caption Liens that limit the right of the debtor to transfer the assets subject to such Liens;

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

(14) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(15) Indebtedness permitted to be incurred pursuant to clause (15) of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock; provided, that Telecommunications determines that any such encumbrance or restriction will not materially affect Telecommunications ability to pay interest or principal, when due, on the notes (which determination shall be made in the good faith judgment of Telecommunications board of directors (and evidenced by a board resolution), which determination shall be conclusively binding.

47

Table of Contents

Merger, Consolidation or Sale of Assets

Telecommunications may not

(1) consolidate or merge with or into (whether or not Telecommunications is the surviving corporation) another corporation, Person or entity; or

(2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another corporation, Person or entity, unless, in either such case:

(a) either:

(A) Telecommunications is the surviving corporation; or

(B) the entity or the Person formed by or surviving any such consolidation or merger (if other than Telecommunications) or to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person (which, if not a corporation, includes a corporate co-issuer) organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(b) the entity or Person formed by or surviving any such consolidation or merger (if other than Telecommunications) or the entity or Person to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of Telecommunications under the notes and the indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the trustee;

(c) immediately after such transaction no Default exists or Event of Default shall have occurred and be continuing;

(d) except in the case of:

(A) a merger of Telecommunications with or into a Wholly Owned Restricted Subsidiary of Telecommunications; and

(B) a merger entered into solely for the purpose of reincorporating Telecommunications in another jurisdiction:

(x) in the case of a merger or consolidation in which Telecommunications is the surviving corporation, the Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio at the time of the transaction, after giving pro forma effect to the transaction as of such date for balance sheet purposes and as if the transaction had occurred at the beginning of the most recently ended fiscal quarter of Telecommunications for which internal financial statements are available for income statement purposes, would have been (i) no greater than 7.5 to 1 or (ii) less than the Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio for the same period without giving pro forma effect to such transaction; or

(y) in the case of any other such transaction, the Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio of the entity or Person formed by or surviving any such consolidation or merger (if other than Telecommunications), or to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made, at the time of the transaction, after giving pro forma effect to the transaction as of such date for balance sheet purposes and as if such transaction had occurred at the beginning of the most recently ended fiscal quarter of such entity or Person for which internal financial statements are available for income statement purposes, would have been (i) no greater than 7.5 to 1 or (ii) less than the

Table of Contents

Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio for the same period without giving pro forma effect to such transaction; provided that for purposes of determining the Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio of any entity or Person for purposes of this clause (y) the entity or Person will be substituted for Telecommunications in the definition of Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio and the defined terms included therein under the caption Certain definitions;

(e) SBACC, unless it is the other party to the transactions described above, shall have, by supplemental indenture, confirmed that its Parent Guarantee shall apply to such Person s obligations under the indenture and the notes; and

(f) Telecommunications shall have delivered to the trustee an officer s certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the indenture.

Transactions with Affiliates

Telecommunications will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Telecommunications involving aggregate payments of consideration in excess of $10.0 million (each of the foregoing, an Affiliate Transaction), unless:

(1) such Affiliate Transaction is on terms that are no less favorable to Telecommunications or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Telecommunications or such Restricted Subsidiary with an unrelated Person; and

(2) Telecommunications delivers to the trustee a resolution of the board of directors of Telecommunications set forth in an officers certificate certifying that the Affiliate Transaction complies with clause (1) above and that the Affiliate Transaction has been approved by a majority of the disinterested members of the board of directors of SBACC.

Notwithstanding the foregoing, the following items will not be deemed to be Affiliate Transactions:

(1) any employment arrangements with any executive officer of Telecommunications or a Restricted Subsidiary that is entered into by Telecommunications or any of its Restricted Subsidiaries in the ordinary course of business and consistent with compensation arrangements of similarly situated executive officers at comparable companies engaged in Permitted Businesses;

(2) transactions between or among Telecommunications and/or its Restricted Subsidiaries;

(3) payment of reasonable and customary directors fees;

(4) Restricted Payments that are permitted by the provisions of the indenture described above under the caption Restricted Payments or are permitted pursuant to the definition of Permitted Investments and loans or advances to employees made in the ordinary course of business and consistent with past practices;

(5) the issuance or sale of Equity Interests (other than Disqualified Stock) of Telecommunications;

(6) payments of customary fees by Telecommunications or any of its Restricted Subsidiaries to any independent investment bank or Affiliate of an independent investment bank made for any corporate advisory services or financial advisory, financing, underwriting or placement services or in respect of other investment banking activities including, without limitation, in connection with acquisitions or divestitures, which are approved by a majority of Telecommunications board of directors in good faith;

Table of Contents

(7) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of the business of Telecommunications and its Restricted Subsidiaries and otherwise in compliance with the terms of the indenture; provided that in the reasonable determination of Telecommunications, such transactions are on terms that are no less favorable to Telecommunications or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Telecommunications or such Restricted Subsidiary with an unrelated Person; and

(8) any agreement as in effect as of the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date).

Sale and Leaseback Transactions

Telecommunications will not enter into any sale and leaseback transaction with any Person in respect of any real or personal property which has been or is to be sold or transferred by Telecommunications to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of Telecommunications; provided that Telecommunications may enter into a sale and leaseback transaction if:

(1) Telecommunications could have:

(a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock; and

(b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption Liens; and

(2) the transfer of assets in the sale and leaseback transaction is permitted by, and Telecommunications applies the proceeds of such transaction in compliance with, the covenant described above under the caption Repurchase at the Option of Holders Asset Sales.

Limitation on Issuances of Guarantees of Indebtedness

Telecommunications will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee or pledge any assets to secure the payment of any other Indebtedness of Telecommunications unless such Subsidiary simultaneously executes and delivers a supplemental indenture to the indenture governing the notes providing for the Guarantee of the payment of the notes by such Subsidiary, which Guarantee shall be senior to or *pari passu* with such Subsidiary s Guarantee of or pledge to secure such other Indebtedness. Notwithstanding the foregoing, any Guarantee by a Subsidiary of the notes shall provide by its terms that it shall be automatically and unconditionally released and discharged upon any sale, exchange or transfer, to any Person other than a Subsidiary of Telecommunications, of all of Telecommunications stock in, or all or substantially all the assets of, such Subsidiary, which sale, exchange or transfer is made in compliance with the applicable provisions of the indenture governing the notes.

Business Activities

Telecommunications will not, and will not permit any Subsidiary to, engage in any business other than Permitted Businesses, except to the extent as would not be material to Telecommunications and its Subsidiaries taken as a whole.

Reports

The indenture provides that notwithstanding that Telecommunications may not be subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or otherwise report on an annual and

quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, so long as any notes are outstanding, Telecommunications will furnish to the holders of the notes or cause the trustee to furnish to the holders of the notes, within the time periods (including any extensions thereof) specified in the Commission s rules and regulations;

(1) all quarterly and annual reports that would be required to be filed with the Commission on Forms 10-Q and 10-K if Telecommunications were required to file such reports; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if Telecommunications were required to file such reports;

provided, *however*, that Telecommunications shall not be so obligated to file such reports with the Commission if the Commission does not permit such filing, in which event Telecommunications will make available such information to prospective purchasers of the notes, in addition to providing such information to the trustee and the holder, in each case within 15 days after the time Telecommunications would be required to file such information with the Commission if it were subject to Section 13 or 15(d) of the Exchange Act.

In addition, to the extent not satisfied by the foregoing, Telecommunications agrees that, for so long as any notes remain outstanding, it will furnish to the holders of the notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In the event that:

(a) the rules and regulations of the Commission permit Telecommunications and any direct or indirect parent of Telecommunications to report at such parent entity s level on a consolidated basis and

(b) such parent entity is not engaged in any business in any material respect other than incidental to its ownership, directly or indirectly, of the capital stock of Telecommunications,

such consolidated reporting at the parent entity s level in a manner consistent with that described in this covenant for Telecommunications will satisfy this covenant, and the indenture permits Telecommunications to satisfy its obligations in this covenant with respect to financial information relating to Telecommunications by furnishing financial information relating to SBACC; provided that such financial information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to SBACC and any of its Subsidiaries other than Telecommunications and its Subsidiaries, on the one hand, and the information relating to Telecommunications and its Subsidiaries of Telecommunications on a stand-alone basis, on the other hand. Telecommunications direct parent company, SBACC, currently files periodic reports with the Commission pursuant to Section 13 of the Exchange Act and is not engaged in any business in any material respect other than incidental to its ownership, directly or indirectly, of the capital stock of Telecommunications. Consequently, Telecommunications does not currently intend to file separate periodic reports with the Commission, except as may be required pursuant to Section 15(d) of the Exchange Act.

Events of Default and Remedies

Each of the following when used in the indenture with respect to the notes constitutes an Event of Default under the indenture with respect to the notes:

(1) default for 30 days in the payment when due of interest on, or Additional Interest, if any, with respect to the notes;

(2) default in payment when due of the principal of or premium, if any, on the notes;

(3)

failure by Telecommunications or any of the Restricted Subsidiaries to comply with the provisions described under the caption Certain Covenants Merger, Consolidation or Sale of Assets or failure by Telecommunications to consummate a Change of Control Offer or Asset Sale Offer in accordance with the provisions of the indenture applicable to the offers;

Table of Contents

(4) failure by Telecommunications or any of the Restricted Subsidiaries to perform any other covenant in the indenture, other than a covenant specified in clauses (1), (2) or (3) above or that does not relate to the notes, that continues for 60 days (or 120 days in the case of a failure to comply with the reporting obligations described under the caption Certain Covenants Reports) after notice to comply;

(5) default under any Indebtedness for money borrowed by Telecommunications or any of its Significant Subsidiaries, or the payment of which is guaranteed by Telecommunications or any of its Significant Subsidiaries, whether such Indebtedness or guarantee now exists, or is created after the Issue Date, which default

(a) is caused by a failure to pay principal of or premium, if any, interest on, if any, or Additional Interest, if any, with respect to the Indebtedness prior to the expiration of the grace period provided in such indebtedness on the date of the default (a Payment Default); or

(b) results in the acceleration of the Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $20.0 million or more;

(6) failure by Telecommunications or any of its Significant Subsidiaries to pay final judgments aggregating (net of amounts covered by insurance policies) in excess of $20.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or

(7) certain events of bankruptcy or insolvency described in the indenture with respect to SBACC, Telecommunications or any of its Restricted Subsidiaries.

However, a Default under clause (4) above will not constitute an Event of Default until the trustee under the indenture or the Holders of 25% in principal amount of the outstanding notes notify Telecommunications of the Default and Telecommunications does not cure such Default within the time specified after receipt of such notice

If any Event of Default occurs and is continuing, the trustee under the indenture or the Holders of at least 25% in principal amount of the then outstanding notes and the trustee may, and the trustee at the request of such holders shall, declare all the notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Telecommunications, all outstanding notes will become due and payable without further action or notice. Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the trustee under the indenture in its exercise of any trust or power.

An Event of Default for a particular series does not necessarily constitute a default of any other notes under the indenture.

The Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee under the indenture may on behalf of the Holders of all notes waive any existing Default or Event of Default and its consequences under the indenture except a continuing Default or Event of Default in the payment of interest on, or Additional Interest, if any, with respect to, or the principal of, the notes.

The indenture provides that if a Default occurs and is continuing and is known to the trustee, the trustee must mail to each Holder of the notes notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, interest on, if any, or Additional Interest, if any, with respect to any note, the trustee may withhold notice if and so long as a committee of its trust officers determines that withholding notice is not opposed to the interest of the Holders of the notes. In addition, Telecommunications is required to

Table of Contents

deliver to the trustee, within 90 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred with respect to any notes during the previous year. Telecommunications is also required to deliver to the trustee, promptly after the occurrence thereof, written notice of any event that would constitute a Default, the status thereof and what action Telecommunications is taking or proposes to take in respect thereof.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of Telecommunications, as such, shall have any liability for any obligations of Telecommunications under the notes, the indenture, the Parent Guarantee or the registration rights agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

Telecommunications may, at its option and at any time, elect to have all of its obligations discharged with respect to notes outstanding (Legal Defeasance) except for:

(1) the rights of Holders of outstanding notes to receive payments in respect of the principal of, premium, if any, and interest on, or Additional Interest, if any, with respect to the notes when such payments are due from the trust referred to below;

(2) Telecommunications obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and Telecommunications and SBACC s obligations in connection therewith; and

(4) the Legal Defeasance provisions of the indenture.

In addition, Telecommunications may, at its option and at any time, elect to have the obligations of Telecommunications released with respect to certain covenants that are described in the indenture (Covenant Defeasance) and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events described under Events of Default and Remedies, but not including nonpayment and bankruptcy, receivership, rehabilitation and insolvency events with respect to Telecommunications, will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the notes:

(1) Telecommunications must irrevocably deposit with the trustee, in trust, for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, interest and Additional Interest, if any, on outstanding notes to the stated maturity or redemption date, as the case may be, and Telecommunications must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Telecommunications shall have delivered to the trustee under the indenture an opinion of counsel in the United States reasonably acceptable to the trustee confirming that:

(a) Telecommunications has received from, or there has been published by, the Internal Revenue Service a ruling; or

Table of Contents

(b) since the Issue Date, there has been a change in the applicable federal income tax law;

in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Telecommunications shall have delivered to the trustee under the indenture an opinion of counsel in the United States reasonably acceptable to the trustee confirming that the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either:

(a) on the date of such deposit, other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit; or

(b) insofar as Events of Default from bankruptcy or insolvency events with respect to Telecommunications are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument, other than the indenture, to which Telecommunications or any of its Restricted Subsidiaries is a party or by which Telecommunications or any of its Restricted Subsidiaries is bound;

(6) Telecommunications must have delivered to the trustee an opinion of counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally;

(7) Telecommunications must deliver to the trustee under the indenture an officers certificate stating that the deposit was not made by Telecommunications with the intent of preferring the Holders of one or more classes of notes over the other creditors of Telecommunications with the intent of defeating, hindering, delaying or defrauding creditors of Telecommunications or others; and

(8) Telecommunications must deliver to the trustee under the indenture an officers certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as described in the two paragraphs below, the Holders of a majority in principal amount of the notes outstanding can, with respect to the notes then outstanding:

(1) consent to any amendment or supplement to the indenture with respect to the notes; and

(2) waive any existing default under, or the compliance with any provisions of, the indenture or the notes.

Consents and waivers obtained in connection with a purchase of, or tender offer or exchange offer for, notes shall be included for purposes of the previous sentence.

Without the consent of each Holder of the notes, an amendment or waiver with respect to any notes held by a non-consenting Holder of such notes may not:

(1) reduce the principal amount of the notes;

Table of Contents

(2) change the fixed maturity of the notes or alter the provisions with respect to the redemption of the notes, but not any required repurchase in connection with an Asset Sale Offer or Change of Control Offer, of the notes;

(3) reduce the rate or change the method of calculating the interest rate of or extend the time for payment of interest on the notes;

(4) waive a Default or Event of Default in the payment of principal of or premium with respect to the notes, if any, or interest on, or Additional Interest, if any, with respect to the notes, excluding a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of such notes and a waiver of the payment default that resulted from such acceleration;

(5) make the notes payable in money other than that stated in the notes;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of Holders of any notes to receive payments of principal of or premium, if any, or interest on, or Additional Interest, if any, with respect to the notes;

(7) waive a redemption payment, but not any payment upon a required repurchase in connection with an Asset Sale Offer or Change of Control Offer, with respect to the notes;

(8) make any change in the foregoing amendment and waiver provisions; or

(9) modify the Parent Guarantee in any manner adverse to the Holders of the notes.

Notwithstanding the foregoing, without the consent of any Holder of the notes, Telecommunications, SBACC and the trustee may amend or supplement the indenture, the notes or the Guarantee to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for uncertificated notes in addition to or in place of certificated notes;

(3) provide for the assumption by a successor corporation of Telecommunications or SBACC s obligations to Holders of notes in the case of a merger or consolidation of Telecommunications or SBACC;

(4) make any change that would provide any additional rights or benefits to the Holders of notes or that does not adversely affect the legal rights of any notes under the indenture in any material respect;

(5) comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act; or

(6) conform the text of the indenture, the Parent Guarantee or the notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended (as evidenced by an officers certificate) to be a verbatim recitation of a provision of the

indenture, the Parent Guarantee or the notes.

Concerning the Trustee

The indenture contains certain limitations on the rights of the trustee, should it become a creditor of Telecommunications, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

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

Table of Contents

Additional Information

Anyone who receives this prospectus may obtain a copy of the Indenture and the Registration Rights Agreement without charge by writing to SBA Communications Corporation, 5900 Broken Sound Parkway NW, Boca Raton, FL 33487, Attention: Chief Financial Officer.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

1.875% Notes means the 1.875% Convertible Senior Notes Due 2013 issued by SBACC.

2011 Term Loan means the senior secured term loans, in an aggregate principal amount of $500 million, borrowed by SBA Senior Finance II under the Senior Credit Agreement.

2012 Term Loan means the senior secured term loans, in an aggregate principal amount of $200 million, borrowed by SBA Senior Finance II under the Senior Credit Agreement.

2016 Notes means the 8.00% senior notes due 2016 issued by Telecommunications.

2019 Notes means the 8.25% senior notes due 2019 issued by Telecommunications.

4.0% Notes means the 4.0% Convertible Senior Notes Due 2014 issued by SBACC.

Acceptable Commitment has the meaning set forth under the caption Repurchase at the option of holders Asset sales.

Acquired Debt means, with respect to any specified Person:

(1) Indebtedness of such Person or any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person or in connection with the acquisition of the assets of such Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person or such Person acquiring assets; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

Additional Interest means all additional interest then owing pursuant to the Registration Rights Agreement related to the notes dated as of the Issue Date, among Telecommunications, SBACC and the initial purchasers.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, control (including, with correlative meanings, the terms controlling , controlled by and under common control with), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

Annualized Consolidated Adjusted EBITDA for any fiscal quarter means Consolidated Adjusted EBITDA for the most recently ended quarter for which internal financial statements are available multiplied by four.

Table of Contents

Asset Sale means:

(1) the sale, lease, conveyance or other disposition of any assets or rights (including, without limitation, by way of a sale and leaseback); provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Telecommunications and its Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption Repurchase at the option of holders Change of control triggering event and/ or the provisions described above under the caption Certain covenants Merger, consolidation or sale of assets and not by the provisions of the Asset Sale covenant; and

(2) the issue or sale by Telecommunications or any of its Restricted Subsidiaries of Equity Interests of any of Telecommunications Subsidiaries (other than directors qualifying shares or shares required by applicable law to be held by a Person other than Telecommunications or a Restricted Subsidiary), in the case of either clause (1) or (2), whether in a single transaction or a series of related transactions:

(a) that have a fair market value in excess of $10.0 million; or

(b) for net proceeds in excess of $10.0 million.

Notwithstanding the foregoing, the following items shall not be deemed to be Asset Sales:

(1) a transfer of assets by Telecommunications to a Restricted Subsidiary or by a Restricted Subsidiary to Telecommunications or to another Restricted Subsidiary;

(2) an issuance of Equity Interests by a Subsidiary to Telecommunications or to another Restricted Subsidiary;

(3) a transfer or issuance of Equity Interests of an Unrestricted Subsidiary to an Unrestricted Subsidiary; provided, however, that such transfer or issuance does not result in a decrease in the percentage of ownership of the voting securities of such transferee Unrestricted Subsidiary that are collectively held by Telecommunications and its Subsidiaries;

(4) a Restricted Payment that is permitted by the covenant described above under the caption Certain covenants Restricted payments;

(5) the sale of inventory and/or grants of leases or licenses in the ordinary course of business;

(6) disposals of Cash Equivalents, or Investment Securities in the ordinary course of business;

(7) any disposition of property or equipment that has become damaged, worn out or obsolete or that is no longer useful in the conduct of the business of Telecommunications and its Restricted Subsidiaries disposed of in the ordinary course of business;

(8) dispositions in connection with the foreclosure of any Lien not prohibited by the indenture;

(9) licenses or sublicenses of intellectual property;

(10) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and

(11) any disposition arising from foreclosure, condemnation or similar action with respect to any property or other assets (including without limitation sales of accounts receivable to collection agencies), or exercise of termination rights under any lease, license, concession or other agreement.

Asset Sale Offer has the meaning set forth above under the caption Repurchase at the option of holders Asset sales.

Attributable Debt in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the rate of Interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

Table of Contents

Capital Lease Obligation means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would be required to be capitalized on a balance sheet in accordance with GAAP.

Capital Stock means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

Cash Equivalents means:

(1) securities issued or directly and fully guaranteed or insured by the United States government, or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition;

(2) certificates of deposit and euro dollar time deposits with maturities of six months or less from the date of acquisition, bankers acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thompson Bank Watch Rating of B or better;

(3) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having the highest rating obtainable from Moody s or S&P and in each case maturing within twelve months after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

Change of Control means the occurrence of any of the following:

(1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of (i) Telecommunications and its Restricted Subsidiaries, taken as a whole, or (ii) SBACC and its Subsidiaries, taken as a whole, to any person (as such term is used in Section 13(d)(3) of the Exchange Act)) other than to SBACC or any of its Restricted Subsidiaries;

(2) the adoption of a plan relating to the liquidation or dissolution of Telecommunications or SBACC;

(3) SBACC or Telecommunications becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above) becomes the beneficial owner (as, such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition), directly or indirectly, of more than 50% of the voting power of the Voting Stock of SBACC (measured by voting power rather than number of shares); or

(4) the first day that SBACC ceases to own, directly or indirectly, 100% of the issued and outstanding stock of Telecommunications.

Table of Contents

Change of Control Offer has the meaning set forth above under the caption Repurchase at the option of holders Change of control triggering event.

Change of Control Payment has the meaning set forth above under the caption Repurchase at the option of holders Change of control triggering event.

Change of Control Payment Date has the meaning set forth above under the caption Repurchase at the option of holders Change of control triggering event.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Ratings Decline.

Consolidated Adjusted EBITDA for any period means Consolidated Net Income for such period plus, to the extent such item was deducted in calculating such Consolidated Net Income, without duplication, the sum of:

(i) provision for taxes based on income, profits or capital of Telecommunications and its Restricted Subsidiaries for such period, including franchise and similar taxes and foreign withholding taxes, plus

(ii) Consolidated Interest Expense of Telecommunications and its Restricted Subsidiaries for such period determined in accordance with GAAP, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest expense, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, amortization of gain or loss from previously settled Hedge Agreements and net payments (if any) pursuant to Hedge Agreements), plus

(iii) all preferred stock dividends paid or accrued in respect of Telecommunications and its Restricted Subsidiaries preferred stock to Persons other than Telecommunications or a Wholly Owned Subsidiary of Telecommunications other than preferred stock dividends paid by Telecommunications in shares of preferred stock that is not Disqualified Stock, plus

(iv) depreciation, accretion, amortization (including amortization of goodwill and other intangibles) and other non-cash expenses, including non-cash compensation and non-cash ground lease expense, (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period) of Telecommunications and its Restricted Subsidiaries for such period, plus

(v) any reasonable expenses and charges related to any Permitted Investment, acquisition or disposition permitted under the indenture (in each case, whether or not successful), plus

(vi) restructuring charges of such Person and its Restricted Subsidiaries, plus

(vii) net loss on early retirement of debt; plus

(viii) asset impairment expense; plus

(ix)

acquisition related expenses of Telecommunications and its Restricted Subsidiaries which, in accordance with GAAP, are expensed and included within operating expenses, minus

(x) non-cash items increasing such Consolidated Net Income for such period (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period), including but not limited to non-cash straight-line leasing revenue, minus

(xi) interest income of Telecommunications and its Restricted Subsidiaries for such period, minus

(xii) net gains on early retirement of debt,

in each case determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by Telecommunications or any Restricted Subsidiary from the beginning of such period through and including the date on which Consolidated Adjusted EBITDA is determined (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such period. For purposes of making the computation referred to above, (A) acquisitions that have been made by Telecommunications or any Restricted Subsidiary, including through mergers or consolidations and including any related financing transactions, during such period or subsequent to such period and on or prior to such date of determination shall be deemed to have occurred on the first day of such period, (B) the Consolidated Adjusted EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to such date of determination, shall be excluded and (C) any such pro forma calculation may include adjustments appropriate, in the reasonable determination of Telecommunications, to reflect operating expense reductions and other operating improvements or synergies reasonably expected to result from any acquisition; provided that the aggregate amount of projected operating expense reductions, operating improvements and synergies included in any such pro forma calculation shall not exceed $10.0 million for any quarter.

For the purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination.

Consolidated Indebtedness means, as of any date of determination, the aggregate of the following, on a consolidated basis:

(1) the total amount of Indebtedness of Telecommunications and its Restricted Subsidiaries; plus

(2) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by Telecommunications or one or more of its Restricted Subsidiaries; plus

(3) the aggregate liquidation value of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person.
Consolidated Indebtedness shall not include Indebtedness of Telecommunications or any Restricted Subsidiary that is purchased, in tender offers, open market purchases or privately negotiated transactions, by Telecommunications or a Restricted Subsidiary (which, for the avoidance of doubt, shall not include Acquired Debt) and which is to be held by Telecommunications or a Restricted Subsidiary to redemption or maturity of such Indebtedness.

Consolidated Indebtedness to Annualized Consolidated Adjusted EBITDA Ratio means, as of the date of determination, the ratio of:

(1) Consolidated Indebtedness on such date to

(2) Annualized Consolidated Adjusted EBITDA as of such date.
Consolidated Interest Expense for any period means the total interest expense of such Person and its Restricted Subsidiaries for such period with respect to all outstanding Indebtedness of such Person and its Restricted Subsidiaries (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP).

Consolidated Net Income for any period means the aggregate of the Net Income of Telecommunications and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that, the Net Income (and net loss) of any Person that is accounted for by the equity method of accounting shall be excluded, except that such Net Income shall be included but only to the extent of the amount of dividends or distributions paid in cash to Telecommunications or a Restricted Subsidiary thereof.

Consolidated Net Tangible Assets means, as of any date of determination, the consolidated total assets of Telecommunications and its Restricted Subsidiaries determined in accordance with GAAP as of the end of

Table of Contents

Telecommunications most recent fiscal quarter for which internal financial statements are available, less the sum of (1) all current liabilities and (2) all goodwill, trade names, trademarks, patents, organization expense, unamortized debt discount and expense and other similar intangibles properly classified as intangibles in accordance with GAAP.

Convertible Note Warrant Transactions means the warrant transactions entered into concurrently with the pricing of the offering of each of the 1.875% Notes and the 4.0% Notes.

Convertible Senior Notes means the 1.875% convertible senior notes of SBACC due May 1, 2013 in the initial aggregate face amount of $550,000,000 or any refinancing thereof, and the 4.0% convertible senior notes of SBACC due October 1, 2014 in the initial aggregate face amount of $500,000,000 or any refinancing thereof.

Covenant Defeasance has the meaning set forth above under the caption Legal defeasance and Covenant defeasance.

Credit Facilities means, with respect to Telecommunications or any Restricted Subsidiary, one or more debt facilities, including the agreements governing our Revolving Credit Facility or other financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans, letters of credit, bankers acceptances and other similar obligations or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, replacements or refundings thereof and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (provided that such increase in borrowings is permitted under Certain covenants Incurrence of indebtedness and issuance of preferred stock) or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

Default means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

Designated Noncash Consideration means the fair market value of noncash consideration received by Telecommunications or any Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to an officer s certificate, setting forth the basis of such valuation less the amount of cash or cash equivalents received in connection with a subsequent sale of or collection on such Designated Noncash Consideration.

Disposition means, with respect to any Property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof; and the terms Dispose and Disposed of shall have correlative meanings.

Disqualified Stock means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature; provided, however, that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require Telecommunications to repurchase such Capital Stock upon the occurrence of a Change of Control Triggering Event or an Asset Sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that Telecommunications may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption Certain covenants Restricted payments;

Table of Contents

Equity Interests means Capital Stock, and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

Equity Offering means any public or private primary offering for cash of common stock of SBACC or Telecommunications (other than public offerings of common stock registered on Form S-8 or any successor form and other than an issuance to a Subsidiary).

Excess Proceeds has the meaning set forth above under the caption Repurchase at the option of holders Asset sales.

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

Exchange Notes means the notes offered in an exchange offer pursuant to the indenture.

Excluded Capital Lease Obligations shall mean Capital Lease Obligations (or obligations pursuant to consolidated variable interest entities accounting that would otherwise be reflected as a liability) in respect of interests in real property on which cell towers of Telecommunications or a Subsidiary of Telecommunications are located in an aggregate principal amount not to exceed $50.0 million at any one time outstanding.

Existing Indebtedness means Indebtedness of Telecommunications and its Restricted Subsidiaries in existence, and in such amount as is outstanding, on the Issue Date.

Foreign Subsidiary means any Subsidiary of Telecommunications that is not organized under the laws of the United States of America or any State thereof or the District of Columbia.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, as such are in effect on the Issue Date.

Guarantee means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

Hedge Agreements means, with respect to any Person, all interest rate swaps, caps or collar agreements or similar arrangements entered into by such Person designed to protect such Person against fluctuations in interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

Hedging Obligations means, with respect to any Person, the obligations of such Person under any Hedge Agreements.

Holder means a Person in whose name a note is registered.

Indebtedness means, with respect to any Person (on any date of determination, without duplication), any indebtedness of such Person (i) in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or banker s acceptances, (ii) representing Capital Lease Obligations (other than Excluded Capital Lease Obligations), (iii) in respect of the balance deferred and unpaid of the purchase price of any property or (iv) representing any Hedging Obligations, but solely to the extent of any payment that has become due and payable, except in each case, (a) any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet of such Person prepared in accordance with GAAP, (b) any deferred purchase consideration or earn-out obligation, to the extent reflected as a liability on the balance sheet of such Person in accordance with GAAP, (c) all Indebtedness of others secured by a Lien on any asset of such Person whether or not such Indebtedness is assumed by such Person (the amount of such Indebtedness as of any date being deemed to be the lesser of the value of such property or assets as of such date or the principal amount of such Indebtedness of such other Person so secured) and (d) to the extent not otherwise included, the Guarantee by such Person of any Indebtedness of any other Person. The amount of any Indebtedness outstanding as of any date shall be the outstanding balance at such date of all unconditional obligations described above; provided that, in the case of any Indebtedness issued with original issue discount, the amount of such Indebtedness will be the accreted value thereof.

Investments means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Telecommunications or any Restricted Subsidiary of Telecommunications sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of Telecommunications or a Restricted Subsidiary of Telecommunications issues any of its Equity Interests such that, in each case, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Telecommunications, Telecommunications shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption Certain covenants Restricted payments.

Investment Securities means, with respect to any Person, all Investments that are held for sale.

Issue Date means the date on which the notes offered hereby are originally issued under the indenture.

Legal Defeasance has the meaning set forth above under the caption Legal defeasance and covenant defeasance.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction); provided that in no event shall an operating lease be deemed to constitute a Lien.

Mobilitie Transactions means the (1) payment of $850.0 million in cash and the issuance of 5.25 million shares of SBACC s Class A common stock in connection with the acquisition of Mobilitie, LLC by SBACC on April 2, 2012, (2) borrowings under the $400 million aggregate principal amount senior secured bridge loan borrowed by SBA Monarch Acquisition, LLC, a wholly owned subsidiary of Telecommunications, (3) borrowings under the Revolving Credit Facility related to the acquisition of Mobilitie, LLC by SBACC, (4) redemption of $131.3 million in aggregate principal amount of the 2016 Notes and $131.3 million in aggregate principal amount of the 2019 Notes, (5) borrowings under the 2012 Term Loan, and (6) repayment of $200.0 million principal amount under the Revolving Credit Facility from the proceeds of the 2012 Term Loan.

Moody s means Moody s Investors Service, Inc. or any successor to the rating agency business thereof.

Table of Contents

Net Income with respect to any Person for any fiscal quarter means the net income (loss) of such Person for such period, determined in accordance with GAAP, excluding, however, (i) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (a) any Asset Sale outside the ordinary course of business (including, without limitation, dispositions pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the write off of any deferred financing fees or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries, (ii) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss and (iii) the cumulative effect of a change in accounting principles.

Net Proceeds means the aggregate cash proceeds received by Telecommunications or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of:

(1) the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof;

(2) taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements);

(3) amounts required to be applied to the repayment of Indebtedness (other than Indebtedness under a Credit Facility) or Excluded Capital Lease Obligations secured by a Lien on the asset or assets that were the subject of such Asset Sale;

(4) all distributions and other payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Sale;

(5) the deduction of appropriate amounts provided by the seller as a reserve in accordance with GAAP against any liabilities associated with the assets disposed of in such Asset Sale and retained by Telecommunications or any Restricted Subsidiary after such Asset Sale; and

(6) without duplication, any reserves that Telecommunications board of directors determines in good faith should be made in respect of the sale price of such asset or assets for post closing adjustments;

provided that in the case of any reversal of any reserve referred to in clause (5) or (6) above, the amount so reversed shall be deemed to be Net Proceeds from an Asset Sale as of the date of such reversal.

Parent Guarantee means the guarantee of the payment of the notes and the Exchange Notes of Telecommunications and Telecommunications obligations under the indenture and any supplemental indenture by SBACC in accordance with the provisions of the indenture and any supplemental indenture.

Payment Default has the meaning set forth above under the caption Events of default and remedies.

Permitted Business means any business conducted by Telecommunications and its Restricted Subsidiaries on the Issue Date and any other business reasonably related, ancillary or complementary to any such business.

Permitted Investment means:

(1) any Investment in Telecommunications or in a Restricted Subsidiary of Telecommunications;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by Telecommunications or any Restricted Subsidiary of Telecommunications in a Person, if as a result of such Investment:
(a) such Person becomes a Restricted Subsidiary of Telecommunications; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Telecommunications or a Restricted Subsidiary of Telecommunications;

Table of Contents

(4) any Restricted Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption Repurchase at the option of holders Asset sales;

(5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Telecommunications;

(6) receivables created in the ordinary course of business;

(7) loans or advances to employees made in the ordinary course of business since the Issue Date not to exceed $5.0 million at any one time outstanding (loans and advances that are forgiven shall continue to be deemed outstanding);

(8) securities and other assets received in settlement of trade debts or other claims arising in the ordinary course of business;

(9) Investments since the Issue Date of up to an aggregate of $100.0 million outstanding (each such Investment being measured as of the date made and without giving effect to subsequent changes in value);

(10) other Investments in Permitted Businesses since the Issue Date not to exceed an amount equal to $10.0 million plus 2.5% of Telecommunications Consolidated Net Tangible Assets at any one time outstanding (each such Investment being measured as of the date made and without giving effect to subsequent changes in value);

(11) stock, obligations, securities or other Investments received in settlement of debts created in the ordinary course of business and owing to, or of other claims asserted by, Telecommunications or any Restricted Subsidiary, in satisfaction of judgments, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(12) Hedging Obligations permitted under clause (7) of the second paragraph of the covenant described under Certain covenants Incurrence of indebtedness and issuance of preferred stock;

(13) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of Permitted Liens or made in connection with Liens permitted under the covenant described under Certain covenants Liens;

(14) Guarantees issued in accordance with the covenant described under Certain covenants Incurrence of indebtedness and issuance of preferred stock;

(15) any Investment deemed to result from variable interest entities accounting in respect of lease payments made with respect to interests in real property on which cell towers of Telecommunications or a Subsidiary of Telecommunications are located; and

(16) any Investment by Telecommunications or any Restricted Subsidiary of Telecommunications in a Person to the extent such Investment exists on the Issue Date, and any extension, modification or renewal of any such Investment existing on the Issue Date, but only to the extent not involving additional advances, contributions or other Investments of cash or other assets or other increases thereof (other than as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to

the terms of such Investment as in effect on the Issue Date).

Permitted Liens means:

(1) Liens existing on the Issue Date;

(2) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

Table of Contents

(3) carriers , warehousemen s, mechanics , materialmen s, repairmen s or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;

(4) pledges or deposits in connection with workers compensation, unemployment insurance and other social security legislation;

(5) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business, and deposits to secure obligations under contracts to purchase towers or other related assets;

(6) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of Telecommunications or any of its Restricted Subsidiaries;

(7) Liens securing Indebtedness permitted to be incurred under clause (4) of the second paragraph of the covenant described above under the caption Certain covenants Incurrence of indebtedness and issuance of preferred stock;

(8) Liens securing Indebtedness under the Senior Credit Agreement or the Securitization Arrangements permitted to be incurred under clause (1), (2) or (5) of the second paragraph of the covenant described under the caption Certain covenants Incurrence of indebtedness and issuance of preferred stock;

(9) Liens incurred in the ordinary course of business of Telecommunications since the Issue Date with respect to obligations that do not exceed $15.0 million at any one time outstanding and that:

(a) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business); and

(b) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by Telecommunications or such Restricted Subsidiary;

(10) Liens on property at the time Telecommunications acquires such property, including any acquisition by means of a merger or consolidation with or into Telecommunications; provided, however, that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition; provided further, however, that such Liens do not extend to any other property of Telecommunications (plus improvements, accessions, proceeds or dividends or distributions in respect thereof);

(11) Pledges of stock or other equity interests of Telecommunications direct Subsidiaries securing Indebtedness permitted to be incurred under the covenant described under the caption Certain covenants Incurrence of indebtedness and issuance of preferred stock;

(12) Liens to secure any amendments, supplements, modifications, extensions, renewals, restatements, replacements or refundings (or successive amendments, supplements, modifications, extensions, renewals, restatements, replacements or refundings), in whole or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (1), (7), (8) and (10); provided, however, that (A) such new Lien will be limited to all or part of the same property that secured the original Lien (plus improvements, accessions, proceeds or dividends or distributions in respect thereof); and (B) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of: (1) the outstanding principal amount, or, if issued with original issue discount, the aggregate accreted value of, or, if greater, the committed amount of the Indebtedness secured by Liens described under clauses (1), (7), (8) or (10) at the time such original Lien became a Permitted Lien under the indenture governing the notes; and (ii) an amount necessary to pay any fees, underwriting discounts

and other costs and expenses, including premiums, related to such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings;

(13) Liens securing judgments for the payment of money not constituting an Event of Default under clause (6) under the caption Events of default and remedies so long as such Liens are adequately bonded;

Table of Contents

(14) any interest or title of a lessor under any lease entered into by Telecommunications or any Restricted Subsidiary in the ordinary course of its business and covering only the assets so leased (including landlord s Liens on any property placed on the property subject to such lease);

(15) Liens on cash deposits not exceeding an aggregate amount equal to $500,000 to secure Indebtedness permitted by clause (11) of the definition of Permitted Debt; and

(16) Liens on assets of Telecommunications or any Restricted Subsidiary securing Indebtedness and other obligations in an aggregate principal amount that, when taken together with all other obligations secured by Liens pursuant to this clause (16), do not exceed the amount of Indebtedness permitted to be incurred under the first paragraph of the covenant entitled Certain covenants Incurrence of indebtedness and issuance of preferred stock .

Permitted Refinancing Indebtedness means any Indebtedness of Telecommunications or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease, repurchase or refund other Indebtedness of Telecommunications or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or initial accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of expenses and prepayment premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (i) a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or (ii) a final maturity date later than 90 days after the scheduled final maturity of the notes;

(3) if the Indebtedness being extended, refinanced/renewed, replaced, defeased or refunded is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the notes on terms at least as favorable to the holders of the notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred by Telecommunications if Telecommunications was the sole obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or agency or political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

Property means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Capital Stock.

Qualified Asset Exchange means any transaction in which Telecommunications or one of its Restricted Subsidiaries exchanges assets for Qualified Tower Assets and, if applicable an amount of cash or Cash Equivalents where the fair market value (evidenced by a resolution of the board of directors set forth in an officers certificate delivered to the trustee) of the Qualified Tower Assets and, if applicable, an amount of cash or Cash Equivalents received by Telecommunications and its Restricted Subsidiaries in such exchange is at least equal to the fair market value (which determination shall be made in the good faith judgment of Telecommunications board of directors) of the assets disposed of in such exchange.

Qualified Tower Assets means wireless communications towers, actual or potential communications sites, distributed antenna system networks and other assets used or usable in a Permitted Business or Equity Interests in any Person whose principal business is a Permitted Business.

Table of Contents

Ratings Agencies means (1) Moody s and S&P or (2) if either S&P or Moody s ceases to rate the notes or ceases to make a rating on the notes publicly available, an entity, selected by Telecommunications, registered as a nationally recognized statistical rating organization (within the meaning of Section 3(a)(62) under the Exchange Act) (registered as such pursuant to Rule 17g-1 of the Exchange Act) then making a rating on the notes publicly available (as certified by an Officer s Certificate), which shall be substituted for S&P or Moody s, as the case may be.

Ratings Decline means the rating of the notes by both Ratings Agencies decreases by one or more gradations (including gradations within ratings categories as well as between rating categories) or is withdrawn on, or within 90 days after the earlier of: (i) the date of the public notice of the occurrence of a Change of Control or (ii) public notice of the intention by us or any third-party to effect a Change of Control (which period shall be extended for so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Ratings Agencies if such period exceeds 90 days).

Registration Rights Agreement means the agreement among Telecommunications, SBACC, and the initial purchasers, whereby Telecommunications and SBACC will agree for the benefit of the holders of the notes that they will use their respective reasonable best efforts to file with the Commission and cause to become effective a registration statement relating to an offer to exchange the notes for an issue of notes registered with the Commission.

Restricted Investment means an Investment other than a Permitted Investment.

Restricted Subsidiary of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

Revolving Credit Facility means that certain senior secured revolving credit facility established pursuant to the Senior Credit Agreement.

S&P means Standard & Poor s Ratings Services or any successor to the rating agency business thereof.

SBACC means SBA Communications Corporation.

Securitization Arrangements means, collectively, the transactions and agreements, relating to and including the (i) Management Agreement, dated as of November 18, 2005, by and among SBA Properties, Inc., SBA Network Management, Inc. and SBA Senior Finance, Inc., and the Joinder and Amendment to Management Agreement, dated November 6, 2006, thereto, (ii) the Amended and Restated Loan and Security Agreement, dated as of November 18, 2005, by and between SBA Properties, Inc., additional borrower or borrowers that may become a party thereto, and SBA CMBS 1 Depositor LLC., (iii) the Third Loan and Security Agreement Supplement and Amendment, dated as of April 16, 2010, by and among SBA Properties, Inc., SBA Sites, Inc. and SBA Structures, Inc., as Borrowers, and Midland Loan Services, Inc., as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee and (iv) the Fourth Loan and Security Agreement Supplement and Amendment, dated as of April 16, 2010, by and among SBA Properties, Inc., SBA Sites, Inc. and SBA Structures, Inc., as Borrowers, and Midland Loan Services, Inc., as Servicer on behalf of Deutsche Bank Trust Company Americas, as Trustee.

Senior Credit Agreement means that certain Amended and Restated Credit Agreement, among SBA Senior Finance II, as borrower, the several lenders from time to time parties thereto, Toronto Dominion (Texas) LLC, as administrative agent, JPMorgan Chase Bank, N.A., as term loan syndication agent, Barclays Capital, as co-term loan syndication agent, RBS Securities Inc., as revolving facility syndication agent, Wells Fargo Bank, National Association, as co-revolving facility syndication agent, The Royal Bank of Scotland plc and Wells Fargo Bank, National Association, as co-term loan documentation agents, Citibank, N.A. and JPMorgan Chase Bank, N.A., as co-revolving facility documentation agents, and the other agents thereto, as amended by the first amendment thereto dated May 9, 2012, and the second amendment thereto, dated May 9, 2012, including any further amendments, guarantees, supplements, modifications, extensions, renewals, restatements, replacements or refundings thereof and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (provided that such increase in borrowings is permitted under Certain covenants Incurrence of indebtedness and issuance of preferred stock) or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

Services Business means the site acquisition, site development and site construction businesses of SBACC and its Subsidiaries.

Stated Maturity means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

Subsidiary means, with respect to any Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership:
(a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person; or

(b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

Tower means any wireless transmission tower or similar structure, and related assets that are located on the site of such wireless transmission tower, owned by SBACC or any of its Subsidiaries or leased by SBACC or any of its Subsidiaries pursuant to a lease required to be classified and accounted for as a capital lease on the balance sheet of SBACC and its Subsidiaries under GAAP.

Unrestricted Subsidiary means (1) the Foreign Subsidiaries, unless otherwise designated a Restricted Subsidiary by Telecommunications, (2) any other Subsidiary of Telecommunications that is designated by the board of directors as an Unrestricted Subsidiary and (3) any Subsidiary of an Unrestricted Subsidiary.

The board of directors of Telecommunications may designate any Subsidiary an Unrestricted Subsidiary, pursuant to a resolution of the board of directors; but only to the extent that such Subsidiary or any of its Subsidiaries:

(1) is not party to any agreement, contract, arrangement or understanding with Telecommunications or any Restricted Subsidiary of Telecommunications unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Telecommunications or such Restricted Subsidiary than those that might be obtained, at the time from Persons who are not Affiliates of Telecommunications;

(2) is a Person with respect to which neither Telecommunications nor any of its Restricted Subsidiaries has any direct or indirect obligation;
(a) to subscribe for additional Equity Interests of such Person; or

Table of Contents

(b) to maintain or preserve such Person s financial condition or to cause such Person to achieve any specified levels of operating results;

(3) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness or Excluded Capital Lease Obligations of Telecommunications or any of its Restricted Subsidiaries; and

(4) to the extent that such Subsidiary has any Indebtedness that has been guaranteed by either Telecommunications or any Restricted Subsidiary, at the time of designation, Telecommunications has the ability to incur such Indebtedness as of such date under the covenant described above under the caption Certain covenants Incurrence of indebtedness and issuance of preferred stock.

Any such designation by the board of directors shall be evidenced to the trustee by filing with the trustee a certified copy of the board resolution giving effect to such designation and an officers certificate certifying that such designation complied with the foregoing conditions and was permitted by the covenant described above under the caption Certain covenants Restricted payments.

If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of that Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of Telecommunications as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described above under the caption Certain covenants Incurrence of indebtedness and issuance of preferred stock, Telecommunications shall be in default of such covenant). Any Subsidiary of an Unrestricted Subsidiary that was properly designated an Unrestricted Subsidiary shall also constitute an Unrestricted Subsidiary.

The board of directors of Telecommunications may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that the designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Telecommunications of any outstanding Indebtedness of such Unrestricted Subsidiary and the designation shall only be permitted if:

(1) such Indebtedness is permitted under the covenant described above under the caption Certain covenants Incurrence of indebtedness and issuance of preferred stock, calculated on a pro forma basis as if such designation had occurred at the beginning of the reference quarter; and

(2) no Default or Event of Default would occur or be in existence following such designation. Voting Stock of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

Weighted Average Life to Maturity means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof; by

(b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

Wholly Owned Restricted Subsidiary of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

Table of Contents

Book-Entry Settlement and Clearance

The Global Notes

The Exchange Notes will be issued in the form of several registered notes in global form without interest coupons, which we refer to as the global notes

Upon issuance, each of the global notes will be deposited with the trustee as custodian for The Depository Trust Company, or DTC, and registered in the name of Cede & Co., as nominee of DTC. Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC, or DTC participants, or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of each global note with DTC s custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the temporary Regulation S global notes will initially be credited within DTC to Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on behalf of the owners of these interests. During the Distribution Compliance Period described below, beneficial interests in the temporary Regulation S global note may be:

- held only through Euroclear or Clearstream; and
- transferred only to non-U.S. persons under Regulation S, qualified institutional buyers under Rule 144A or institutional accredited investors.

After the Distribution Compliance Period ends, beneficial interests in temporary Regulation S global notes may be exchanged for beneficial interests in the permanent Regulation S global note upon certification that those interests are owned either by non-U.S. persons or by U.S. persons who purchased those interests pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Investors may hold their interests in the permanent Regulation S global notes directly through Euroclear or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants in those systems. After the Distribution Compliance Period ends, investors may also hold their interests in the permanent Regulation S global notes through organizations other than Euroclear or Clearstream that are DTC participants. Each of Euroclear and Clearstream will appoint a DTC participant to act as its depositary for the interests in the Regulation S global notes that are held within DTC for the account of each settlement system on behalf of its participants.

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under Transfer Restrictions.

Exchanges Among the Global Notes

The Distribution Compliance Period ended 40 days after July 13, 2012.

Beneficial interests in one global note of a series may generally be exchanged for interests in another global note of the same series. Depending on whether the transfer is being made during or after the Distribution Compliance Period, and to which global note the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture. In addition, in the case of a transfer of interests to an institutional accredited investor, the trustee may require the buyer to deliver a representation letter in the form provided in the indenture that states, among other things, that the buyer is not acquiring notes with a view to distributing them in violation of the Securities Act.

A beneficial interest in a global note that is transferred to a person who takes delivery through another global note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global note.

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that we believe to be reliable, but neither we nor the initial purchasers take any responsibility for or make any representation or warranty with respect to the accuracy of this information. DTC, Euroclear and Clearstream are under no obligation to follow the procedures described herein to facilitate the transfer of interest in global notes among participants and account holders of DTC, Euroclear and Clearstream, and such procedures may be discontinued or modified at any time. Neither Telecommunications, SBACC, the trustee nor any paying agent will have any responsibility for the performance of DTC, Euroclear and Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a banking organization within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a clearing corporation within the meaning of the Uniform Commercial Code; and
- a clearing agency registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC s participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC s nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below under Certificated Notes, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;

will not receive or be entitled to receive physical, certificated notes; and

will not be considered the owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

Table of Contents

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, interest and additional interest, if any, with respect to the notes represented by a global note will be made by the trustee to DTC s nominee as the registered holder of the global note.

Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC s procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems. Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or

certain other events provided in the indenture should occur.

Table of Contents

Registration Rights

On July 13, 2012, the closing date of the issuance of the Original Notes, Telecommunications and SBACC entered into a registration rights agreement with Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., RBS Securities Inc., TD Securities (USA) LLC, Wells Fargo Securities, LLC, Raymond James and Associates, Inc., SunTrust Robinson Humphrey, Inc. and J.P. Morgan Securities Inc., as representatives of the several initial purchasers. In that agreement, Telecommunications and SBACC agreed for the benefit of the holders of the Original Notes that they would use their respective reasonable best efforts to file with the Commission and cause to become effective a registration statement relating to offers to exchange Original Notes for issues of notes registered with the Commission, or the Exchange Notes, with terms identical to Original Notes (except that the Exchange Notes will not be subject to restrictions on transfer or to any increase in annual interest rate as described below).

When the Commission declares the exchange offer registration statement effective, Telecommunication and SBACC will offer the exchange notes (and the related note guarantee) in return for the notes. The exchange offer will remain open for at least 20 business days (or longer if required by applicable law) after the date we mail notice of the exchange offer to the holders of notes. For each note surrendered to us under the exchange offer, the holders of notes will receive an exchange note of equal principal amount. Interest on each exchange note will accrue (1) from the last interest payment date on which interest was paid on the note surrendered in exchange therefor or (2) if no interest has been paid on the note, from the closing date of this offering. A holder of notes that participates in the exchange offer will be required to make certain representations to us (as described in the registration rights agreement). Under existing interpretations of the Commission contained in several no-action letters to third parties, the exchange notes (and the related note guarantees) will generally be freely transferable after the exchange offer without further registration under the Securities Act, except that any broker-dealer that participates in the exchange must deliver a prospectus meeting the requirements of the Securities Act when it resells the exchange notes.

Telecommunication and SBACC agreed to make available, during the period required by the Securities Act, a prospectus meeting the requirements of the Securities Act for use by participating broker-dealers and other persons, if any, with similar prospectus delivery requirements for use in connection with any resale of exchange notes. Notes not tendered in the exchange offer will bear interest at the rate set forth in the notes and be subject to all the terms and conditions specified in the indenture, including transfer restrictions, but will not retain any rights under the registration rights agreement (including with respect to increases in annual interest rate described below) after the consummation of the exchange offer.

In the event that (i) Telecommunications and SBACC determine that a registered exchange offer is not available or may not be completed because it would violate any applicable law or applicable interpretations of the staff of the Commission or, (ii) the exchange offer is not for any other reason completed by the 360th day following the closing date, or, (iii) upon receipt of a written request from any initial purchaser representing that it holds registrable securities that are or were ineligible to be exchanged in the Exchange Offer, then Telecommunications and SBACC will use their reasonable best efforts to cause to be filed as soon as practicable after such determination or registration request, as the case may be, a shelf registration statement relating to resales of the notes and to have such shelf registration become effective. Telecommunications and SBACC agreed to use reasonable best efforts to keep the shelf registration statement effective until the expiration of the time period referred to in Rule 144 under the Securities Act, or such shorter period that will terminate when all notes covered by the shelf registration statement have been sold pursuant to the shelf registration statement (the shelf effectiveness period). Telecommunications and SBACC will, in the event of such a shelf registration, provide to each participating holder of notes copies of a prospectus, notify each participating holder of notes when the shelf registration statement has become effective and take certain other actions to permit resales of the notes. A holder of notes that sells notes under the shelf registration statement generally will be required to make certain representations to us (as described in the registration rights agreement), to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with those sales and will be bound by the provisions of the registration rights agreement that are applicable to such a holder of notes (including certain indemnification obligations). Holders of notes will also be required to suspend their use of the prospectus included in the shelf registration statement under specified circumstances upon receipt of notice from us. Under applicable interpretations of the staff of the Commission, our affiliates will not be permitted to exchange their notes for registered notes in the exchange offer.

If the exchange offer has not been completed or a shelf registration statement is required because a registered exchange offer is not available and is not declared effective, on or prior to the 360th day following the closing date (the target registration date), then the interest rate on the principal amount of the notes will be increased by (i) a rate of 0.25% per annum for the first 90-day period following the target registration date and (ii) an additional 0.25% per annum with respect to each subsequent 90-day period thereafter, until the exchange offer is completed or the shelf registration statement, if required, becomes effective, up to a maximum increase of 1.00% per annum.

If Telecommunications receives a request by an initial purchaser to file a shelf registration statement and it does not become effective by the later of (1) the 360th day following the closing date or (2) 120 days after delivery of such request (in either case, the shelf additional interest date), then the interest rate on the principal amount of the notes will be increased by (i) a rate of 0.25% per annum for the first 90-day period payable commencing from one day after the shelf additional interest date and (ii) an additional 0.25% per annum with respect to each subsequent 90-day period thereafter, until the shelf registration statement becomes effective or until expiration of the shelf effectiveness period, up to a maximum increase of 1.00% per annum.

Any amounts of additional interest due will be payable in cash on the same original interest payment dates as interest on the notes is payable. The exchange notes will be accepted for clearance through DTC.

This summary of the provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, copies of which are available from us upon request.

Table of Contents

Material United States Federal Income and Estate Tax Consequences

General

The following discussion summarizes the material U.S. federal income and, in the case of Non-U.S. Holders (as defined below), estate tax consequences of the purchase, ownership and disposition of the notes as of the date of this prospectus. This summary deals only with notes purchased for cash upon original issuance at the price indicated on the cover of this prospectus. This summary is written only for holders that will hold their notes as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the Code). Each prospective holder is urged to consult its tax advisor regarding the U.S. federal, state, local and foreign income and other tax consequences of the ownership, sale, or other disposition of the notes.

This summary is based on the provisions of the Code, Treasury Regulations thereunder and administrative and judicial interpretations thereof, as of the date hereof, all of which are subject to change (possibly retroactively). No rulings have been or will be sought from the Internal Revenue Service (IRS) with respect to any of the U.S. federal income tax consequences discussed below. The discussion below is not binding on the IRS or the courts and, accordingly, the IRS or a court may take contrary positions. This summary does not discuss all aspects of U.S. federal income taxation that may be important to particular holders in light of their individual circumstances, such as holders subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers, tax-exempt organizations, regulated investment companies, real estate investment trusts, traders in securities that have elected the mark-to-market method of accounting for their securities, persons liable for alternative minimum tax, controlled foreign corporations, passive foreign investment companies and United States expatriates), persons that will hold the notes as a part of a straddle, hedge, conversion, constructive sale or an integrated transaction for U.S. federal income tax purposes, partnerships or persons who are investors in partnerships (or other pass-through entities for U.S. federal income tax purposes) or U.S. Holders (as defined below) that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ materially from those summarized below. In addition, this summary does not discuss any foreign, state or local tax considerations.

For purposes of this summary, a U.S. Holder is a beneficial owner of a note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes, created in or organized under the law of the United States or any state or political subdivision thereof, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and with respect to which one or more United States persons have the authority to control all substantial decisions of the trust, or (B) that has in effect a valid election under applicable Treasury Regulations to be treated as a United States person. A beneficial owner of a note that is not a U.S. Holder or a partnership (or another pass- through entity) for U.S. federal income tax purposes is referred to herein as a Non-U.S. Holder. If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of notes, the treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A holder of notes that is an entity treated as a partnership for U.S. federal income tax purposes and partners in such a partnership are urged to consult their tax advisors about the U.S. federal income tax consequences of holding and disposing of notes.

Exchange of Original Notes for Exchange Notes

The exchange of Original Notes for Exchange Notes pursuant to the Exchange Offer will not constitute a taxable event to holders. Rather, the Exchange Notes will be treated as a continuation of the Original Notes for federal income tax purposes, and are referred to together as notes in this summary of federal income tax consequences. Consequently, no gain or loss will be recognized by a holder upon receipt of an Exchange Note, the holding period of the Exchange Note will include the holding period of the Original Note, and the initial basis of the Exchange Note will be the same as the basis of the Original Note immediately before the exchange.

Table of Contents

Certain Additional Payments

In certain circumstances, we may be required to make additional payments on the notes. Pursuant to applicable Treasury Regulations, we believe that the likelihood of us making any such additional payments is considered remote and/or incidental, and therefore should not cause the notes to be treated as contingent payment debt instruments for U.S. federal income tax purposes. Our determination is binding on all holders, other than a holder that discloses its differing position in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which such holder acquired a note. However, there can be no assurance that the IRS will agree with our determination, or that our position would be sustained if challenged by the IRS. This summary assumes that the notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes. Each holder is urged to consult its tax advisor regarding the potential application to the notes of the contingent payment debt instrument rules and the consequences thereof.

U.S. Holders

Payments of interest. Generally, qualified stated interest on a note will be taxable to a U.S. Holder as ordinary interest income (in accordance with the holder s regular method of accounting for U.S. federal income tax purposes) at the time such payments are accrued or received. The term qualified stated interest means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer), at least annually over the entire term of the note at a single fixed rate or, subject to certain conditions, based on one or more interest indices. The stated interest on the notes will be qualified stated interest.

Sale, exchange, retirement or other taxable disposition of the notes. Upon a sale, exchange, retirement or other taxable disposition of notes, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the amount realized on the disposition (other than an amount attributable to accrued but unpaid qualified stated interest, which will be taxable as ordinary interest income as discussed above to the extent not previously included in income) and the U.S. Holder s adjusted tax basis in such notes. A U.S. Holder s adjusted tax basis in a note generally will be equal to the cost of the note to such U.S. Holder. Generally, any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder s holding period for the notes is more than one year at the time of disposition. For non-corporate U.S. Holders, long-term capital gains generally will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Legislation regarding medicare tax. With respect to taxable years beginning after December 31, 2012, certain U.S. Holders, including individuals and estates and trusts, will be subject to an additional 3.8% Medicare tax on all or a portion of their net investment income, which may include interest and net gains from the disposition of notes. U.S. Holders are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the notes.

Non-U.S. Holders

Interest. Subject to the discussion below with respect to FATCA and the discussion below with respect to backup withholding, all payments of interest on the notes made to a Non-U.S. Holder, will be exempt from U.S. federal withholding tax under the portfolio interest rule, provided that: (i) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, (ii) such Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, (iii) such Non-U.S. Holder is not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code, (iv) such Non-U.S. Holder certifies, under penalties of perjury, to us or our paying agent on IRS Form W-8BEN (or appropriate substitute form) that it is not a United States person and provides its name, address and certain other required information or certain other certification requirements are satisfied and (v) interest paid on the notes is not effectively connected with such Non-U.S. Holder s conduct of a trade or business in the United States.

Table of Contents

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest made to such Non-U.S. Holder will be subject to the 30% U.S. federal withholding tax unless such Non-U.S. Holder provides us with a properly executed (i) IRS Form W-8BEN (or appropriate substitute form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (ii) IRS Form W-8ECI (or appropriate substitute form) stating that interest paid or accrued on the notes is not subject to U.S. federal withholding tax because it is effectively connected with the conduct of a trade or business in the United States.

Sale, exchange, retirement or other disposition of the notes. Subject to the discussion below with respect to FATCA and the discussion below concerning backup withholding and except with respect to amounts attributable to accrued but unpaid qualified stated interest, which will be taxable as described above under Interest, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on the receipt of payments of principal on a note, or on any gain recognized upon the sale, exchange, retirement or other disposition of a note, unless in the case of any such gain (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States and, if a treaty applies (and the Non-U.S. Holder complies with applicable certification and other requirements to claim treaty benefits), is attributable to a permanent establishment maintained by the Non-U.S. Holder within the United States (as described below under Income Effectively Connected with a U.S. Trade or Business) or (ii) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met.

Income effectively connected with a U.S. trade or business. If a Non-U.S. Holder of notes is engaged in a trade or business in the United States, and if interest on the notes or gain realized on the sale, exchange, retirement or other disposition of the notes is effectively connected with the conduct of such trade or business (and if required by an applicable income tax treaty, is attributable to a United States permanent establishment), the Non-U.S. Holder generally will be subject to U.S. federal income tax on such income or gain, as applicable, in generally the same manner as if the Non-U.S. Holder were a U.S. Holder. Payments of interest, or gain realized on the sale, exchange or other disposition of the notes, that are effectively connected with a U.S. trade or business (and, if an income tax treaty applies, attributable to a permanent establishment or fixed base), and therefore included in the gross income of a Non-U.S. Holder, will not be subject to the 30% U.S. federal withholding tax provided that the Non-U.S. Holder claims exemption from withholding on a properly executed IRS Form W-8ECI (or appropriate substitute form). In addition, if such Non-U.S. Holder is a foreign corporation, such corporation may also be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

FATCA. Under the Foreign Account Tax Compliance Act (FATCA), gross proceeds from the sale, exchange or other disposition of a note realized by, and payments of interest on a note made to certain non-U.S. persons, including certain foreign financial institutions and investment funds, could be subject to a 30% withholding tax unless such non-U.S. person complies with certain requirements, including reporting requirements regarding its direct and indirect U.S.owners and/or U.S. account holders. Such withholding could apply to payments made to a non-U.S. person regardless of whether the non-U.S. person is the beneficial owner of a note or holds a note for the account of others. Although FATCA was generally scheduled to apply to payments made after December 31, 2012, pursuant to Treasury Regulations, it is being implemented in phases such that withholding on interest payments will not commence until January 1, 2014, and withholding on gross proceeds will not commence until January 1, 2017. Furthermore, the Treasury Regulations generally exempt from withholding any payments on, or proceeds in respect of, debt instruments outstanding on January 1, 2014. Potential investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on an investment in the notes. To comply with the requirements of FATCA, we or the applicable withholding agent may, in appropriate circumstances, require the holders of the notes to provide information and tax documentation regarding their direct and indirect owners.

Table of Contents

U.S. federal estate tax. A Non-U.S. Holder s estate will not be subject to U.S. federal estate tax on notes beneficially owned by him or her at the time of his or her death, provided that any payment to him or her on the notes would be eligible for exemption from the 30% U.S. federal withholding tax under the portfolio interest rule described above under Interest without regard to the certification requirement described in that section.

Information Reporting and Backup Withholding

U.S. Holders. Payments of interest on, or the proceeds of the sale, exchange, retirement or other disposition of, a note are generally subject to information reporting unless the U.S. Holder is an exempt recipient (such as a corporation). Such payments may also be subject to backup withholding tax at the applicable rate if the recipient of such payment fails to supply a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise fails to establish an exemption from backup withholding or if the U.S. Holder fails to report, in full. dividend and interest income. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against that U.S. Holder s U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Non-U.S. Holders. In general, a Non-U.S. Holder will not be subject to backup withholding tax with respect to payments of interest on the notes provided that we do not have actual knowledge or reason to know that such a Non-U.S. Holder is a United States person as defined under the Code, and we have received from the Non-U.S. Holder the required certification that it is a Non-U.S. Holder. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against that Non-U.S. Holder s U.S. federal income tax liability provided the required information is timely furnished to the IRS. Generally, the name and address of the beneficial owner and the amount of interest paid on a note, as well as the amount, if any, of tax withheld, will be reported to the IRS. Copies of the information returns reporting such payments may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides.

Foreign, State And Local Tax Considerations

In addition to the U.S. federal income tax consequences described above, holders of notes should consider the foreign, state and local tax consequences of purchasing, owning, and disposing of the notes. Foreign, state and local tax laws may differ substantially from the corresponding U.S. federal law, and this discussion does not purport to describe any aspect of the tax laws of any foreign jurisdiction, state or locality. Holders of the notes should therefore consult their own tax advisors with respect to the various foreign, state and local tax consequences of an investment in the notes.

Table of Contents

Plan of Distribution

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Original Notes where such Original Notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after consummation of the Exchange Offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until September 5, 2013, all dealers effecting transactions in the Exchange Notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of Exchange Notes by broker-dealers or any other persons. Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit of any such resale of Exchange Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

We have agreed to pay all expenses incident to the Exchange Offer, excluding underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, related to the sale or disposition of notes by a holder, and will indemnify the holders of the Original Notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act in connection with the Exchange Offer.

Each broker-dealer further acknowledges and agrees that, upon receipt of notice from us of the happening of any event which makes any statement in the prospectus untrue in any material respect or which requires the making of any changes in the prospectus to make the statements in the prospectus not misleading, which notice we agree to deliver promptly to such broker-dealer, such broker-dealer will suspend use of the prospectus until we have notified such broker-dealer that delivery of the prospectus may resume and have furnished copies of any amendment or supplement to the prospectus to the broker-dealer.

Legal Matters

Certain legal matters relating to the validity of the Exchange Notes will be passed upon for us by Greenberg Traurig, P.A., Ft. Lauderdale, Florida.

Experts

The consolidated financial statements of SBA appearing in SBA s Annual Report on Form 10-K for the year ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The financial statements of Mobilitie Investments, LLC and the consolidated financial statement of Mobilitie Investments II, LLC as of December 31, 2011 and for the year ended, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of TowerCo II Holdings LLC as of, and for the year ended, December 31, 2011 have been incorporated by reference herein in reliance upon the reports of McGladrey LLP, independent accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

Where You Can Find More Information; Incorporation By Reference

SBA files annual, quarterly and current reports, proxy statements and other information with the Commission. SBA s Commission filings are available over the Internet at the Commission s web site at *http://www.sec.gov*. You may also read and copy any document SBA files at the Commission s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for more information on the Public Reference Room and its copy charges.

We are incorporating by reference into this prospectus specific documents that SBA files with the Commission, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus. Information that we file subsequently with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below, and any future documents that we file with the Commission under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the termination of the offerings of all of the securities covered by this prospectus has been completed. This prospectus is part of a registration statement filed with the Commission.

We incorporate by reference into this prospectus the following documents filed by SBA with the Commission, other than information furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K, each of which should be considered an important part of this prospectus:

Commission Filing (File No. 000-30110)	**Period Covered or Date of Filing**
Annual Report on Form 10-K	Year ended December 31, 2012
Quarterly Report on Form 10-Q	Quarter ended March 31, 2013
Current Reports on Form 8-K/A	May 25, 2012 and December 14, 2012
Current Reports on Form 8-K	April 8, 2013, April 23, 2013 and May 14, 2013
All subsequent documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934	After the date of this prospectus

Table of Contents

You may request a copy of each of SBA s filings at no cost, by writing or telephoning SBA at the following address, telephone or facsimile number:

SBA Communications Corporation

5900 Broken Sound Parkway NW

Boca Raton, FL 33487

Phone: (561) 995-7670

Fax: (561) 998-3448

Exhibits to a document will not be provided unless they are specifically incorporated by reference in that document.

SBA maintains an internet website at http://www.sbasite.com, which contains information relating to SBA and its business. The information contained on SBA s website is not part of this prospectus.

You should rely only on the information contained in and incorporated by reference into this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to exchange the Original Notes in any jurisdiction where the exchange is not permitted. You should not assume that the information in this prospectus or incorporated by reference into this prospectus is accurate as of any date other than the date on the front of the respective document. Our business, financial condition, results of operations and prospects may have changed since that date.

The information in this prospectus may not contain all of the information that may be important to you. You should read the entire prospectus, as well as the documents incorporated by reference into this prospectus, before making an investment decision.

Table of Contents

SBA TELECOMMUNICATIONS, LLC

SBA COMMUNICATIONS CORPORATION

Offer to Exchange

$800,000,000 5.75% Senior Notes due 2020

for

$800,000,000 5.75% Senior Notes due 2020, that have been registered under the Securities Act

PROSPECTUS

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Original Notes where such Original Notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after consummation of the Exchange Offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until September 5, 2013, all dealers effecting transactions in the Exchange Notes may be required to deliver a prospectus.