

RCI HOSPITALITY HOLDINGS, INC.

Form 10-Q

February 09, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2016

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

Commission File Number: 001-13992

RCI HOSPITALITY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Texas

76-0458229

(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.)

10737 Cutten Road

Houston, Texas 77066

(Address of principal executive offices) (Zip Code)

(281) 397-6730

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 31, 2017, 9,718,711 shares of the registrant's common stock were outstanding.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Forward-looking statements may appear throughout this report, including, without limitation, the following sections: Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements generally can be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will be,” “will continue,” “will likely result,” and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Quarterly Report on Form 10-Q and those discussed in other documents we file with the Securities and Exchange Commission (“SEC”). Important factors that in our view could cause material adverse effects on our financial condition and results of operations include, but are not limited to, the risks and uncertainties associated with operating and managing an adult business, the business climates in cities where it operates, the success or lack thereof in launching and building the company’s businesses, risks and uncertainties related to cyber security, conditions relevant to real estate transactions, and numerous other factors such as laws governing the operation of adult entertainment businesses, competition and dependence on key personnel. We undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, the “Company,” “we,” “our,” and similar terms include RCI Hospitality Holdings, Inc. and its subsidiaries, unless the context indicates otherwise.

RCI HOSPITALITY HOLDINGS, INC.

FORM 10-Q

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PART I FINANCIAL INFORMATION**Item 1. Financial Statements.****RCI HOSPITALITY HOLDINGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(in thousands, except par value)**

	December 31, 2016	September 30, 2016
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,064	\$ 11,327
Accounts receivables, net	3,721	4,365
Inventories	2,106	2,019
Prepaid expenses and other current assets	3,430	4,005
Assets held for sale	7,671	7,671
Total current assets	28,992	29,387
Property and equipment, net	143,439	142,003
Notes receivable	4,780	4,800
Goodwill	45,921	45,921
Intangibles, net	52,143	52,189
Other assets	2,175	2,188
Total assets	\$ 277,450	\$ 276,488
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,042	\$ 1,701
Accrued liabilities	12,193	12,806
Current portion of long-term debt	9,957	9,950
Total current liabilities	24,192	24,457
Deferred tax liability	25,470	25,470
Long-term debt	95,663	95,936
Other long-term liabilities	523	483
Total liabilities	145,848	146,346
Commitments and contingencies (Note 9)		
Stockholders' equity		

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Preferred stock, \$0.10 par value per share; 1,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.01 par value per share; 20,000 shares authorized; 9,719 and 9,808 shares issued and outstanding as of December 31, 2016 and September 30, 2016, respectively	97	97
Additional paid-in capital	63,451	64,552
Retained earnings	65,517	62,909
Total RCIHH stockholders' equity	129,065	127,558
Noncontrolling interests	2,537	2,584
Total stockholders' equity	131,602	130,142
Total liabilities and stockholders' equity	\$277,450	\$276,488

See accompanying notes to condensed consolidated financial statements.

RCI HOSPITALITY HOLDINGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(in thousands, except per share data)****(unaudited)**

	For the Three Months Ended December 31,	
	2016	2015
Revenues		
Sales of alcoholic beverages	\$ 14,375	\$ 14,597
Sales of food and merchandise	4,207	4,334
Service revenues	13,475	12,641
Other	1,682	1,903
Total revenues	33,739	33,475
Operating expenses		
Cost of goods sold	4,881	5,184
Salaries and wages	9,652	9,357
Selling, general and administrative	11,193	10,860
Depreciation and amortization	1,618	1,817
Other charges	62	540
Total operating expenses	27,406	27,758
Income from operations	6,333	5,717
Other income (expenses)		
Interest expense	(2,015)	(1,915)
Interest income	37	4
Income before income taxes	4,355	3,806
Income taxes	1,450	1,367
Net income	2,905	2,439
Less: Net income (loss) attributable to noncontrolling interests	7	(113)
Net income attributable to RCIHH common shareholders	\$ 2,898	\$ 2,552
Earnings per share attributable to RCIHH common shareholders		
Basic	\$ 0.30	\$ 0.25
Diluted	\$ 0.30	\$ 0.25
Weighted average number of common shares outstanding		
Basic	9,768	10,296
Diluted	9,814	10,635
Dividend per share	\$ 0.03	\$ -

See accompanying notes to condensed consolidated financial statements.

RCI HOSPITALITY HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	For the Three Months Ended December 31,	
	2016	2015
Net income	\$2,905	\$2,439
Other comprehensive income:		
Unrealized holding gain on securities available for sale	-	7
Comprehensive income	2,905	2,446
Less: Comprehensive income (loss) attributable to noncontrolling interests	7	(113)
Comprehensive income attributable to RCI Hospitality Holdings, Inc.	\$2,898	\$2,559

See accompanying notes to condensed consolidated financial statements.

RCI HOSPITALITY HOLDINGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)****(unaudited)**

	For the Three Months Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$2,905	\$2,439
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,618	1,817
Deferred taxes	-	676
Amortization of debt issuance costs, note discount and beneficial conversion	85	8
Deferred rent	40	(24)
Stock-based compensation expense	-	120
Changes in operating assets and liabilities:		
Accounts receivable	644	(594)
Inventories	(87)	(321)
Prepaid expenses and other assets	588	278
Accounts payable and accrued liabilities	(272)	(197)
Net cash provided by operating activities	5,521	4,202
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from notes receivable	20	-
Additions to property and equipment	(3,008)	(889)
Net cash used in investing activities	(2,988)	(889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	1,900	4,556
Payments on long-term debt	(2,152)	(4,656)
Purchase of treasury stock	(1,101)	(2,795)
Payment of dividends	(290)	-
Payment of loan origination costs	(99)	-
Distribution to noncontrolling interests	(54)	(54)
Net cash used in financing activities	(1,796)	(2,949)
NET INCREASE IN CASH AND CASH EQUIVALENTS	737	364
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,327	8,020
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$12,064	\$8,384
CASH PAID DURING PERIOD FOR:		
Interest	\$1,920	\$1,919
Income taxes	\$385	\$97

See accompanying notes to condensed consolidated financial statements.

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Non-cash and other transactions:

During the quarter ended December 31, 2016, the Company refinanced \$8.0 million of long-term debt by borrowing \$9.9 million, resulting in net cash proceeds of \$1.9 million.

During the quarter ended December 31, 2016, the Company purchased and retired 89,685 common shares at a cost of \$1.1 million.

During the quarter ended December 31, 2015, the Company purchased and retired 282,762 common shares at a cost of \$2.8 million.

During the quarter ended December 31, 2015, the Company recognized unrealized holding gains on marketable securities held for sale of approximately \$7,000.

RCI HOSPITALITY HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q of Regulation S-X. They do not include all information and footnotes required by GAAP for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements for the year ended September 30, 2016 included in the Company’s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on December 13, 2016. The interim unaudited condensed consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the three months ended December 31, 2016 are not necessarily indicative of the results that may be expected for the year ending September 30, 2017. The September 30, 2016 consolidated balance sheet data were derived from audited financial statements, but does not include all disclosures required by GAAP.

2. Recent Accounting Standards and Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The standard’s effective date has been deferred by the issuance of ASU No. 2015-14, and is effective for annual periods beginning after December 15, 2017, and interim periods therein. The guidance permits using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early application is permitted but not before December 15, 2016, the ASU’s original effective date. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, which amends FASB ASU Topic 810, *Consolidations*. This ASU amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. This ASU requires that limited partnerships and similar legal entities provide partners with either substantive kick-out rights or substantive participating rights over the general partner in order to be considered a voting interest entity. The specialized consolidation model and guidance for limited partnerships and similar legal entities have been eliminated. There is no longer a presumption that a general partner should consolidate a limited partnership. For limited partnerships and similar legal entities that qualify as voting interest entities, a limited partner with a controlling financial interest should consolidate a limited partnership. A controlling financial interest may be achieved through holding a limited partner interest that provides substantive kick-out rights. The standard is effective for annual periods beginning after December 15, 2015. The Company has adopted this guidance as of October 1, 2016, and its adoption did not have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. This ASU does not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. This ASU eliminates from GAAP the requirement to measure inventory at the lower of cost or market. Market under the previous requirement could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. Entities within scope of this update will now be required to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory using LIFO or the retail inventory method. The amendments in this update are effective for fiscal years beginning after December 15, 2016, with early adoption permitted, and should be applied prospectively. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

RCI HOSPITALITY HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. The ASU requires an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Acquirers must recognize, in the same reporting period, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. This ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The Company has adopted this guidance as of October 1, 2016, and its adoption did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, on accounting for leases which requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The guidance requires enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases, and will be effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. The guidance requires the use of a modified retrospective approach. We are evaluating the impact of the guidance on our consolidated financial position, results of operations and related disclosures.

In March 2016, the FASB issued amended guidance ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvement to Employee Share-Based Payment Accounting*. The guidance requires all income tax effects of awards to be recognized in the income statement on a prospective basis. The guidance also requires presentation of excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity, and can be applied retrospectively or prospectively. The guidance increases the amount companies can withhold to pay income taxes on awards without triggering liability classification for shares used to satisfy statutory income tax withholding obligations, and requires application of a modified retrospective transition method. The amended guidance will be effective for interim and annual periods beginning after December 15, 2016; early adoption is permitted if all provisions are adopted in the same period. As of December 31, 2016, we do not have any stock-based compensation awards outstanding. We will adopt ASU 2016-09 when the Company grants stock-based compensation awards in the future.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*. The ASU intends to reduce diversity in practice on how the following cash activities are presented in the statement of cash flows: (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments; (3) contingent considerations payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5)

proceeds from the settlement of corporate and bank-owned life insurance policies; (6) distributions received from equity method investments; and (7) beneficial interests in securitization transactions. The guidance also describes a predominance principle in which cash flows with aspects of more than one class that cannot be separated should be classified based on the activity that is likely to be the predominant source or use of cash flow. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted, provided that all of the amendments are adopted in the same period, and must be applied using a retrospective transition method. We early adopted this guidance as of October 1, 2016. Our adoption of this guidance did not have a material impact on our consolidated financial statements.

RCI HOSPITALITY HOLDINGS, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)**

In January 2017, the FASB issued ASU No. 2017-01, *Business Combination (Topic 805): Clarifying the Definition of a Business*. According to the guidance, when substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. If met, this initial screen eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 provides a framework to evaluate when an input and a substantive process are present. To be a business without outputs, there will now need to be an organized workforce. The FASB noted that outputs are a key element of a business and included more stringent criteria for aggregated sets of assets and activities without outputs. Finally, the guidance narrows the definition of the term “outputs” to be consistent with how it is described in Topic 606, *Revenue from Contracts with Customers*. Under the final definition, an output is the result of inputs and substantive processes that provide goods and services to customers, other revenue, or investment income, such as dividends and interest. The standard is effective in 2018, with early adoption permitted. The amendments can be applied to transactions occurring before the guidance was issued as long as the applicable financial statements have not been issued. We are evaluating the impact of the guidance on our consolidated financial position, results of operations and related disclosures.

3. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

4. Selected Account Information

The components of accrued liabilities are as follows (in thousands):

	December 31, 2016	September 30, 2016
Lawsuit settlement	\$ 1,941	\$ 2,704
Insurance	1,678	2,303
Property taxes	1,570	1,017
Payroll and related costs	1,533	1,506

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Patron tax	1,522	1,559
Sales and liquor taxes	887	889
Unearned revenues	516	256
Other	2,546	2,572
	\$ 12,193	\$ 12,806

The components of selling, general and administrative expenses are as follows (in thousands):

	For the Three Months Ended December 31,	
	2016	2015
Taxes and permits	\$2,289	\$2,125
Advertising and marketing	1,657	1,305
Supplies and services	1,146	1,262

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Selling, general and administrative costs were \$228.2 million for the year ended December 31, 2001, an increase of \$46.5 million or 25.6%, compared to \$181.7 million for the year ended December 31, 2000. Selling expenses increased approximately \$6.3 million, or 6.4%, primarily due to increased commission and headcount related costs. This increase resulted from a 16.7% increase in gross subscriber additions in the year ended December 31, 2001, versus the prior year ended December 31, 2000. The increase was also attributable to increasing the points of distribution in our company-owned retail store channel by 27% in 2001. The general and administrative increase of approximately \$40.2 million, or 48.3%, was primarily due to the development and growth of infrastructure and staffing related to information technology, customer care, collections, retention and other administrative functions established in conjunction with the corresponding growth in our subscriber base.

Non-cash compensation expense was \$17.2 million for the year ended December 31, 2001, an increase of \$8.9 million or 107.2%, compared to \$8.3 million for the year ended December 31, 2000. The increase is attributable to the vesting of an increased number of restricted shares of Holdings Class A common stock awarded to management in prior years.

Depreciation and amortization expenses were \$126.7 million for the year ended December 31, 2001, an increase of \$32.6 million or 34.6% compared to \$94.1 million for the year ended December 31, 2000. The increase relates primarily to increased depreciation expense due to the growth in the depreciable asset base resulting from capital expenditures. Depreciation will continue to increase as additional portions of our network were placed into service.

Interest expense was \$117.5 million, net of capitalized interest of \$5.9 million, for the year ended December 31, 2001. Interest expense was \$55.9 million, net of capitalized interest of \$9.5 million, for the year ended December 31, 2000. The increase of \$61.6 million, or 110.2% relates primarily to \$32.0 million of interest from our \$350.0 million 9 3/8% senior subordinated notes offering completed in January 2001 and \$4.6 million of interest from our \$400.0 million 8 3/4% senior subordinated notes offering completed in November 2001. For the year ended December 31, 2001, we had a weighted average interest rate of 9.43% on our average borrowings under our bank credit facility and our average obligation for the senior subordinated debt as compared with 10.98% for the year ended December 31, 2000. In addition, interest expense was higher on the credit facility due to mandatory draws on the facility in 2001.

Other expense was \$18.0 million and \$0.3 million for the years ended December 31, 2001 and 2000, respectively. The increase of \$17.7 million is primarily the result of a \$12.9 million loss on the mark to market of interest rate swaps for the year ended December 31, 2001. There was no loss on the market-to-market of interest rate swaps in 2000. This loss was the result of paying down \$390.0 million of the credit facility with net proceeds from the 8 3/4% senior subordinated notes offering, which caused certain fixed interest rate derivatives to no longer qualify as cash flow hedges in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137 and SFAS No. 138. The fair value of these non-qualifying hedges on November 14, 2001 and subsequent changes in their fair value were recorded in the statement of operations as other expense for the year ended December 31, 2001. All interest rate swaps qualified as hedges in 2000, and therefore, the changes in the fair value of the interest rate swaps were recorded through accumulated other comprehensive income. Also contributing to the increase in other expense was a write-off of approximately \$4.0 million of deferred financing costs in 2001. The write-off was a result of the early repayment of a portion of our credit facility with the proceeds from our 8 3/4% note offering.

Interest and other income was \$18.3 million for the year ended December 31, 2001, an increase of \$13.3 million or 266.0%, compared to \$5.0 million for the year ended December 31, 2000. The increase of \$13.3 million was due primarily to interest on higher average cash balances.

Net loss was \$198.6 million and \$176.9 million for the years ended December 31, 2001 and 2000, respectively. The net loss increase of \$21.7 million resulted primarily from the items discussed above.

Liquidity and Capital Resources

The construction of our network and the marketing and distribution of wireless communications products and services have required, and will continue to require, substantial capital. Capital outlays have included license acquisition costs, capital expenditures for network construction, funding of operating cash flow losses and other working capital costs, debt service and financing fees and expenses. We estimate that capital expenditures for network construction will be approximately \$120.0 million to \$140.0 million in 2003. In January 2003, we completed a reduction in our workforce, eliminating 170 positions, which we anticipate will result in approximately \$8.0 million reduction in operating costs for 2003. We believe that cash on hand and available credit facility borrowings will be sufficient to meet our projected capital requirements through 2004, at which time we expect to become free cash flow positive. Although we estimate that these funds will be sufficient to finance our continued growth, we may have additional capital requirements, which could be substantial for future upgrades and advances in new technology.

Preferred Stock. As part of our joint venture agreement with AT&T Wireless, Holdings issued 732,371 shares of its Series A preferred stock to AT&T Wireless PCS. The Series A preferred stock provides for cumulative dividends at an annual rate of 10% on the \$100 liquidation value per share plus unpaid dividends. These dividends accrue and are payable quarterly; however, we may defer all cash payments due to the holders until June 30, 2008, and quarterly dividends are payable in cash thereafter. To date, all such dividends have been deferred. The Series A preferred stock is redeemable at the option of its holders beginning in 2018 and at our option, at its liquidation value plus unpaid dividends on or

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after February 4, 2008. On and after February 4, 2006, the Series A preferred stock is also convertible at the option of its holders for shares of our Class A common stock having a market value equal to the liquidation value plus unpaid dividends on the Series A

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preferred stock. We may not pay dividends on, or, subject to specified exceptions, repurchase shares of our common stock without the consent of the holders of the Series A preferred stock.

Credit Facility. On September 14, 2000, Triton PCS, Inc., a wholly owned subsidiary of Holdings, entered into a second amended and restated credit agreement that provided for a senior secured bank facility with a group of lenders for an aggregate amount of \$750.0 million of borrowings. On November 14, 2001, we extinguished \$390.0 million of the bank facility with net proceeds from the 8 3/4% senior subordinated notes offering. We began to repay the then outstanding term loans in quarterly installments, beginning on February 4, 2002. On March 8, 2002, the credit agreement was amended to create a new term loan with \$125.0 million of available borrowings. On October 16, 2002, we entered into a fourth amendment that provided greater flexibility in the total leverage and interest coverage covenant requirements. In exchange for the covenant changes, we agreed to reduce the facility by \$50.0 million. The commitment reduction consisted of a \$30.0 million pro-rata repayment of outstanding borrowings and a \$20.0 million reduction in unfunded commitments. On February 26, 2003, we entered into a fifth amendment that extended the availability period for draws on the Tranche E term loan from March 8, 2003 to June 8, 2003. As of December 31, 2002, we had \$208.0 million and \$215.0 million of outstanding borrowings and committed availability, respectively, under the bank facility. The bank facility provides for:

a \$10.8 million senior secured Tranche A term loan maturing in May 2006, \$10.8 million of which was outstanding as of December 31, 2002;

a \$123.1 million senior secured Tranche B term loan maturing in February 2007, \$123.1 million of which was outstanding as of December 31, 2002;

a \$10.8 million senior secured Tranche C term loan maturing in May 2006, \$10.8 million of which was outstanding as of December 31, 2002;

a \$63.3 million senior secured Tranche D term loan maturing in May 2006, \$63.3 million of which was outstanding as of December 31, 2002;

a \$115.0 million senior secured Tranche E term loan maturing in February 2007, none of which was outstanding as of December 31, 2002; and

a \$100.0 million senior secured revolving credit facility maturing in May 2006, none of which was outstanding as of December 31, 2002.

The terms of the bank facility will permit us, subject to various terms and conditions, including compliance with specified financial covenants, to draw up to the remaining amount available under the bank facility to finance working capital requirements, capital expenditures, permitted acquisitions and for other corporate purposes. Borrowings under the bank facility are subject to customary terms and conditions. As of December 31, 2002, we were in compliance with all such covenants.

The commitments to make loans under the revolving credit facility are automatically and permanently reduced in installments beginning in August 2004 through May 2006. In addition, the credit agreement requires us to make mandatory prepayments of outstanding borrowings under the credit facility based on a percentage of excess cash flow and contains financial and other covenants customary for facilities of this type, including limitations on investments and on our ability to incur debt and pay dividends.

Senior Subordinated Notes. On May 4, 1998, Triton PCS completed the private placement of \$512.0 million principal amount at maturity of 11% senior subordinated discount notes due 2008 under Rule 144A and Regulation S of the Securities Act of 1933. The proceeds of the offering, after deducting the initial purchasers' discount, were \$291.0 million. The 11% senior subordinated discount notes due 2008 are guaranteed by all of Triton PCS's subsidiaries. The indenture for the notes contains customary covenants, including covenants that limit our subsidiaries' ability to pay dividends to us, make investments and incur debt. The indenture also contains customary events of default. On October 30, 1998, Triton PCS closed its registered exchange offer of \$512.0 million aggregate principal amount at maturity of its 11% senior subordinated discount notes due 2008 for \$512.0 million aggregate principal amount at maturity of its newly issued 11% senior subordinated discount notes due 2008, which have been registered under the Securities Act.

On January 19, 2001, Triton PCS completed the private placement of \$350.0 million principal amount of 9 3/8% senior subordinated notes due 2011 under Rule 144A and Regulation S of the Securities Act. The proceeds of the offering, after deducting the initial purchasers' discount and estimated expenses, were \$337.5 million. The 9 3/8% senior subordinated notes due 2011 are guaranteed by all of the domestic subsidiaries of Triton PCS. The indenture for the notes contains customary covenants, including covenants that limit our subsidiaries' ability to pay dividends to us, make investments and incur debt. The indenture also contains customary events of default. On June 15, 2001, Triton PCS closed its registered exchange offer of \$350.0 million principal amount of its 9 3/8% senior subordinated notes due 2011 for \$350.0 million principal amount of its newly issued 9 3/8% senior subordinated notes due 2011, which have been registered under the Securities Act.

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On November 14, 2001, Triton PCS completed the private placement of \$400.0 million principal amount of 8 3/4% senior subordinated notes due 2011 under Rule 144A and Regulation S of the Securities Act. The proceeds of the offering, after deducting the initial purchasers' discount and estimated expenses, were approximately \$390.0 million. The 8 3/4% senior subordinated notes due 2011 are guaranteed by all of the subsidiaries of Triton PCS. The indenture for the notes contains customary covenants, including covenants that limit our subsidiaries' ability to pay dividends to us, make investments and incur debt. The indenture also contains customary events of default. On February 14,

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2002, Triton PCS closed its registered exchange offer of \$400.0 million principal amount of its 8 3/4% senior subordinated notes due 2011 for \$400.0 million principal amount of its newly issued 8 3/4% senior subordinated notes due 2011, which have been registered under the Securities Act.

Equity Offering. On February 28, 2001, we issued and sold 3,500,000 shares of Class A common stock in a public offering at \$32.00 per share and raised approximately \$106.1 million, net of \$5.9 million of costs.

Adjusted EBITDA. We believe net loss plus net interest expense, income taxes, depreciation and amortization adjusted for other expense (which was exclusively non-cash) and non-cash compensation, or Adjusted EBITDA, provides a meaningful measure of liquidity, providing additional information on our cash earnings from on-going operations and on our ability to service our long-term debt and other fixed obligations and our ability to fund our continued growth with internally generated funds. Adjusted EBITDA also is considered by many financial analysts to be a meaningful indicator of an entity's ability to meet its future financial obligations. Adjusted EBITDA should not be construed as an alternative to cash flows from operating activities as determined in accordance with United States GAAP. Adjusted EBITDA was \$166.5 million, \$63.9 million and (\$22.5) million for the years ended December 31, 2002, 2001 and 2000, respectively.

Historical Cash Flow. As of December 31, 2002, we had \$212.5 million in cash and cash equivalents, as compared to \$371.1 million in cash and cash equivalents at December 31, 2001. Net working capital was \$172.1 million at December 31, 2002 and \$283.3 million at December 31, 2001. The \$54.1 million of cash provided by operating activities during the year ended December 31, 2002 was the result of our net loss of \$160.5 million and \$45.6 million of cash used by changes in working capital and other long-term assets, offset by \$260.2 million of depreciation and amortization, deferred income taxes, accretion of interest, non-cash compensation, bad debt expense, loss in equity investment and loss on derivative instruments. The \$236.6 million of cash used by investing activities during the year ending December 31, 2002 was primarily related to capital expenditures associated with our network build-out and the acquisition of FCC licenses. These capital expenditures were made primarily to enhance and expand our wireless network in order to increase capacity and to satisfy subscriber needs and competitive requirements. We will continue to upgrade our network capacity and service quality to support our anticipated subscriber growth. The \$23.9 million provided by financing activities during the year ended December 31, 2002 relates primarily to our \$65.0 million draw against our credit facility partially offset by \$42.0 million of credit facility repayments.

As of December 31, 2001, we had \$371.1 million in cash and cash equivalents, as compared to \$1.6 million in cash and cash equivalents at December 31, 2000. Net working capital/(deficit) was \$283.3 million at December 31, 2001 and (\$54.3) million at December 31, 2000. The \$3.5 million of cash used in operating activities during the year ended December 31, 2001 was the result of our net loss of \$198.6 million and \$22.8 million of cash used in changes in working capital and other long-term assets and offset by \$217.9 million of depreciation and amortization, accretion of interest, non-cash compensation, bad debt expense, loss in equity investment and loss on derivative instruments. The \$318.2 million of cash used by investing activities during the year ending December 31, 2001 was related primarily to capital expenditures associated with our network build-out and advances to Lafayette. These capital expenditures were made primarily to enhance and expand our wireless network in order to increase capacity and to satisfy subscriber needs and competitive requirements. We will continue to upgrade our network capacity and service quality to support our anticipated subscriber growth. The \$691.2 million provided by financing activities during the year ended December 31, 2001 relates primarily to our \$281.0 million draw against our credit facility, \$729.0 million of net proceeds from the issuances of senior subordinated notes and \$106.7 million of net proceeds from our equity offering, partially offset by \$428.8 million of credit facility repayments.

Contractual Obligations and Commercial Commitments

The following table provides aggregate information about our contractual obligations and the periods in which payments are due. These disclosures are also included in the footnotes to the financial statements, and the relevant footnotes are cross-referenced in the table below.

Contractual Obligation	Payments Due by Period (dollars in thousands)					Footnote Reference
	Total	Less than 1 year	1-2 years	3-4 years	After 4 Years	
Short-term debt	\$ 17,169	\$17,169	\$	\$	\$	5
Long-term debt	1,413,263		45,833	147,710	1,219,720	5
Operating leases	281,305	48,845	76,973	52,742	102,745	12
Total cash contractual obligations	\$1,711,737	\$66,014	\$122,806	\$200,452	\$1,322,465	

Table of Contents**Reconciliation of Non-GAAP Financial Measures**

We utilize certain financial measures that are not calculated in accordance with accounting principles generally accepted in the United States, or GAAP, to assess our financial performance. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the comparable measure calculated and presented in accordance with GAAP in the statement of income or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the comparable measure so calculated and presented. The discussion of each non-GAAP financial measure we use in this report appear above under Adjusted EBITDA and Results of Operations. A brief description of the calculation of each measure is included where the particular measure is first discussed. Our method of computation may or may not be comparable to other similarly titled measures of other companies. The following tables reconcile our non-GAAP financial measures with our financial statements presented in accordance with GAAP.

Adjusted EBITDA	Year Ended December 31,				
	1998	1999	2000	2001	2002
					(As restated)
Net cash provided by (used in) operating activities	(\$ 4,130,000)	(\$ 61,071,000)	(\$ 22,253,000)	(\$ 3,514,000)	\$ 54,090,000
Change in operating assets and liabilities	(5,079,000)	(10,391,000)	(1,532,000)	22,871,000	45,579,000
Change in deferred income taxes	7,536,000		(272,000)		(23,674,000)
Interest expense	30,391,000	41,061,000	55,903,000	117,499,000	144,086,000
Accretion of interest	(22,648,000)	(38,213,000)	(42,688,000)	(48,271,000)	(53,969,000)
Interest and other income	(10,635,000)	(4,852,000)	(4,957,000)	(18,322,000)	(6,292,000)
Bad debt expense	(636,000)	(2,758,000)	(7,763,000)	(12,103,000)	(18,889,000)
Other expense			326,000	4,392,000	496,000
Income tax expense (benefit)	(7,536,000)		746,000	1,372,000	25,039,000
Adjusted EBITDA	(\$ 12,737,000)	(\$ 76,224,000)	(\$ 22,490,000)	\$ 63,924,000	\$ 166,466,000

The table above reconciles Adjusted EBITDA with what management believes is the most directly comparable GAAP measure of liquidity, cash provided by (used in) operating activities. We believe Adjusted EBITDA provides a meaningful measure of liquidity, providing additional information on our cash earnings from on-going operations, our ability to service our long-term debt and other fixed obligations and our ability to fund continued growth with internally generated funds. Adjusted EBITDA also is considered by many financial analysts to be a meaningful indicator of an entity's ability to meet its future financial obligations. Adjusted EBITDA should not be construed as an alternative to cash flows from operating activities as determined in accordance with GAAP.

Average revenue per user (ARPU)	Year Ended December 31,		
	2000	2001	2002
Service revenue	\$ 220,940,000	\$ 387,381,000	\$ 502,402,000
Subscriber retention credits (1)	3,372,000	8,771,000	8,510,000
Adjusted service revenue	224,312,000	396,152,000	510,912,000
Average subscribers	306,499	561,619	759,279
ARPU	\$ 60.99	\$ 58.78	\$ 56.07

We believe ARPU, which calculates the average service revenue billed to an individual subscriber, is a useful measure to evaluate our past billable service revenue and to assist in forecasting our future billable service revenue. ARPU excludes service revenue credits made to retain existing subscribers, as these are discretionary reductions of the amount billed to a subscriber. We have no contractual obligation to issue these credits, therefore, ARPU reflects the amount subscribers have contractually agreed to pay us based on their specific usage pattern. ARPU is calculated by dividing service revenue, excluding service revenue credits made to existing subscribers, by our average subscriber base for the respective period. Average subscribers is calculated by dividing the sum of our average subscribers for each quarter of the relevant year by four.

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CPGA	Year Ended December 31,		
	2000	2001	2002
Selling expense	\$ 98,662,000	\$ 104,987,000	\$ 108,321,000
Total cost of equipment - transactions with new subscribers	68,788,000	71,055,000	70,224,000
CPGA operating expenses	167,450,000	176,042,000	178,545,000
Cost of service			
\$125,288,000 \$174,500,000 \$212,221,000			
Cost of equipment - transactions with existing subscribers			
610,000 2,458,000 14,153,000			
General and administrative			
83,051,000 123,176,000 144,600,000			
Non-cash compensation			
8,267,000 17,191,000 21,430,000			
Depreciation			
76,255,000 107,508,000 130,079,000			
Amortization			
17,876,000 19,225,000 4,926,000			
Total operating expenses			
478,797,000 620,100,000 705,954,000			
CPGA operating expenses (from above)			
\$167,450,000 \$176,042,000 \$178,545,000			
Equipment revenue - transactions with new subscribers			
(34,477,000) (25,810,000) (34,729,000)			
CPGA costs, net			
\$132,973,000 \$150,232,000 \$143,816,000			
Gross subscriber additions			
317,308 370,358 341,271			
CPGA			
\$419 \$406 \$421			

We believe CPGA is a useful measure that quantifies the incremental costs to acquire a new subscriber. This measure also provides a gauge to compare our average acquisition costs per new subscriber to that of other wireless communication providers.

Relationship with Lafayette Communications Company L.L.C.

We hold a 39% interest in Lafayette, an entrepreneur under FCC guidelines. During 2002, Lafayette held 18 FCC licenses, covering a population of approximately 6.3 million people. On September 30, 2002, we acquired certain FCC licenses from Lafayette in markets covering a population

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of approximately 2.9 million people in areas of Georgia, Tennessee and Virginia, for an aggregate fair value of \$21.7 million. This acquisition was consummated to meet the spectrum needs of our current network overlay of GSM/GPRS technology. We have entered into agreements with Lafayette to acquire additional licenses from Lafayette for an aggregate fair value of \$126.9 million. We expect these acquisitions to be consummated in the second quarter of 2003.

As of December 31, 2002, we have funded approximately \$74.5 million of senior loans to Lafayette to finance the acquisition of licenses. The carrying value of these loans has been adjusted for any losses in excess of our initial investment. In connection with the loans, Lafayette has and will guarantee our obligations under our credit facility, and such senior loans are and will be pledged to the lenders under our credit facility.

Because we do not control Lafayette, we are accounting for our investment under the equity method. Ordinarily, as the investor, we would record our proportionate share of Lafayette's losses in our income statement. However, Triton has committed to provide further financial support to Lafayette in order to preserve its business relationship. Therefore, even in the absence of a legally binding obligation, we are now recognizing 100% of Lafayette's losses, which arise primarily from interest costs related to an assumed note payable to the FCC.

In accordance with EITF 98-13, *Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee*, when the carrying amount of an investment has been reduced to zero, the investor should continue to report its share of the equity method losses in its statement of operations as an adjustment to the adjusted basis of the loans receivable. As of December 31, 2001, we had written our initial investment in Lafayette down to zero and had reduced its carrying value of the approximate \$74.5 million loan receivable from Lafayette, so as to reflect 100% of Lafayette's cumulative loss of approximately \$2.5 million.

On October 9, 2002, and as amended on December 2 and December 31, 2002, we entered into an agreement with Lafayette for the acquisition of 10 MHz of spectrum in Anderson, Charleston, Columbia, Florence, Greenville, Greenwood, Orangeburg and Sumter, South Carolina, for approximately \$114.7 million. On December 2, 2002, we entered into an agreement with Lafayette for the acquisition of 10 MHz of spectrum in Myrtle Beach, South Carolina, Augusta, Georgia, Fredericksburg, Virginia and Lynchburg, Virginia for approximately \$12.2 million. The applications seeking FCC approval for these transactions have been filed, and we expect to consummate the transactions in the second quarter of 2003. Following consummation of these transactions, we plan to demand repayment of the outstanding senior loans to Lafayette.

Table of Contents**New Accounting Pronouncements**

In June of 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, *Accounting for Obligations Associated with the Retirement of Long-Lived Assets*. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and capitalize that amount as part of the book value of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. This statement is effective for financial statements for fiscal years beginning after June 15, 2002. We have certain legal obligations, principally related to our leased cell site properties, which fall within the scope of SFAS No. 143. These legal obligations include obligations to remediate leased property on which cell sites are located. In conjunction with the adoption of SFAS No. 143 effective January 1, 2003, we did not record asset retirement obligations for network infrastructure assets subject to the provisions of this statement as the fair value of the obligations could not reasonably be estimated. We believe that uncertainty as to the eventual settlement of legal obligations exists due to trends in the wireless communications industry, including the rapid growth in minutes of use on wireless networks, increasing subscriber penetration and deployment of advanced wireless data technologies such as GSM/GPRS. Therefore, these factors increase the probability that third parties would not contractually enforce their remediation rights related to the sites. Based on the combination of these industry trends and our limited experience in removing sites, it is not probable that any sites will be removed in the foreseeable future and require remediation. Therefore, sufficient information to estimate a range of potential settlement dates is not available. In accordance with SFAS No. 143, we will not recognize a liability until such information becomes known.

In April 2002, the Financial Accounting Standards Board issued SFAS No. 145, *Rescission of FASB Statements No. 4, 44 and 64, Amendment of SFAS Statement No. 13 and Technical Corrections as of April 2002*. SFAS No. 145 primarily addresses: (i) the income statement classification of gains or losses from the extinguishment of debt as ordinary or extraordinary and (ii) the treatment of certain lease modifications with sale-leaseback accounting when they have an economic effect similar to a sale-leaseback agreement. The provisions of SFAS No. 145 are effective for fiscal years beginning after May 15, 2002. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in Accounting Principles Board Opinion No. 30 for classification as an extraordinary item shall be reclassified. Early application of the provisions of this Statement related to the rescission of SFAS No. 4 is encouraged. As such, we have reclassified an extraordinary loss on the extinguishment of debt in 2001 to other expense. We do not believe further implementation of this statement will have a material impact on our financial position or results of operations.

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 nullifies EITF 94-3 *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity*. The principle difference between SFAS No. 146 and EITF 94-3 relates to SFAS No. 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create an obligation that meets the definition of a liability. Therefore, this statement eliminates the definition and requirements for recognition of exit costs in EITF 94-3. This statement also establishes that fair value is the objective for initial measurement of the liability. The provisions of SFAS No. 146 are effective for fiscal years beginning after December 31, 2002. We will apply this statement to the accounting for all prospective exit or disposal activities.

In December 2002, the Financial Accounting Standards Board issued SFAS No. 148, *Accounting for Stock Based Compensation-Transition and Disclosure*. SFAS No. 148 amends SFAS No. 123 *Accounting for Stock Based Compensation*. SFAS No. 148 primarily (i) provides an alternative method of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and (ii) requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for the fiscal years beginning after December 15, 2002. We will disclose our method of accounting for stock-based employee compensation and the effect of the method used on reported results in future financial statements.

In February 2003, the Emerging Issues Task Force issued EITF 00-21 *Revenue Arrangements with Multiple Deliverables*. EITF 00-21 primarily addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. Specifically, it addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting. In applying EITF 00-21, separate contracts with the same entity or related parties that are entered into at or near the same time are presumed to have been negotiated as a package and should, therefore, be evaluated as a single arrangement in considering whether there are one or more units of accounting. That presumption may be overcome if there is sufficient evidence to the contrary. EITF 00-21 also addresses how arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The provisions of EITF 00-21 are effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. We are currently evaluating the impact this statement will have on our financial position or results of operations.

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In February 2003, the Emerging Issues Task Force issued EITF 02-16 Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor . Issue 1 of EITF 02-16 primarily addresses the circumstances under which cash consideration received from a vendor by a reseller should be considered (a) an adjustment of the prices of the vendor s products or services and, therefore, characterized as a reduction of cost of sales when recognized in the reseller s income statement, (b) an adjustment to a cost incurred by the reseller and, therefore, characterized as a reduction of that cost when recognized in the reseller s income statement, or (c) a payment for assets or services delivered to the vendor and, therefore, characterized as revenue when recognized in the reseller s income. The provisions of Issue 1 of EITF 02-16 are effective for fiscal periods beginning after December 15, 2002. Issue 2 of EITF 02-16 addresses vendors offering a customer a rebate or refund of a specified amount of cash consideration that is payable only if the customer completes a specified cumulative level of purchases or remains a customer for a specified time period, when the customer should recognize the rebate and how the customer should measure the amount of the offer. The provisions of Issue 2 of EITF 02-16 are effective for all arrangements entered into after November 1, 2002. We do not believe that this statement will have a material impact on our financial position or results of operations.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities , or *FIN 46*. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity s activities or entitled to receive a majority of the entity s residual returns or both. FIN 46 also requires disclosures about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to existing entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. We are currently evaluating the impact of FIN 46 on our financial statements and related disclosures but do not believe that this statement will have a material impact on our financial position or results of operations.

Inflation

We do not believe that inflation has had a material impact on our operations.

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ITEM 8 . FINANCIAL STATEMENTS & SUPPLEMENTARY DATA

TRITON PCS HOLDINGS, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Stockholders of Triton PCS Holdings, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 8 on page F-1 of this Form 10-K/A present fairly, in all material respects, the financial position of Triton PCS Holdings, Inc. and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(1) on page 18 of this Form 10-K/A, present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 4, effective January 1, 2002, the Company changed its accounting for intangible assets pursuant to the provisions of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

As discussed in Note 17, the Company has restated its 2002 financial statements in order to properly state its deferred income tax provision.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 14, 2003, except for Note 16, as to
which the date is February 26, 2003, and Note 17,
as to which the date is May 19, 2003

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Triton PCS Holdings, Inc.
Consolidated Balance Sheets
(Dollars in thousands)

	<u>December 31, 2001</u>	<u>December 31, 2002</u>
		(As restated, see Note 17)
ASSETS:		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 371,088	\$ 212,450
Accounts receivable net of \$3,345 and \$7,008	52,496	68,213
Accounts receivable – roaming partners	16,189	23,037
Inventory, net	28,477	28,510
Prepaid expenses	8,160	8,767
Other current assets	5,301	6,056
	<u>481,711</u>	<u>347,033</u>
<i>Total current assets</i>		
<i>Property and equipment:</i>		
Land	313	377
Network infrastructure and equipment	871,523	1,004,323
Furniture, fixtures and computer equipment	75,651	89,208
Capital lease assets	8,860	8,454
Construction in progress	55,651	37,647
	<u>1,011,998</u>	<u>1,140,009</u>
Less accumulated depreciation	(218,823)	(343,506)
	<u>793,175</u>	<u>796,503</u>
Net property and equipment	793,175	796,503
Intangible assets, net	283,847	395,249
Investment in and advances to non-consolidated entities	116,731	72,019
Other long term assets	6,878	6,767
	<u>1,682,342</u>	<u>1,617,571</u>
<i>Total assets</i>	<u>\$ 1,682,342</u>	<u>\$ 1,617,571</u>
LIABILITIES AND STOCKHOLDERS DEFICIT:		
<i>Current liabilities:</i>		
Accounts payable	\$ 96,529	\$ 57,758
Bank overdraft liability	22,265	25,892
Accrued payroll & related expenses	17,381	16,282
Accrued expenses	6,634	5,999
Current portion of long-term debt	12,641	17,169
Deferred revenue	12,099	19,548
Deferred gain on sale of property and equipment	1,190	1,190
Accrued interest	20,351	20,637
Other current liabilities	9,307	10,468
	<u>198,397</u>	<u>174,943</u>
<i>Total current liabilities</i>	198,397	174,943
Long-term debt:		
Bank credit facility	174,441	192,579
Senior subordinated debt	1,167,338	1,219,720
Capital lease obligations	2,512	964
	<u>1,344,291</u>	<u>1,413,263</u>
Total Long-term debt:	1,344,291	1,413,263
Deferred income taxes	11,935	35,609

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Deferred revenue	3,129	3,051
Fair value of derivative instruments	20,584	23,819
Deferred gain on sale of property and equipment	28,262	27,072
Total liabilities	1,606,598	1,677,757
Commitments and contingencies (Note 12)		
Series A Redeemable Convertible Preferred Stock, \$.01 par value, 1,000,000 shares authorized, 786,253 shares issued and outstanding	114,965	127,003
Stockholders deficit:		
Series B Preferred Stock, \$.01 par value, 50,000,000 shares authorized, no shares issued or outstanding		
Series C Preferred Stock, \$.01 par value, 3,000,000 shares authorized, no shares issued or outstanding		
Series D Preferred Stock, \$.01 par value, 16,000,000 shares authorized, 543,683 shares issued and outstanding	5	5
Class A Common Stock, \$.01 par value, 520,000,000 shares authorized, 59,438,555 shares issued and 59,327,637 shares outstanding as of December 31, 2001 and 60,518,754 shares issued and 60,289,166 shares outstanding as of December 31, 2002	594	603
Class B Non-voting Common Stock, \$.01 par value, 60,000,000 shares authorized, 7,926,099 shares issued and outstanding as of December 31, 2001 and December 31, 2002	79	79
Additional paid-in capital	623,335	615,587
Accumulated deficit	(561,580)	(722,075)
Accumulated other comprehensive income	(7,660)	(5,459)
Deferred compensation	(92,619)	(74,554)
Class A Common Stock held in treasury at cost (110,918 and 229,588, respectively)	(1,375)	(1,375)
Total stockholders deficit	(39,221)	(187,189)
Total liabilities & stockholders deficit	\$ 1,682,342	\$ 1,617,571

See accompanying notes to consolidated financial statements.

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Triton PCS Holdings, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(Dollars in thousands, except per share amounts)

	For the Years Ended December 31,		
	2000	2001	2002
			(As restated, see Note 17)
Revenues:			
Service	\$ 220,940	\$ 387,381	\$ 502,402
Roaming	98,492	126,909	175,405
Equipment	34,477	25,810	38,178
	<u>353,909</u>	<u>540,100</u>	<u>715,985</u>
Expenses:			
Cost of service (excluding the below amortization, excluding depreciation of \$63,183, \$90,851 and \$114,007, and excluding non-cash compensation of \$1,026, \$2,544 and \$3,646, respectively)	125,288	174,500	212,221
Cost of equipment	69,398	73,513	84,377
Selling, general and administrative (excluding depreciation of \$13,072, \$16,657 and \$16,072, and excluding non-cash compensation of \$7,241, \$14,647 and \$17,784, respectively)	181,713	228,163	252,921
Non-cash compensation	8,267	17,191	21,430
Depreciation	76,255	107,508	130,079
Amortization	17,876	19,225	4,926
	<u>(124,888)</u>	<u>(80,000)</u>	<u>10,031</u>
Income (loss) from operations	(124,888)	(80,000)	10,031
Interest expense	(55,903)	(117,499)	(144,086)
Other expense	(326)	(18,034)	(7,693)
Interest and other income	4,957	18,322	6,292
	<u>(176,160)</u>	<u>(197,211)</u>	<u>(135,456)</u>
Loss before taxes	(176,160)	(197,211)	(135,456)
Income tax provision	(746)	(1,372)	(25,039)
	<u>(176,906)</u>	<u>(198,583)</u>	<u>(160,495)</u>
Net loss	(176,906)	(198,583)	(160,495)
Accretion of preferred stock	(9,865)	(10,897)	(12,038)
	<u>\$ (186,771)</u>	<u>\$ (209,480)</u>	<u>\$ (172,533)</u>
Net loss available to common stockholders	\$ (186,771)	\$ (209,480)	\$ (172,533)
Other comprehensive gain (loss), net of tax:			
Cumulative effect of change in accounting principle		(4,162)	
Unrealized gain (loss) on derivative instruments		(3,498)	2,201
		<u>(7,660)</u>	
Comprehensive loss	\$ (186,771)	\$ (217,140)	\$ (170,332)
	<u>\$ (186,771)</u>	<u>\$ (217,140)</u>	<u>\$ (170,332)</u>
Net loss per common share (Basic and Diluted):			
Net Loss	(2.85)	(3.05)	(2.44)
Accretion of preferred stock	(0.16)	(0.17)	(0.18)
	<u>(3.01)</u>	<u>(3.22)</u>	<u>(2.62)</u>
Net loss available to common stockholders	\$ (3.01)	\$ (3.22)	\$ (2.62)

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Weighted average common shares outstanding (Basic and Diluted)	<u>62,058,844</u>	<u>64,968,315</u>	<u>65,885,515</u>
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See accompanying notes to consolidated financial statements.

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Table of Contents**Triton PCS Holdings, Inc.****Consolidated Statements of Redeemable Preferred Equity and Stockholders Equity (Deficit)**
(Dollars in Thousands)

	Series A Redeemable Preferred Stock	Series D Preferred Stock	Class A Common Stock	Class B Non- Voting Common Stock	Additional Paid-in Capital	Deferred Compensation	AOCI	Treasury Stock	Accumulated Deficit	Total
Balance at December 31, 1999	\$ 94,203	\$ 5	\$ 537	\$ 82	\$ 436,229	\$ (16,852)	\$	\$	\$ (186,091)	\$ 233,910
Deferred compensation			4		33,369	(33,373)				
Non-cash compensation						8,032				8,032
Costs in connection with initial public offering					(462)					(462)
Issuance of stock in connection with Employee Stock Purchase Plan					728					728
Accreted dividends	9,865				(9,865)					(9,865)
Net Loss									(176,906)	(176,906)
Balance at December 31, 2000	\$ 104,068	\$ 5	\$ 541	\$ 82	\$ 459,999	\$ (42,193)	\$	\$	\$ (362,997)	\$ 55,437
Class A issuance			35		106,645					106,680
Conversion of Class B Non-voting Common Stock to Class A Common Stock			3	(3)						
Costs in connection with equity offering					(1,268)					(1,268)
Deferred compensation, net of forfeitures			15		67,837	(67,852)				
Non-cash compensation						17,426				17,426
Issuance of stock in connection with the Employee Stock Purchase Plan					1,019					1,019
Accreted dividends	10,897				(10,897)					(10,897)
Fair value of cash flow hedges							(7,660)			(7,660)
Treasury stock purchase								(1,375)		(1,375)
Net loss									(198,583)	(198,583)

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Balance at December 31, 2001	\$ 114,965	\$ 5	\$ 594	\$ 79	\$ 623,335	\$(92,619)	\$(7,660)	\$(1,375)	\$(561,580)	\$ (39,221)
Capital Contribution					23					23
Deferred compensation, net of forfeitures			8		3,357	(3,365)				
Non-cash compensation						21,430				21,430
Issuance of stock in connection with the Employee Stock Purchase Plan			1		910					911
Accreted dividends	12,038				(12,038)					(12,038)
Fair value of cash flow hedges							2,201			2,201
Net loss									(160,495)	(160,495)
Balance at December 31, 2002	\$ 127,003	\$ 5	\$ 603	\$ 79	\$ 615,587	\$(74,554)	\$(5,459)	\$(1,375)	\$(722,075)	\$ (187,189)

See accompanying notes to consolidated financial statements

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Triton PCS Holdings, Inc.
Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the Years Ended December 31,		
	2000	2001	2002
			(As restated, see Note 17)
Cash flows from operating activities:			
Net loss	\$(176,906)	\$(198,583)	\$(160,495)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	94,131	126,733	135,005
Deferred income taxes	272		23,674
Accretion of interest	42,688	48,271	53,969
Loss on equity investment		718	1,761
Bad debt expense	7,763	12,103	18,889
Non-cash compensation	8,267	17,191	21,430
Loss on derivative instruments		12,924	5,436
Change in operating assets and liabilities			
Accounts receivable	(29,543)	(29,944)	(41,454)
Inventory	(5,042)	(8,165)	(33)
Prepaid expenses and other current assets	(178)	(5,664)	(2,562)
Intangible and other assets	(1,776)	379	680
Accounts payable	24,102	(11,937)	(8,104)
Accrued payroll and liabilities	6,413	3,661	(1,734)
Deferred revenue	3,727	7,908	7,371
Accrued interest	797	18,928	286
Other liabilities	3,032	1,963	(29)
	(22,253)	(3,514)	54,090
Cash flows from investing activities:			
Capital expenditures	(329,479)	(214,713)	(165,935)
Proceeds from sale of property and equipment, net		201	72
Net investments in and advances to non-consolidated entity	(16,965)	(100,484)	(14,922)
Repayments from non-consolidated entity			57,873
Acquisition of FCC licenses			(113,705)
Other		(3,185)	(20)
	(346,444)	(318,181)	(236,637)
Cash flows from financing activities:			
Proceeds from issuance of subordinated debt, net of discount		728,995	
Proceeds from equity offering		106,680	
Borrowings under credit facility	182,750	281,000	65,000
Payments under credit facility		(428,750)	(42,039)
Change in bank overdraft	4,121	8,595	3,627
Contributions under employee stock purchase plan	728	1,019	911
Payment of deferred transaction costs	(499)	(1,142)	
Payment of deferred financing costs	(2,050)	(1,899)	(1,480)
Repayments from (advances to) related-party, net	1,083	16	
Capital contribution			23
Purchase of treasury stock		(1,375)	

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Principal payments under capital lease obligations	(2,070)	(1,973)	(2,133)
Net cash provided by financing activities	184,063	691,166	23,909
Net increase (decrease) in cash and cash equivalents	(184,634)	369,471	(158,638)
Cash and cash equivalents, beginning of period	186,251	1,617	371,088
Cash and cash equivalents, end of period	\$ 1,617	\$ 371,088	\$ 212,450

See accompanying notes to consolidated financial statements

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**TRITON PCS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Years ended December 31, 2000, 2001 and 2002

(1) Summary of Operations and Significant Accounting Policies

The consolidated financial statements include the accounts of Triton PCS Holdings, Inc. (the Company) and its wholly-owned subsidiaries. All significant intercompany accounts or balances have been eliminated in consolidation. The Company operates under one segment. The Company's more significant accounting policies follow:

(a) Nature of Operations

In February 1998, the Company entered into a joint venture with AT&T Wireless Services, Inc. (AT&T Wireless) whereby AT&T Wireless contributed to the Company personal communications services licenses for 20 MHz of authorized frequencies covering approximately 13.6 million potential subscribers in a contiguous geographic area encompassing portions of Virginia, North Carolina, South Carolina, Tennessee, Georgia and Kentucky. As part of this agreement, the Company was granted the right to be the exclusive provider of wireless mobility services using equal emphasis co-branding with AT&T Corp. in the Company's licensed markets (see Note 2).

The Company began generating revenues from the sale of personal communications services in the first quarter of 1999 as part of its initial personal communications services network build-out. The Company offers service in all 37 markets covered its licensed area. As of December 31, 2002, the Company's network in these markets included 2,218 cell sites and seven switches.

(b) Liquidity and Capital Resources

The construction of the Company's network and the marketing and distribution of wireless communications products and services have required, and will continue to require, substantial capital. Capital outlays have included license acquisition costs, capital expenditures for network construction, funding of operating cash flow losses and other working capital costs, debt service and financing fees and expenses. Management estimates that capital expenditures for network construction will be approximately \$120.0 to \$140.0 million in 2003. The Company may have additional capital requirements, which could be substantial for future upgrades for advances in new technology.

The Company's credit facility, as amended, will permit the Company, subject to various terms and conditions, including compliance with specified leverage ratios, to borrow an additional \$215.0 million as of December 31, 2002, to finance working capital requirements, capital expenditures, permitted acquisitions and other corporate purposes. The Company believes that cash on hand and available credit facility borrowings will be sufficient to meet the Company's projected capital requirements through 2004, at which time the Company expects to become free cash flow positive. Although management estimates that these funds will be sufficient to finance its continued growth, it is possible that additional funding will be necessary, which could include equity or debt offerings.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short term investments with initial maturities of three months or less. The Company maintains cash balances at financial institutions, which at times exceed the \$100,000 FDIC limit. Bank overdraft balances are classified as a current liability.

(e) Inventory

Inventory, consisting primarily of wireless handsets and accessories held for resale, is valued at lower of cost or market. Cost is determined by the first-in, first-out method.

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Property and equipment is carried at original cost. Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets, which are ten to twelve years for network infrastructure and equipment and three to five years for office furniture and equipment. In addition, the Company capitalizes interest on expenditures related to the build-out of the network. Expenditures for repairs and maintenance are charged to expense as incurred. When property is retired or otherwise disposed, the cost of the property and the related accumulated depreciation are removed from the accounts, and any resulting gains or losses are reflected in the statement of operations. During the year ended December 31, 2001 and 2002, the Company incurred charges of \$0.2 million and \$3.9 million, respectively, as the result of losses on the sale of property and equipment as well as charges to accelerate depreciation on certain assets as a result of management's decision not to complete the construction of certain network infrastructure. These charges are included in depreciation expense on the statement of operations and comprehensive loss.

Capital leases are included under property and equipment with the corresponding amortization included in accumulated depreciation. The related financial obligations under the capital leases are included in current and long-term obligations. Capital leases are amortized over the useful lives of the respective assets.

(g) Construction in Progress

Construction in progress includes expenditures for the design, construction and testing of the Company's PCS network and also includes costs associated with developing information systems. The Company capitalizes interest on certain of its construction in progress activities. When the assets are placed in service, the Company transfers the assets to the appropriate property and equipment category and depreciates these assets over their respective estimated useful lives.

(h) Investment in PCS Licenses

Investments in PCS licenses are recorded at their estimated fair value at the time of acquisition. As there is an observable market for PCS licenses and an indefinite life, the Company believes that FCC licenses qualify as indefinite life intangibles. In accordance with SFAS No. 142, these assets are periodically reviewed and adjusted for impairment when events and circumstance warrant, rather than amortized on a straight-line basis over 40 years (See Note 4). Investments in PCS licenses are tested for impairment annually or more frequently if events or changes in circumstances indicate that the PCS licenses may be impaired. The impairment test consists of a comparison of the fair value with the carrying value.

(i) Deferred Costs

Costs incurred in connection with the negotiation and documentation of debt instruments are deferred and amortized over the terms of the debt instruments using the effective interest rate method.

Costs incurred in connection with the issuance and sale of equity securities are deferred and netted against the proceeds of the stock issuance upon completion of the transaction. Costs incurred in connection with acquisitions are deferred and included in the aggregate purchase price allocated to the net assets acquired upon completion of the transaction.

(j) Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets, other than indefinite-lived intangible assets, when events and circumstances warrant such review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flows expected to result from the use and eventual disposition from such assets are less than the carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined by using the anticipated cash flows discounted at a rate commensurate with the risk involved.

(k) Investment in and Advances to Non-consolidated Entities

Investment in and advances to non-consolidated entities consists of the Company's investments and loans to Lafayette Communications Company L.L.C. (Lafayette). The Company has a 39% equity investment in Lafayette, and because the Company does not control Lafayette, the Company accounts for its investment under the equity method. As the Company has committed to provide further financial support to Lafayette in order to preserve its business relationship, the Company recognizes 100% of Lafayette's losses, which arise primarily from interest costs related to an assumed note payable to the

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FCC. The carrying value of the loans made to Lafayette have been adjusted for any losses in excess of the Company's initial investment.

(l) Deferred Gain on Sale of Property and Equipment

In 1999, Triton sold and transferred 187 of its towers, related assets and certain liabilities to American Tower Corporation (ATC). The purchase price was \$71.1 million, reflecting a price of \$380,000 per tower. Triton also entered into a master lease agreement with ATC, in which Triton has agreed to pay ATC monthly rent for the continued use of the space that Triton occupied on the towers prior to the sale. The initial term of the lease was for 12 years. The carrying value of the towers sold was \$25.7 million. After deducting \$1.6 million of selling costs, the gain on the sale of the towers was approximately \$43.8 million, of which \$11.7 was recognized immediately to reflect the portion of the gain in excess of the present value of the future minimum lease payments, and \$32.1 million was deferred and is being recognized over operating lease terms. As of December 31, 2002, \$3.8 million had been amortized.

(m) Revenue Recognition

Revenues from operations consist of charges to customers for activation, monthly access, airtime, roaming charges, long-distance charges, and equipment sales. Revenues are recognized as services are rendered. Unbilled revenues result from service provided from the billing cycle date to the end of the month and from other carrier's customers using the Company's systems. Activation revenue is deferred and recognized over the estimated subscriber's life. Equipment sales are recognized upon delivery to the customer and reflect charges to customers for wireless handset equipment purchases.

(n) Income Taxes

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(o) Financial Instruments

Derivative financial instruments are accounted for in accordance with SFAS No. 133. Derivatives, which qualify as a cash flow hedge, are reflected on the balance sheet at their fair market value and changes in their fair value are reflected in Accumulated Other Comprehensive Income and reclassified into earnings as the underlying hedge items affect earnings. Financial instruments, which do not qualify as a cash flow hedge, are reflected on the balance sheet at their fair market value and changes in their fair value are recorded as other income or expense on the income statement (see Note 9).

(p) Advertising Costs

The Company expenses advertising costs when the advertisement occurs. Total advertising expense amounted to \$43.1 million in 2000, \$36.3 million in 2001 and \$35.2 million in 2002.

(q) Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash, cash equivalents and accounts receivable. The Company's credit risk is managed through diversification and by investing its cash and cash equivalents in high-quality investment holdings.

Concentrations of credit risk with respect to accounts receivable are limited due to a large customer base. Initial credit evaluations of customers' financial condition are performed and security deposits are obtained for customers with a higher credit risk profile. The Company maintains reserves for potential credit losses.

(r) Net Loss per Common Share (Basic and Diluted)

Basic loss per share excludes any dilutive effects of convertible securities. Basic loss per share is computed using the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed using the

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weighted-average number of common and common stock equivalent shares outstanding during the period. Common stock equivalent shares of Series A convertible preferred stock, Series D convertible preferred stock and 2,079,445 shares of unvested restricted Class A common stock issued under the long-term incentive plan are excluded from the computation as their effect is antidilutive.

(s) Stock Compensation

The Company accounts for stock compensation under the intrinsic value method of APB Opinion 25 (see Note 3 for a description of the Company's stock compensation plans). Pro forma compensation expense is calculated for the fair value of stock compensation using the Black-Scholes model for stock issued under the Company's employee stock purchase plan. Assumptions, for the year ended December 31, 2002 include an expected life of three months, weighted average risk-free interest rate between 1.6% - 1.8%, a dividend yield of 0.0% and expected volatility between 42% - 141%. For the year ended December 31, 2001, assumptions included an expected life of three months, weighted average risk-free interest rate between 2.2% - 5.7%, dividend yield of 0.0% and expected volatility between 70% - 78%. For the year ended December 31, 2000, assumptions included an expected life of three months, weighted average risk-free interest rate between 5.9% - 6.7%, dividend yield of 0.0% and expected volatility between 75% - 78%. Had compensation expense for grants of stock-based compensation been determined consistent with SFAS No. 123, the pro forma net loss and per share net loss would have been:

	December 31,		
	2000	2001	As Restated 2002
	(Dollars in thousands, except per share data)		
Net loss as reported	(\$ 176,906)	(\$ 198,583)	(\$ 160,495)
Add: stock-based employee compensation expense included in reported net loss, net of related tax effects	8,267	17,191	21,430
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(8,469)	(17,466)	(21,712)
Pro forma net loss	(177,108)	(198,858)	(160,777)
Earnings per share:			
As reported net loss available to common stockholders (basic and diluted)	\$ (3.01)	\$ (3.22)	\$ (2.62)
Pro forma net loss available to common stockholders (basic and diluted)	\$ (3.01)	\$ (3.23)	\$ (2.62)

(t) Reclassifications

Certain reclassifications have been made to prior period financial statements to conform to the current period presentation.

(u) New Accounting Pronouncements

In June of 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, Accounting for Obligations Associated with the Retirement of Long-Lived Assets. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and capitalize that amount as part of the book value of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. This statement is effective for financial statements for fiscal years beginning after June 15, 2002. The Company has certain legal obligations, principally related to its leased cell site properties, which fall within the scope of SFAS No. 143.

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These legal obligations include obligations to remediate leased property on which cell sites are located. In conjunction with the adoption of SFAS No. 143 effective January 1, 2003, the Company did not record asset retirement obligations for network infrastructure assets subject to the provisions of this statement as the fair value of the obligations could not reasonably be estimated. The Company believes that uncertainty as to the eventual settlement of legal obligations exists due to trends in the wireless communications industry, including the rapid growth in minutes of use on wireless networks, increasing subscriber penetration and deployment of advanced wireless data technologies. Therefore, these factors increase the probability that third parties would not contractually enforce their remediation rights related to the sites. Based on the combination of these industry trends and our limited experience in removing sites, it is not probable that any sites will be removed in the foreseeable future and require remediation. Therefore, sufficient information to estimate a range of potential settlement dates is not available. In accordance with SFAS No. 143, the Company will not recognize a liability until such information becomes known.

In April 2002, the Financial Accounting Standards Board issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of SFAS No. 13 and Technical Corrections as of April of 2002. SFAS No. 145 primarily addresses: (i) the income statement classification of gains or losses from the extinguishment of debt as ordinary or extraordinary and (ii) the treatment of certain lease modifications with sale-leaseback accounting when they have an economic effect similar to a sale-leaseback agreement. The provisions of SFAS No. 145 are effective for fiscal years beginning after May 15, 2002. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in Accounting Principles Board Opinion No. 30 for classification as an extraordinary item shall be reclassified. Early application of the provisions of this Statement related to the rescission of SFAS No. 4 is encouraged. As such, the Company has reclassified an extraordinary loss on the extinguishment of debt in 2001 to other expense. Management does not believe further implementation of this statement will have a material impact on the Company's financial position or results of operations.

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 nullifies EITF 94-3 Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity. The principle difference between SFAS No. 146 and EITF 94-3 relates to SFAS No. 146's requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as generally defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create an obligation that meets the definition of a liability. Therefore, this statement eliminates the definition and requirements for recognition of exit costs in EITF 94-3. This statement also establishes that fair value is the objective for initial measurement of the liability. The provisions of SFAS No. 146 are effective for fiscal years beginning after December 31, 2002. Management will apply this statement to the accounting for all prospective exit or disposal activities.

In December 2002, the Financial Accounting Standards Board issued SFAS No. 148, Accounting for Stock Based Compensation-Transition and Disclosure. SFAS No. 148 amends SFAS No. 123 Accounting for Stock Based Compensation. SFAS No. 148 primarily (i) provides an alternative method of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and (ii) requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for the fiscal years beginning after December 15, 2002. The Company will disclose its method of accounting for stock-based employee compensation and the effect of the method used on reported results in future financial statements.

In February 2003, the Emerging Issues Task Force issued EITF 00-21 Revenue Arrangements with Multiple Deliverables. EITF 00-21 primarily addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. Specifically, it addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting. In applying EITF 00-21, separate contracts with the same entity or related parties that are entered into at or near the same time are presumed to have been negotiated as a package and should, therefore, be evaluated as a single arrangement in considering whether there are one or more units of accounting. That presumption may be overcome if there is sufficient evidence to the contrary. EITF 00-21 also addresses how arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The provisions of EITF 00-21 are effective for revenue arrangements entered

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into in fiscal periods beginning after June 15, 2003. Management is currently evaluating the impact this statement will have on the Company's financial position or results of operations.

In February 2003, the Emerging Issues Task Force issued EITF 02-16 *Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor*. Issue 1 of EITF 02-16 primarily addresses the circumstances under which cash consideration received from a vendor by a reseller should be considered (a) an adjustment of the prices of the vendor's products or services and, therefore, characterized as a reduction of cost of sales when recognized in the reseller's income statement, (b) an adjustment to a cost incurred by the reseller and, therefore, characterized as a reduction of that cost when recognized in the reseller's income statement, or (c) a payment for assets or services delivered to the vendor and, therefore, characterized as revenue when recognized in the reseller's income. The provisions of Issue 1 of EITF 02-16 are effective for fiscal periods beginning after December 15, 2002. Issue 2 of EITF 02-16 addresses vendors offering a customer a rebate or refund of a specified amount of cash consideration that is payable only if the customer completes a specified cumulative level of purchases or remains a customer for a specified time period, when the customer should recognize the rebate and how the customer should measure the amount of the offer. The provisions of Issue 2 of EITF 02-16 are effective for all arrangements entered into after November 1, 2002. Management does not believe that this statement will have a material impact on the Company's financial position or results of operations.

In January 2003, FASB issued FASB Interpretation No. 46 *Consolidation of Variable Interest Entities*, or *FIN 46*. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN 46 also requires disclosures about variable interest entities that a company is not required to consolidate but in which it has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to existing entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company is currently evaluating the impact of FIN 46 on its financial statements and related disclosures but does not expect that there will be any material impact.

(2) AT&T Transaction

On October 8, 1997, the Company entered into a Securities Purchase Agreement with AT&T Wireless PCS LLC (as successor to AT&T Wireless PCS, Inc.) (AT&T Wireless PCS) and the stockholders of the Company, whereby Triton was to become the exclusive provider of wireless mobility services in the AT&T Southeast region.

On February 4, 1998, the Company executed a Closing Agreement with AT&T Wireless PCS and the other stockholders of the Company finalizing the transactions contemplated in the Security Purchase Agreement. Under the Closing Agreement, the Company issued 732,371 shares of Series A convertible preferred stock and 366,131 shares of Series D convertible preferred stock to AT&T Wireless PCS in exchange for 20 MHz A and B block PCS licenses covering certain areas in the southeastern United States and the execution of certain related agreements, as further described below. The fair value of the FCC licenses was \$92.8 million. This amount is substantially in excess of the tax basis of such licenses, and accordingly, the Company recorded a deferred tax liability, upon the closing of the transaction.

In accordance with the Closing Agreement, the Company and AT&T Wireless PCS and the other stockholders of the Company consented to executing the following agreements:

(a) *Stockholders Agreement*

The Stockholders Agreement expires on February 4, 2009. The agreement was amended and restated on October 27, 1999 in connection with the Company's initial public offering and includes the following sub-agreements:

Resale Agreement - The Company is required to enter into a Resale Agreement at the request of AT&T Wireless PCS, which provides AT&T Wireless PCS with the right to purchase and resell on a nonexclusive basis access to and usage of the Company's services in the Company's Licensed Area. The Company will retain the continuing right to market and sell its services to customers and potential customers in competition with AT&T Wireless PCS.

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Exclusivity - None of the stockholders who are party to the Stockholders Agreement will provide or resell, or act as the agent for any person offering, within the defined territory wireless mobility telecommunications services initiated or terminated using frequencies licensed by the FCC and Time Division Multiple Access or, in certain circumstances such as if AT&T Wireless PCS and its affiliates move to a successor technology in a majority of the defined southeastern region, a successor technology (Company Communications Services), except AT&T Wireless PCS and its affiliates may (i) resell or act as agent for the Company in connection with the provision of Company Communications Services, (ii) provide or resell wireless telecommunications services to or from certain specific locations, and (iii) resell Company Communications Services for another person in any area where the Company has not placed a system into commercial service, provided that AT&T Wireless PCS has provided the Company with prior written notice of AT&T Wireless PCS's intention to do so and only dual band/dual mode phones are used in connection with such resale activities.

Additionally, with respect to the markets listed in the Roaming Agreement, the Company and AT&T Wireless PCS agreed to cause their respective affiliates in their home carrier capacities to program and direct the programming of customer equipment so that the other party in its capacity as the serving carrier is the preferred provider in such markets, and refrain from inducing any of its customers to change such programming.

Build-out - The Company is required to conform to certain requirements regarding the construction of the Company's PCS system. In the event that the Company breaches these requirements, AT&T Wireless may terminate its exclusivity provisions. This provision has been satisfied.

Disqualifying Transactions - In the event of a merger, asset sale or consolidation, as defined, involving AT&T Corp. (or its affiliates) and another person that derives from telecommunications businesses annual revenues in excess of \$5.0 billion, derives less than one third of its aggregate revenues from wireless telecommunications, and owns FCC licenses to offer wireless mobility telecommunications services to more than 25% of the population within the Company's territory, AT&T Wireless PCS and the Company have certain rights. AT&T Wireless PCS may terminate its exclusivity in the territory in which the other party overlaps that of the Company. In the event that AT&T Wireless PCS proposes to sell, transfer or assign to a non-affiliate its PCS system owned and operated in the Charlotte, NC; Atlanta, GA; Baltimore, MD; and Washington, DC, basic trading areas, then AT&T Wireless PCS will provide the Company with the opportunity for a 180 day period to have AT&T Wireless PCS jointly market the Company's licenses that are included in the major trading area that AT&T Wireless PCS is requesting to sell.

(b) License Agreement

Pursuant to a Network Membership License Agreement, dated February 4, 1998 (as amended, the License Agreement), between AT&T Corp. and the Company, AT&T Corp. granted to the Company a royalty-free, nontransferable, nonsublicensable, limited right, and license to use certain licensed marks (the Licensed Marks) solely in connection with certain licensed activities. The Licensed Marks include the logo containing the AT&T and globe design and the expression Member, AT&T Wireless Services Network . The License Agreement also grants to the Company the right and license to use Licensed Marks on certain permitted mobile phones. The licensed activities include (i) the provision to end-users and resellers, solely within the defined territory, of Company Communications Services on frequencies licensed to the Company for Commercial Mobile Radio Services (CMRS) provided in accordance with the AT&T PCS contributed licenses and permitted cellular licenses (collectively, the Licensed Services) and (ii) marketing and offering the Licensed Services within the defined territory.

The License Agreement had an initial five-year term, which expired on February 4, 2003. The agreement was renewed for an additional one year period and will be renewed for an additional five year term if AT&T Corp. notifies the Company of its desire to renew, and the Company agrees to renew the License Agreement. The license may be terminated at any time in the event of the Company's significant breach, including the Company's misuse of any Licensed Marks, the Company's license or assignment of any of the rights in the License Agreement, the Company's failure to maintain AT&T quality standards or if the Company experiences a change of control. The License Agreement, along with the Exclusivity and Resale Agreements, had a fair value of \$20.3 million with an estimated useful life of 10 years. Amortization commenced upon the effective date of the Agreements.

(c) Roaming Agreement

Pursuant to the Intercarrier Roamer Service Agreement, dated as of February 4, 1998 (as amended, the Roaming Agreement), between AT&T Wireless and the Company, each of AT&T Wireless and the Company have agreed to provide

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(each in its capacity as serving provider, the Serving Carrier) wireless mobility radiotelephone service for registered customers of the other party s (the Home Carrier) customers while such customers are out of the Home Carrier s geographic area and in the geographic area where the Serving Carrier (itself or through affiliates) holds a license or permit to construct and operate a wireless mobility radio/telephone system and station. Each Home Carrier whose customers receive service from a Serving Carrier shall pay to such Serving Carrier 100% of the Serving Carrier s charges for wireless service and 100% of pass-through charges (i.e., toll or other charges).

The fair value of the Roaming Agreement, as determined by an independent appraisal, was \$5.5 million, with an estimated useful life of 20 years. Amortization commenced upon the effective date of the agreement.

On October 4, 2002 AT&T Wireless Services and the Company entered into a supplement to their Roaming Agreement. The supplement primarily provides pricing, which rates shall be kept reasonably competitive in each geographic area, for the use of one party s Global Systems for Mobile Communications / General Packet Radio Service, referred to as GSM/GPRS, network by another party s GSM/GPRS subscribers. The supplement has a four-year term and, unless either party provides the other with no less than 90 days notice prior to the expiration of the initial four-year term, thereafter continues month-to-month subject to termination by either party on 90 days notice.

(3) Stock Compensation and Employee Benefits**Restricted Awards:**

The Company has made grants of restricted stock to provide incentive to key employees and non-management directors and to further align the interests of such individuals with those of its stockholders. Grants of restricted stock generally are made annually under the stock and incentive plan and deferred compensation is recorded for these awards based upon the stock s fair value at the date of issuance. Grants vest over a four to five year period. The following table summarizes restricted stock activity in 2000, 2001 and 2002 respectively:

(Dollars in thousands, except share amounts)	Deferred Compensation	Restricted Incentive Plan Shares Available	Restricted Incentive Plan Shares Issued	Per Share Average Grant Price
January 1, 2000	\$ 16,852	2,371,601	1,082,894	
Restricted stock grants	\$ 35,700	(678,473)	678,473	\$ 51.83
Restricted stock forfeitures	(\$ 2,327)	137,301	(137,301)	
Amortization of deferred compensation	(\$ 8,032)			
December 31, 2000	\$ 42,193	1,830,429	1,624,066	
Additional Incentive Plan shares authorized		1,500,000		
Restricted stock grants	\$ 74,985	(1,904,505)	1,904,505	\$ 39.37
Restricted stock forfeitures	(\$ 7,133)	250,921	(250,921)	
Amortization of deferred compensation	(\$ 17,426)			
December 31, 2001	\$ 92,619	1,676,845	3,277,650	
Restricted stock grants	\$ 7,379	(845,070)	845,070	\$ 8.33
Restricted stock forfeitures	(\$ 4,014)	135,617	(135,617)	
Amortization of deferred compensation	(\$ 21,430)			
December 31, 2002	\$ 74,554	967,392	3,987,103	

Triton has entered into Director Stock Award Agreements with its four directors considered to be independent under current New York Stock Exchange rules - Scott I. Anderson, John D. Beletic, Arnold L. Chavkin and Rohit M. Desai. Each independent director received an award of 11,250 shares of Class A common stock for service on the Board of Directors and an additional 6,250 shares for service on each of the audit committee and compensation committee. Accordingly, Mr. Anderson and Mr. Beletic each received total awards of 17,500 shares under

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agreements dated as of June 24, 2002, recognizing their service on the audit committee and the compensation committee, respectively, and Mr. Chavkin and Mr.

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Desai each received a total award of 23,750 shares under agreements dated as of July 1, 2002, recognizing their service on both committees. Each award vests in equal installments over a five-year period, with the first installment vesting on June 1, 2003, and the awards vest under certain circumstances involving a change of control. Deferred compensation of approximately \$0.3 million was recorded based on the market value at the date of grant. Upon each director's termination of service as a member of Triton's Board of Directors for any reason, the director has agreed to forfeit any unvested shares, subject to the exception that if the director is not nominated to serve as a member of the Board of Directors when his term expires or if nominated, does not receive the requisite vote to be elected, the director will be deemed to have served on the Board of Directors as of the vesting date closest to the relevant annual meeting of Triton's stockholders.

401(k) Savings Plan:

The Company's management subsidiary sponsors a 401(k) savings plan (the Savings Plan) which permits employees to make contributions to the Savings Plan on a pre-tax salary reduction basis in accordance with the Internal Revenue Code. Substantially all full-time employees are eligible to participate in the next quarterly open enrollment after 90 days of service. The Company matches a portion of the voluntary employee contributions. The cost of the Savings Plan charged to expense was \$944,000 in 2000, \$1,172,000 in 2001 and \$1,303,000 in 2002.

Employee Stock Purchase Plan:

The Company commenced an Employee Stock Purchase Plan (the Plan) on January 1, 2000. Under the terms of the Plan, during any calendar year there are four three-month offering periods beginning January 1st, April 1st, July 1st and October 1st, during which employees can participate. The purchase price is determined at the discretion of the Stock Plan Committee but shall not be less than the lesser of: (i) 85% of the fair market value on the first business day of each offering period or (ii) 85% of the fair market value on the last business day of the offering period. The Company issued 21,460 shares of Class A common stock, at an average per share price of \$34.01, in 2000; 38,167 shares of Class A common stock, at an average per share price of \$26.69 in 2001; and 202,704 shares of Class A common stock, at an average per share price of \$4.52 in 2002. The Company also issued 36,504 shares of Class A common stock, at a per share price of \$1.57 in January 2003, and following this issuance, the Company has 440 shares available under the Plan.

(4) Intangible Assets

On January 1, 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets. With the adoption of SFAS No. 142, FCC licenses, which are categorized as an asset with an indefinite life, are no longer subject to amortization. As an asset with an indefinite life, the licenses are subject to at least an annual assessment for impairment. All of the Company's FCC licenses are aggregated for the purpose of performing the impairment test as they are operated as a single asset, and, as such are essentially inseparable from one another. The Company has evaluated these assets, and based upon a discounted future cash flows model, the FCC licenses are not impaired. As of January 1, 2002, the Company had recorded a net asset of approximately \$255.7 million for its FCC licenses.

The elimination of FCC license amortization would have reduced net loss by approximately \$6.9 million for the years ended December 31, 2000 and 2001, or \$0.11 per basic and diluted share. The pro forma net loss and earnings per share information below are shown as if the provisions of SFAS No. 142 were in effect for fiscal 2000 and 2001.

	December 31,		
	2000	2001	2002
	Pro forma	Pro forma	Actual
(Dollars in thousands, except per share amounts)			(As Restated)
Net Loss:			
Reported net loss available to common stockholders	(\$ 186,771)	(\$ 209,480)	(\$ 172,533)
Add back: FCC license amortization	\$ 6,936	\$ 6,943	
Adjusted net loss	(\$ 179,835)	(\$ 202,537)	(\$ 172,533)
Basic and Diluted Earnings per Share:			
Reported net loss available to common stockholders	(\$ 3.01)	(\$ 3.22)	(\$ 2.62)

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FCC license amortization	<u>0.11</u>	<u>0.11</u>	<u></u>
Adjusted net loss	<u>(\$ 2.90)</u>	<u>(\$ 3.11)</u>	<u>(\$ 2.62)</u>

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During the year ended December 31, 2002, the Company acquired the following additional spectrum as part of its current network overlay preparation for GSM/GPRS service offerings.

During the second quarter of 2002, Triton consummated two license purchase agreements for an aggregate purchase price of approximately \$22.6 million. First, Virginia PCS Alliance, L.C. disaggregated its personal communications services C-block license for the Charlottesville, Virginia and Winchester, Virginia basic trading areas by selling the Company 10 MHz of spectrum in each market. Second, AT&T Wireless PCS, LLC partitioned and disaggregated its broadband personal communications services A-block license for the Atlanta major trading area by selling the Company 20 MHz of spectrum for Bulloch County, Georgia and Screven County, Georgia.

On September 30, 2002, Triton acquired nine personal communication service licenses from Lafayette Communications Company L.L.C. for an aggregated fair value of approximately \$21.7 million. These licenses cover populations of approximately 2.9 million people in several of our Georgia, Tennessee and Virginia markets.

On November 15, 2002, Triton acquired personal communication service licenses in Richmond, Norfolk and Roanoke, Virginia from AT&T Wireless PCS, L.L.C. for approximately \$65.1 million. The three 10 MHz A-block licenses for the Richmond, Norfolk and Roanoke basic trading areas cover approximately 3.7 million people.

On November 22, 2002, Triton acquired a 10 MHz personal communication service license in Fayetteville, North Carolina from Northcoast Communications, LLC for approximately \$5.6 million.

	December 31,		Amortizable Lives
	2001	2002	
	(Dollars in thousands)		
PCS Licenses	\$ 278,017	\$ 392,922	Indefinite
AT&T agreements	26,026	26,026	10-20 years
Subscriber lists	20,000		3.5 years
Bank financing	16,225	17,706	8.5-10 years
Exclusivity agreement	2,451	2,964	1-3 years
Trademark	64	64	40 years
Other	3,337	3,357	1-10 years
	346,120	443,039	
Less: accumulated amortization	(62,273)	(47,790)	
Intangible assets, net	\$ 283,847	\$ 395,249	

Amortization for the years ended December 31, 2000, 2001 and 2002 totaled \$17.5 million, \$23.8 million and \$7.5 million, respectively. Estimated aggregate amortization of intangibles is as follows:

	(000s)
2003	\$ 5,223
2004	4,267
2005	4,169
2006	3,733
2007	3,004

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	December 31,	
	2001	2002
	(Dollars in Thousands)	
Bank credit facility	\$ 185,000	\$ 207,961
Senior subordinated debt	1,167,338	1,219,720
Capital lease obligation	4,594	2,751
	<u>1,356,932</u>	<u>1,430,432</u>
Less current portion of long-term debt	12,641	17,169
Long-term debt	<u>\$ 1,344,291</u>	<u>\$ 1,413,263</u>

Interest expense, net of capitalized interest was \$55.9 million, \$117.5 million and \$144.1 million for the years ended December 31, 2000, 2001 and 2002, respectively. The Company capitalized interest of \$9.5 million, \$5.9 million and \$4.2 million in the years ended December 31, 2000, 2001 and 2002 respectively. The weighted average interest rate for total debt outstanding during 2001 and 2002 was 9.43% and 9.69% respectively. The average rate at December 31, 2001 and 2002 was 9.58% and 9.70%, respectively. The Company is in compliance with all required covenants as of December 31, 2002. Aggregate maturities are as follows:

	(000s)
2003	\$ 17,169
2004	20,868
2005	24,965
2006	53,180
2007	94,530
Thereafter	<u>1,219,720</u>
Total	<u>1,430,432</u>

(6) Bank Credit Facility

On February 3, 1998, Triton PCS, Inc., a wholly owned subsidiary of the Company (Triton PCS), and the Company (collectively referred to as the Obligors) entered into a credit agreement with certain banks and other financial institutions, to establish a senior secured bank credit facility (the Facility). The credit agreement was amended and restated on September 22, 1999 and September 14, 2000. The second amended and restated credit agreement was amended in September 2001, February 2002, March 2002, October 2002 and February 2003 (as so amended, the Credit Agreement).

On November 14, 2001, the Company completed the private sale of \$400.0 million aggregate principal amount of 8 3/4% senior subordinated notes due 2011. The net proceeds of the 8 3/4% notes were approximately \$390.0 million, which were utilized to pay down a portion of the Facility. As a result of the early-extinguishment of the Facility, approximately \$4.0 million of related unamortized deferred financing costs were written-off as a loss included in other non-operating expense.

On February 20, 2002, the Obligors entered into a second amendment to the second amended and restated credit agreement. As part of the second amendment, various maturity dates were revised under the Facility as follows: the maturity dates of each of the Tranche A, C and D term loans and of the Revolving Facility were changed from August 2006 to May 2006. The maturity date of the Tranche B term loan was changed from May 2007 to February 2007.

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On March 8, 2002, the Obligors entered into a third amendment to the second amended and restated credit agreement. The third amendment created a \$125.0 million Tranche E term loan maturing in February 2007.

On October 16, 2002, the Obligors entered into a fourth amendment to the second amended and restated credit agreement to provide greater flexibility in the total leverage and interest coverage covenant requirements. No other material terms or conditions for the credit agreement were changed and the Obligors did not incur any fees related to this transaction. In exchange for the covenant changes, the Obligors agreed to reduce the facility by \$50.0 million. The commitment

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reduction consisted of a \$30.0 million repayment of outstanding borrowings and a \$20.0 million reduction in unfunded commitments.

The Facility provides for (i) a Tranche A term loan, which matures in May 2006, (ii) a Tranche B term loan, which matures in February 2007, (iii) a Tranche C term loan, which matures in May 2006, (iv) a Tranche D term loan, which matures in May 2006, (v) a Tranche E term loan, which matures in February 2007 and (vi) a \$100 million revolving credit facility (the Revolving Facility), which matures in May 2006.

As of December 31, 2002, Triton had current outstanding borrowings of (i) \$10.8 million under the Tranche A term loan, (ii) \$123.1 million under the Tranche B term loan, (iii) \$10.8 million under the Tranche C term loan, and (iv) \$63.3 million under the Tranche D term loan. As of December 31, 2002, the Company had \$215.0 million of undrawn funds available under the Facility including (i) \$100.0 million of the Revolving Facility, and (ii) \$115.0 million under the Tranche E term loan.

The lenders' commitment to make loans under the Revolving Facility automatically and permanently reduce, beginning in August 2004, in eight quarterly reductions (the amount of each of the first two reductions, \$5.0 million, the next four reductions, \$10.0 million, and the last two reductions, \$25.0 million). The Obligor's began repaying the Tranche A, Tranche C and Tranche D term loans during February 2002. After giving consideration to the commitment reduction that took place during October 2002 in conjunction with the fourth amendment to the credit facility, fourteen consecutive quarterly installments remain (the aggregate amount of the first four remaining installments are approximately \$3,534,000, the next four installments, approximately \$4,713,000, the next four installments, approximately \$5,891,000, and the last two installments, approximately \$14,138,000). The Obligor's began repaying the Tranche B term loan during February 2002. Seventeen consecutive quarterly installments remain (the amount of the first twelve remaining installments are approximately, \$311,000, the next four installments, approximately \$6,219,000, and the last installment, approximately \$94,527,000). If drawn, the Tranche E term loan is required to be repaid in sixteen consecutive quarterly installments, beginning in May 2003 (the amount of the first eleven installments, \$287,500, the next four installments, \$5,750,000, and the last installment, \$88,837,500).

Loans accrue interest, at the Obligor's option, at (i) (a) the Adjusted LIBOR rate (as defined in the Credit Agreement) plus (b) the Applicable Margin (as defined in the Credit Agreement) (loans bearing interest described in (i), Eurodollar Loans) or (ii) (a) the higher of (1) the Administrative Agent's prime rate or (2) the Federal Funds Effective Rate (as defined in the Credit Agreement) plus 0.5%, plus (b) the Applicable Margin (loans bearing interest described in (ii), ABR Loans). The Applicable Margin means, with respect to the Tranche B and E Term Loans, 2.00% per annum, in the case of an ABR Loan, and 3.00% per annum, in the case of a Eurodollar Loan; with respect to the Tranche A, C and D term loans and the Revolving Facility, a rate between 0.0% and 1.25% per annum, depending upon the Obligor's leverage ratio (the ratio of end-of-period debt to earnings before interest, taxes, depreciation, amortization and non-cash compensation (Adjusted EBITDA)) in the case of an ABR Loan, and a rate between 1.00% and 2.25% per annum (depending upon the Obligor's leverage ratio), in the case of a Eurodollar Loan. A per annum rate equal to 2% plus the rate otherwise applicable to any such loan will be assessed on past due principal amounts, and accrued interest payable in arrears.

The Facility provides for an annual commitment fee of between 0.375% and 0.50% to be paid on undrawn commitments under the Tranche A, C, D and E Term Loans and the Revolving Facility (depending on the Obligor's leverage ratio). The Obligor's incurred commitment fees of approximately \$3 million in 2000, \$1 million in 2001 and \$1 million in 2002. Under the Facility, the Obligor's must also fix or limit the interest cost with respect to at least 50% of their total outstanding indebtedness. At December 31, 2002, approximately 100% of the outstanding debt was fixed.

All obligations of the Obligor's under the Facility are unconditionally and irrevocably guaranteed by each existing and subsequently acquired or organized domestic subsidiary of Triton PCS. Borrowings under the Facility, and any related hedging contracts provided by the lenders thereunder, are collateralized by a first priority lien on substantially all of the assets of Triton PCS and each existing and subsequently acquired or organized domestic subsidiary of Triton PCS, including a first priority pledge of all the capital stock held by the Company, or any of its subsidiaries, provided that the pledge of shares of foreign subsidiaries may be limited to 65% of the outstanding shares of such foreign subsidiaries. The PCS licenses will be held by one or more single purpose subsidiaries of Triton PCS and will not be pledged to secure the obligations of Triton PCS under the Facility, although the equity interests of such subsidiaries will be pledged thereunder. Each single purpose subsidiary will not be allowed by Triton PCS to incur any liabilities or obligations other than the guarantee of the Facility issued by it, the security agreement entered into by it in connection with the Facility, guarantees relating to permitted subordinated debt, and, in the case of any single purpose subsidiary established to hold real estate, liabilities incurred in the

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ordinary course of business of such subsidiary which are incident to being the lessee of real property of the purchaser, owner or lessee of equipment, and taxes and other liabilities incurred in the ordinary course in order to maintain its existence.

The Facility contains financial and other covenants, customary for a facility of this type, including covenants relating to the amount of indebtedness that Triton PCS may incur (including customary representations, warranties, indemnities and conditions precedent to borrowing), limitations on dividends, distributions (including distributions from Triton PCS to the Company), redemptions and repurchases of capital stock, and events of default. As of December 31, 2002, Triton was in compliance with all debt covenants.

The Term Loans are required to be prepaid in an aggregate amount equal to (i) 50% of excess cash flow of each fiscal year commencing with the fiscal year ending December 31, 2001, (ii) 100% of the net proceeds of asset sales, outside the ordinary course of business, or which are otherwise exempted, (iii) 100% of unused insurance proceeds, as defined in the Credit Agreement, and (iv) 100% of net cash proceeds received from additional debt issuance, over and above the first \$150.0 million (senior and/or subordinated) which Triton PCS may subsequently incur unless, after giving effect to such issuance(s), (a) Triton PCS's ratio of senior debt to Adjusted EBITDA is less than 5 to 1 and (b) Triton PCS is in pro forma compliance with required Credit Agreement covenants.

Loans under the Facility are available to fund capital expenditures related to the construction of Triton PCS's network, the acquisition of related businesses, working capital needs of Triton PCS, subscriber acquisition costs, investments in bidding entities and other permitted business activities, as defined in the Credit Agreement. All indebtedness under the Facility constitutes debt which is senior to Triton PCS's 11% Senior Subordinated Discount Notes due 2008, 9 3/8% Senior Subordinated Notes due 2011 and 8 3/4% Senior Subordinated Notes due 2011.

See Note 16, "Subsequent Events", for additional events relating to the Facility.

(7) Subordinated Debt

11% Senior Subordinated Discount Notes

On May 4, 1998, Triton PCS completed a private offering of \$512.0 million principal amount at maturity of 11% Senior Subordinated Discount Notes due 2008 (the "11% Notes"), pursuant to Rule 144A and Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds of the offering (after deducting the initial purchasers' discount of \$9.0 million) were approximately \$291.0 million.

Commencing on November 1, 2003, cash interest will be payable semiannually. Each 11% Note was offered at an original issue discount. Although cash interest will not be paid prior to May 1, 2003, the original issue discount will accrue from the issue date to May 1, 2003.

The 11% Notes may be redeemed at the option of Triton PCS, in whole or in part, at various points in time after May 1, 2003 at redemption prices specified in the indenture governing the 11% Notes plus accrued and unpaid interest, if any.

The 11% Notes are guaranteed on a joint and several basis by all of the subsidiaries of Triton PCS but are not guaranteed by the Company. The guarantees are unsecured obligations of the guarantors and are subordinated in right to the full payment of all senior debt under the Facility, including all of their obligations as guarantors thereunder.

Upon a change in control, each holder of the 11% Notes may require Triton PCS to repurchase such holder's 11% Notes, in whole or in part, at a purchase price equal to 101% of the accreted value thereof or the principal amount at maturity, as applicable, plus accrued and unpaid interest to the purchase date.

All outstanding principal and interest of the 11% Notes mature and require complete repayment on May 1, 2008.

9 3/8% Senior Subordinated Notes

On January 19, 2001, Triton PCS completed a private offering of \$350.0 million principal amount of 9 3/8% Senior Subordinated Notes due 2011 (the "9 3/8% Notes"), pursuant to Rule 144A and Regulation S of the Securities

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Act. The net proceeds of the offering (after deducting the initial purchasers' discount of approximately \$9.2 million) were approximately \$337.5 million.

Cash interest is payable semiannually on August 1 and February 1.

The 9 3/8% Notes may be redeemed at the option of Triton PCS, in whole or in part, at various points in time after February 1, 2006 at redemption prices specified in the indenture governing the 9 3/8% Notes plus accrued and unpaid interest, if any.

The 9 3/8% Notes are guaranteed on a joint and several basis by all of the subsidiaries of Triton PCS but are not guaranteed by the Company. The guarantees are unsecured obligations of the guarantors, and are subordinated in right to the full payment of all senior debt under the Facility, including all of their obligations as guarantors thereunder.

Upon a change in control, each holder of the 9 3/8% Notes may require Triton PCS to repurchase such holder's 9 3/8% Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount, as applicable, plus accrued and unpaid interest to the purchase date.

All outstanding principal and interest of the 9 3/8% Notes mature and require complete repayment on February 1, 2011.

8 3/4% Senior Subordinated Notes

On November 14, 2001, Triton PCS completed an offering of \$400 million principal amount of 8 3/4% Senior Subordinated Notes due 2011 (the 8 3/4% Notes), pursuant to Rule 144A and Regulation S of the Securities Act. The net proceeds of the offering (after deducting the initial purchasers' discount of \$9.0 million and estimated expenses of \$1 million) were approximately \$390.0 million.

Cash interest is payable semiannually on May 15 and November 15.

The 8 3/4% Notes may be redeemed at the option of Triton PCS, in whole or in part, at various points in time after November 15, 2006 at redemption prices specified in the indenture governing the 8 3/4% Notes plus accrued and unpaid interest, if any.

The 8 3/4% Notes are guaranteed on a joint and several basis by all of the subsidiaries of Triton PCS but are not guaranteed by the Company. The guarantees are unsecured obligations of the guarantors, and are subordinated in right to the full payment of all senior debt under the Facility, including all of their obligations as guarantors thereunder.

Upon a change in control, each holder of the 8 3/4% Notes may require Triton PCS to repurchase such holder's 8 3/4% Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount, as applicable, plus accrued and unpaid interest to the purchase date.

All outstanding principal and interest of the 8 3/4% Notes mature and require complete repayment on November 15, 2011.

(8) Income Taxes

The components of income tax expense are presented in the following table (in thousands):

Years Ended December 31,	2000	2001	As Restated 2002
Current			
Federal			
State	\$474	\$1,372	\$1,365
	474	1,372	1,365

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Years Ended December 31,	2000	2001	As Restated 2002
Deferred			
Federal	219		21,124
State	53		2,550
	<u>272</u>		<u>23,674</u>
Total income tax expense	\$ 746	\$ 1,372	\$ 25,039

The income tax expense differs from those computed using the statutory U.S. federal income tax rate as set forth below:

	2000	2001	As Restated 2002
U.S. federal statutory rate	35.00%	35.00%	35.00%
State income taxes, net of federal benefit	(0.07)%	(0.45)%	(1.88)%
Change in federal valuation allowance	(35.27)%	(35.26)%	(50.75)%
Other, net	(0.08)%	0.02%	(0.85)%
Effective Tax Rate	<u>(0.42)%</u>	<u>(0.69)%</u>	<u>(18.48)%</u>

The tax effects of significant temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (in thousands):

	2001	As Restated 2002
Deferred tax assets:		
Non-deductible accrued liabilities	\$ 12,380	\$ 10,533
Capitalized startup costs	951	320
Deferred gain	11,791	11,426
Unrealized losses	5,174	7,387
Intangible Assets		239
Net operating loss carry forward	285,762	351,237
	<u>316,058</u>	<u>381,142</u>
Valuation allowance	(236,567)	(315,129)
Net deferred tax assets	<u>79,491</u>	<u>66,013</u>
Deferred liabilities		
Intangible assets	156	
FCC licenses	26,886	35,609
Depreciation and amortization	64,384	66,013
	<u>91,426</u>	<u>101,622</u>
Net deferred tax liabilities	\$ 11,935	\$ 35,609

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In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management believes it is more likely than not the Company will realize the benefits of the deferred tax assets, net of the existing valuation allowance at December 31, 2002. As of December 31, 2002, approximately \$7 million of the gross deferred tax asset and related valuation allowance is attributable to restricted stock compensation. To the extent that such assets are realized in the future, the benefit is applied to equity. If not utilized, the net operating losses will begin to expire in 2018.

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Table of Contents**(9) Fair Value of Financial Instruments**

Fair value estimates, assumptions, and methods used to estimate the fair value of the Company's financial instruments are made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments". The Company has used available market information to derive its estimates. However, because these estimates are made as of a specific point in time, they are not necessarily indicative of amounts the Company could realize currently. The use of different assumptions or estimating methods may have a material effect on the estimated fair value amounts.

	December 31,			
	2001		2002	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
	(in thousands)			
Interest rate swaps acting as a hedge	\$ (7,660)	\$ (7,660)	\$ (5,459)	\$ (5,459)
Interest rate swaps not acting as a hedge	(12,924)	(12,924)	(18,360)	(18,360)
Long-term debt:				
Subordinated debt	1,167,338	1,233,280	1,219,720	1,060,060
Bank term loan	185,000	185,000	207,961	207,961
Capital leases	4,594	4,594	2,751	2,751

The carrying amounts of cash and cash equivalents, accounts and notes receivable, bank overdraft liability, accounts payable and accrued expenses are a reasonable estimate of their fair value due to the short-term nature of the instruments.

Long-term debt is comprised of subordinated debt, bank loans, and capital leases. The fair value of subordinated debt is stated at quoted market value. The carrying amounts of bank loans are a reasonable estimate of its fair value because market interest rates are variable. Capital leases are recorded at their net present value, which approximates fair value.

Management believes that determining a fair value for the Company's preferred stock is impractical due to the closely held nature of these investments.

The Company utilizes interest rate swap derivatives to manage changes in market conditions related to interest rate payments on its variable rate debt obligations. As of December 31, 2002, the Company had interest rate swap agreements with a total notional amount of \$480.0 million.

The Company recognizes all derivatives on the balance sheet at fair value. The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, on January 1, 2001 and the Company recorded a cumulative transition adjustment of \$4.2 million to Other Comprehensive Income to recognize the fair value of its derivative instruments as of the date of adoption. Changes in the fair value for the effective portion of the gain or loss on a derivative that is designated as, and meets all the required criteria for, a cash flow hedge are recorded in Accumulated Other Comprehensive Income and reclassified into earnings as the underlying hedged items affect earnings. Amounts reclassified into earnings related to interest rate swap agreements are included in interest expense. The ineffective portion of the gain or loss on a derivative is recognized in earnings within other income or expense. As of December 31, 2002, the fair value of the derivatives were recorded as a \$23.8 million liability, unrealized net losses of approximately \$5.5 million related to these interest rate swaps effectively acting as hedges were included in Accumulated Other Comprehensive Income. Approximately \$0.0 and \$0.1 million of hedge ineffectiveness for existing derivative instruments for the years ended December 31, 2001 and 2002 was recorded based on calculations in accordance with SFAS No. 133, as amended. In addition, approximately \$18.3 million of cumulative expense had been realized in the statement of operations for interest rate swaps no longer acting as hedges.

(10) Related-Party Transactions

The Company was associated with Triton Cellular Partners L.P. (Triton Cellular) by virtue of certain management overlap. Triton Cellular consummated the sale of substantially all of its assets in April 2000. As part of this association, certain costs were incurred on behalf of Triton Cellular and subsequently reimbursed to the Company. Such costs totaled \$714,000 during 2000. In addition, pursuant to an agreement between the Company and Triton Cellular, allocations for management services rendered are charged to Triton Cellular. Such allocations totaled \$196,000 for 2000.

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Triton PCS is party to a credit facility for which affiliates of certain investors serve as agent and lenders. The credit facility was most recently amended on October 16, 2002. In connection with entering into and administering the credit facility and such amendments, the agent and lenders receive customary fees and expenses.

In January 2001 and November 2001, Triton PCS consummated private offerings of senior subordinated notes (see Note 7). Affiliates of several cash equity investors were initial purchasers in the private offerings and received an aggregate placement fee of \$18.2 million through the issuance of the notes at a discount from the purchase price paid by investors.

(11) Relationship with Lafayette Communications Company L.L.C.

The Company holds a 39% interest in Lafayette, an entrepreneur under FCC guidelines. During 2002, Lafayette held 18 licenses, covering a population of approximately 6.3 million people. On September 30, 2002, Triton acquired certain FCC licenses, covering a population of approximately 2.9 million people in areas of Georgia, Tennessee and Virginia, for an aggregate fair value of \$21.7 million. This acquisition was consummated to meet the spectrum needs of Triton's current network overlay of GSM/GPRS technology.

On October 9, 2002, and as amended on December 2, 2002, the Company entered into an agreement with Lafayette for the acquisition of 10 MHz of spectrum in Anderson, Charleston, Columbia, Florence, Greenville, Greenwood, Orangeburg and Sumter, South Carolina, for approximately \$114.7 million. On December 2, 2002, the Company entered into an agreement with Lafayette Communications Company L.L.C. for the acquisition of 10 MHz of spectrum in Myrtle Beach, South Carolina, Augusta, Georgia, Fredericksburg, Virginia and Lynchburg, Virginia for approximately \$12.2 million. The applications seeking FCC approval for the transactions have been filed, and the Company expects to consummate the transactions in the second quarter of 2003. Following consummation of these transactions, the Company plans to demand repayment of the outstanding senior loans to Lafayette.

As of December 31, 2002, the Company had written its initial investment in Lafayette down to zero and had reduced its carrying value of the \$74.5 million loan receivable from Lafayette, so as to reflect 100% of Lafayette's 2001 and 2002 loss of \$0.7 million and \$1.8 million, respectively. The Company records any losses in Lafayette to Other Expense on the statement of operations. In connection with the loans, Lafayette has and will guarantee the Company's obligations under its credit facility, and such senior loans are and will be pledged to the lenders under the Company's credit facility.

(12) Commitments and Contingencies**(a) Leases**

The Company has entered into various leases for its offices, land for cell sites, cell sites, and furniture and equipment under capital and operating leases expiring through 2026. The Company is recognizing rent expense on a straight-line basis over the life of the lease, which establishes deferred rent on the balance sheet. The Company has various capital lease commitments of approximately \$2.8 million as of December 31, 2002. As of December 31, 2002, the future minimum rental payments under these lease agreements having an initial or remaining term in excess of one year were as follows:

(1) Future Minimum Lease Payments:

	<u>Operating</u>	<u>Capital</u>
	(in thousands)	
2003	48,845	1,929
2004	42,015	816
2005	34,958	166
2006	29,217	30
2007	23,525	3
Thereafter	102,745	
	<u> </u>	<u> </u>
Total	\$281,305	2,944
	<u> </u>	
Interest expense		193
		<u> </u>

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Net present value of future payments	2,751
Current portion of capital lease obligation	<u>1,787</u>
	\$ 964

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Rent expense under operating leases was \$29.4 million, \$47.1 million and \$50.9 million for the years ended December 31, 2000, 2001 and 2002, respectively.

(b) *Litigation*

The Company has been involved in litigation relating to claims arising out of its operations in the normal course of business. The Company does not believe that an adverse outcome of any of these legal proceedings will have a material adverse effect on the Company's results of operations.

(13) Preferred Stock and Stockholders' Equity

(a) *Preferred Stock*

The Series A convertible preferred stock (Series A) is convertible into common stock at the option of the holders on or after February 4, 2006. The conversion rate for each share of Series A is equal to its accreted value divided by the then fair market value of the Company's common stock.

The holders of the Series A are entitled to 10% cumulative annual dividends, payable quarterly. At December 31, 2002, cumulative dividends accrued and classified as a component of preferred stock in the accompanying balance sheet are \$48.4 million. The Company may defer payment of the dividends until June 30, 2008, at which time all deferred dividend payments must be made. The Series A is redeemable at its accreted value at the option of the Company on or after February 4, 2008. The Series A is redeemable at the option of the holders on or after February 4, 2018. The Series A and the Series B preferred stock (Series B) are on a parity basis with respect to dividend rights and rights on liquidation and senior to all other classes of preferred or common stock of the Company. The Series A holders do not have any voting rights, except as required by law or in certain circumstances, but have the right to nominate one director.

In the event that there is a disqualifying transaction, the Company has the right to cause AT&T Wireless PCS to exchange certain shares of its Series A into Series B. The Series B has dividend rights equal to that of the Series A. The Series B is not convertible into any other security of the Company. The Series B is redeemable at its accreted value, at the option of the Company at any time. The Series B holders do not have any voting rights.

The Series C convertible preferred stock (Series C) is convertible into a fixed number of shares Class A common stock at the option of the holder. Holder may elect, by written notice, to receive shares of Class B non-voting common stock instead of Class A common stock. The holders of the Series C vote with Class A common stock on an as-converted basis. Upon liquidation or dissolution, the holders of the Series C have a liquidation preference of \$100 per share, subject to adjustment, and rank senior to the common stock.

The Series D convertible preferred stock (Series D) is convertible into an equivalent number of shares of Series C at the option of the holder. The holders of the Series D do not have any voting rights. Upon liquidation or dissolution, the holders of the Series D have a liquidation preference of \$100 per share, subject to adjustment, and rank senior to the Series C and the common stock.

(b) *Public Offering*

On February 28, 2001, the Company issued and sold 3,500,000 shares of Class A common stock in an offering at \$32 per share and raised approximately \$106.1 million, net of \$5.9 million of costs.

(14) Quarterly Results of Operations (Unaudited)

The following table summarizes the Company's quarterly financial data for the two years ended December 31, 2002 and December 31, 2001, respectively. For the year ended December 31, 2002, the quarterly data includes originally reported and restated amounts (see Note 17).

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2002	First Quarter As Originally Reported	First Quarter As Restated	Second Quarter As Originally Reported	Second Quarter As Restated
(in thousands, except per share data)				
For the year ended December 31,				
Total revenue	\$ 156,698	\$ 156,698	\$ 183,012	\$ 183,012
Income/(loss) from operations	(711)	(711)	7,474	7,474
Income tax expense		17,445	794	2,700
Net loss	(31,410)	(48,855)	(30,647)	(32,553)
Net loss available to stockholders	(34,308)	(51,753)	(33,618)	(35,524)
Comprehensive loss	(32,253)	(49,698)	(34,911)	(36,817)
Net loss per share basic and diluted	\$ (0.52)	\$ (0.79)	\$ (0.51)	\$ (0.54)
As of December 31,				
Deferred income taxes	\$ 11,935	\$ 29,380	\$ 11,935	\$ 31,286
Total liabilities	1,558,272	1,575,717	1,594,501	1,613,852
Accumulated deficit	(592,990)	(610,435)	(623,637)	(642,988)
Total stockholders deficit	(65,885)	(83,330)	(95,243)	(114,594)
	Third Quarter As Originally Reported	Third Quarter As Restated	Fourth Quarter As Originally Reported	Fourth Quarter As Restated
For the year ended December 31,				
Total revenue	\$ 193,244	193,244	\$ 183,031	\$ 183,031
Income/(loss) from operations	9,376	9,376	(6,108)	(6,108)
Income tax expense	563	2,469	8	2,425
Net loss	(32,489)	(34,395)	(42,275)	(44,692)
Net loss available to stockholders	(35,535)	(37,441)	(45,398)	(47,815)
Comprehensive loss	(36,323)	(38,229)	(43,171)	(45,588)
Net loss per share basic and diluted	\$ (0.54)	\$ (0.57)	\$ (0.69)	\$ (0.72)
As of December 31,				
Deferred income taxes	\$ 11,935	\$ 33,192	\$ 11,935	\$ 35,609
Total liabilities	1,624,793	1,646,050	1,654,083	1,677,757
Accumulated deficit	(656,126)	(677,383)	(698,401)	(722,075)
Total stockholders deficit	(125,900)	(147,157)	(163,515)	(187,189)
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(in thousands, except per share data)				
Total revenue	\$ 112,518	\$ 133,720	\$ 145,408	\$ 148,454
Loss from operations	(21,930)	(19,261)	(17,742)	(21,067)
Net loss available to stockholders	(46,193)	(45,342)	(46,960)	(70,985)
Net loss per share basic and diluted	\$ (0.73)	\$ (0.69)	\$ (0.72)	\$ (1.08)

(15) Supplemental Cash Flow Information

	2000	2001	2002
	(in thousands)		
Cash paid during the year for interest, net of amounts capitalized	\$ 12,943	\$ 50,301	\$ 89,831
Non-cash investing and financing activities:			
Deferred stock compensation	33,373	67,617	3,365

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Equipment acquired under capital lease obligation	2,573	786	291
Change in fair value of derivative instruments		20,584	3,235
Capital expenditures included in accounts payable	13,410	37,929	7,261

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Table of Contents**(16) Subsequent Events**

During January of 2003, the Company completed a reorganization of its operations, which consolidated operations functionally from a more decentralized structure. The reorganization resulted in the elimination of 170 positions or 8% of the workforce. In accordance with SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, the Company will recognize a liability for costs associated with the reorganization as the liability is incurred during the first quarter of 2003.

On February 26, 2003, the Company entered into a fifth amendment to the second amended and restated credit agreement to extend the availability period for draws on Tranche E from March 8, 2003 to June 8, 2003. The Company did not incur any fees related to this extension.

(17) Restatement

On May 19, 2003, the Company revised its consolidated financial information for the year ended December 31, 2002 to reflect the recognition of deferred tax expense of \$23.7 million. The restatement is the result of the Company having to establish a valuation allowance against its deferred tax assets, as the Company is no longer able to reasonably estimate the period of reversal, if any, for deferred tax liabilities related to licensing costs as the result of the adoption of SFAS No. 142 (See Note 4). As a result, Triton may not rely on the reversal of deferred tax liabilities associated with licensing costs as a means to realize Triton's deferred tax assets, which primarily represent net operating loss carryforwards. Additionally, due to a lack of earnings history, Triton cannot rely, for accounting purposes, on forecasts of future earnings as a means to realize its deferred tax assets. Accordingly, Triton has determined that, pursuant to the provisions of SFAS No. 109, deferred tax valuation allowances are required on those deferred tax assets. As of December 31, 2002, the Company had \$381.1 million in deferred tax assets with a valuation allowance of \$315.1 million. This change, in accordance with Accounting Principles Board Opinion No. 20, in the Company's 2002 deferred tax asset valuation allowance had no effect on cash, cash flow from operations, cash flow from investing activities, cash flow from financing activities, loss from operations or debt covenants. The effect on the 2002 financial statements is summarized below:

2002	December 31, 2002	
	As Originally Reported	As Restated
	(in thousands)	
Deferred income taxes	\$ 11,935	\$ 35,609
Total liabilities	1,654,083	1,677,757
Accumulated deficit	(698,401)	(722,075)
Total stockholders' deficit	(163,515)	(187,189)
	Year ended December 31, 2002	
	As Originally Reported	As Restated
	(in thousands, except per share amounts)	
Income tax expense	\$ 1,365	\$ 25,039
Net loss	(136,821)	(160,495)
Net loss available to stockholders	(148,859)	(172,533)
Comprehensive loss	(146,658)	(170,332)
Net loss per share - basic and diluted	\$ (2.26)	\$ (2.62)

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ITEM 14. CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer of Triton (its principal executive officer and principal financial officer respectively), as well as the Chief Operating Officer and Senior Vice President of Operations have concluded, based on their evaluation as of a date within 90 days prior to the date of the filing of this report, Triton's disclosure controls and procedures: are effective to ensure that information required to be disclosed by Triton in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and include controls and procedures designed to ensure that information required to be disclosed by Triton in such reports is accumulated and communicated to the company's management, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Senior Vice President of Operations, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in Triton's internal controls or in other factors that could significantly affect these controls subsequent to the date of such evaluation.

Triton's disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching Triton's desired disclosure control objectives and are effective in reaching that level of reasonable assurance.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) Financial Statements and Financial Statement Schedules

The following financial statements have been included as part of this amended report:

Report of Independent Accountants	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations and Comprehensive Loss	F-4
Consolidated Statements of Redeemable Preferred Equity and Stockholders' Equity (Deficit)	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7
Schedule I Condensed Financial Information of Triton PCS Holdings, Inc.	19
Schedule II Valuation and Qualifying Accounts	22

Table of Contents**(a) (1) Financial Statement Schedules**

TRITON PCS HOLDINGS, INC.
SCHEDULE I - CONDENSED FINANCIAL INFORMATION

TRITON PCS HOLDINGS, INC.
BALANCE SHEETS
(Dollars in thousands)

	<u>December 31, 2001</u>	<u>December 31, 2002</u>
		(As restated, see Note 17)
ASSETS:		
Investment in subsidiaries	\$ 75,744	_____
	_____	_____
Total Assets	\$ 75,744	_____
	_____	_____
LIABILITIES AND STOCKHOLDERS EQUITY:		
Payable to subsidiaries		60,186
	_____	_____
Total Liabilities		60,186
Series A Redeemable Preferred Stock, \$0.01 par value	114,965	127,003
STOCKHOLDERS EQUITY		
Series B Preferred Stock, \$0.01 par value		
Series C Preferred Stock, \$0.01 par value		
Series D Preferred Stock, \$0.01 par value	5	5
Class A Common Stock, \$0.01 par value	594	603
Class B Non-voting Common Stock, \$0.01 par value	79	79
Additional paid-in capital	623,335	615,587
Accumulated deficit	(561,580)	(722,075)
Accumulated Other Comprehensive Income	(7,660)	(5,459)
Treasury Stock	(1,375)	(1,375)
Deferred compensation	(92,619)	(74,554)
	_____	_____
Total Stockholders Equity	(39,221)	(187,189)
	_____	_____
Total Liabilities and Stockholders Equity	\$ 75,744	_____
	_____	_____

See accompanying notes to financial statements.

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TRITON PCS HOLDINGS, INC.
SCHEDULE I - CONDENSED FINANCIAL INFORMATION (Continued)

TRITON PCS HOLDINGS, INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Dollars in thousands)

	For the Year Ended December 31, 2000	For the Year Ended December 31, 2001	For the Year Ended December 31, 2002
			(As restated, see Note 17)
Equity in net loss of subsidiaries	\$(176,758)	\$(198,390)	\$(160,314)
General & administrative expenses	(148)	(193)	(181)
Net loss	(176,906)	(198,583)	(160,495)
Accretion of preferred stock	(9,865)	(10,897)	(12,038)
Net loss available to common stockholders	\$(186,771)	\$(209,480)	\$(172,533)
Other comprehensive loss, net of tax:			
Cumulative effect of change in accounting principal		(4,162)	
Unrealized gain (loss) on derivatives Instruments		(3,498)	2,201
Comprehensive loss	\$(186,771)	\$(217,140)	\$(170,332)

See accompanying notes to financial statements.

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TRITON PCS HOLDINGS, INC.
SCHEDULE I - CONDENSED FINANCIAL INFORMATION (Continued)

TRITON PCS HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the Year Ended December 31, 2000	For the Year Ended December 31, 2001	For the Year Ended December 31, 2002
			(As restated, see Note 17)
Cash flows from operating activities:			
Net loss	\$(176,906)	\$(198,583)	\$(160,495)
Equity in net loss of subsidiaries	176,758	198,390	160,314
	(148)	(193)	(181)
Net cash used in operating activities			
Cash flows from investing activities			
Investment in subsidiaries	(118)	(104,989)	(753)
	(118)	(104,989)	(753)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from capital contribution			23
Payment of deferred transaction costs	(462)	(1,142)	
Contributions under the employee stock purchase plan	728	1,019	911
Proceeds from equity offering		106,680	
Treasury stock purchase		(1,375)	
	266	105,182	934
Net cash provided by financing activities			
Net decrease in cash			
Cash and cash equivalents, beginning of Period			
Cash and cash equivalents, end of period	\$	\$	\$

See accompanying notes to financial statements.

Note 1.

These statements should be read in conjunction with the Company's consolidated financial statements and notes thereto filed on Form 10-K.

Table of ContentsTRITON PCS HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS

TRITON PCS HOLDINGS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Year	Additions Charged to Cost and Expenses	Deductions Credited to Costs and Expenses	Balance at End of Year
Allowance for doubtful accounts:				
Year ended December 31, 2000	1,765	7,763	6,622	2,906
Year ended December 31, 2001	2,906	12,103	11,664	3,345
Year ended December 31, 2002	3,345	18,889	15,226	7,008
Inventory Obsolescence Reserve:				
Year ended December 31, 2000	177	1,711		1,888
Year ended December 31, 2001	1,888	592	1,794	686
Year ended December 31, 2002	686	1,056	1,096	646
Valuation Allowance for Deferred Tax Assets:				
Year ended December 31, 2000	66,684	75,741		142,425
Year ended December 31, 2001	142,425	94,142		236,567
Year ended December 31, 2002 (as restated, see Note 8)	236,567	78,562		315,129

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

Table of Contents**(a) (3) Exhibits**

Exhibit Number	Description
2.1	Asset Purchase Agreement, dated as of July 13, 1999, among Triton PCS Operating Company, L.L.C., Triton PCS Property Company L.L.C. and American Tower, L.P (incorporated by reference to Exhibit 10.38 to No. 1 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
2.2	Agreement for Purchase and Sale of FCC License, dated as of July 25, 2002, by and between AT&T Wireless PCS, Inc., AT&T Wireless Services, Inc., Triton PCS, Inc. and Triton PCS License Company L.L.C. (incorporated by reference to Exhibit 10.10 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
2.3	Agreement for Purchase and Sale of FCC Licenses, dated as of October 9, 2002, by and between Lafayette Communications Company L.L.C. and Triton PCS License L.L.C. (incorporated by reference to Exhibit 2.3 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2002).
2.4	First Amendment, dated as of December 2, 2002, to Agreement for Purchase and Sale of FCC Licenses, dated as of October 9, 2002, by and between Lafayette Communications Company L.L.C. and Triton PCS License Company L.L.C. (incorporated by reference to Exhibit 2.4 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2002).
2.5	Second Amendment, dated as of December 31, 2002, to Agreement for Purchase and Sale of FCC Licenses, dated as of October 9, 2002, by and between Lafayette Communications Company L.L.C. and Triton PCS License Company L.L.C. (incorporated by reference to Exhibit 2.5 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2002).
3.1	Second Restated Certificate of Incorporation of Triton PCS Holdings, Inc. (incorporated by reference to Exhibit 3.4 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended September 30, 1999).
3.2	Second Amended and Restated Bylaws of Triton PCS Holdings, Inc. (incorporated by reference to Exhibit 3.6 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended September 30, 1999).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
4.2	Indenture, dated as of May 4, 1998, between Triton PCS, Inc., the Guarantors party thereto and PNC Bank, National Association (incorporated by reference to Exhibit 4.1 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
4.3	First Supplemental Indenture, dated as of March 30, 1999, to the Indenture dated as of May 4, 1998 (incorporated by reference to Exhibit 4.1 to the Form 10-Q of Triton PCS, Inc. and its subsidiaries, for the quarter ended March 31, 1999).
4.4	Second Supplemental Indenture, dated as of December 21, 1999, to the Indenture dated as of May 4, 1998 (incorporated by reference to Exhibit 4.4 to Amendment No. 2 to the Form S-3 Registration Statement of Triton PCS Holdings, Inc., File No. 333-49974).
4.5	Indenture, dated as of January 19, 2001, among Triton PCS, Inc., the Guarantors party thereto and The Bank of New York (incorporated by reference to Exhibit 4.5 to Amendment No. 2 to the Form S-3 Registration Statement of Triton PCS Holdings, Inc., File No. 333-49974).

- 4.6 Agreement of Resignation, Appointment and Acceptance, dated as of January 18, 2001, by and among Triton PCS, Inc., Chase Manhattan Trust Company, National Association, as prior trustee and successor to PNC Bank, National Association, and The Bank of New York, as successor trustee under the Indenture dated as of May 4,

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- 1998 (incorporated by reference to Exhibit 4.5 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2001).
- 4.7 Indenture, dated as of November 14, 2001, among Triton PCS, Inc., the Guarantors thereto and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K/A of Triton PCS Holdings, Inc. filed November 15, 2001).
- 10.1 Second Amended and Restated Credit Agreement, dated as of February 3, 1998, as amended and restated as of September 22, 1999 and September 14, 2000, among Triton PCS, Inc., Triton PCS Holdings, Inc., the Lenders (as defined therein) party thereto, and The Chase Manhattan Bank, as administrative agent (incorporated by reference to Exhibit 10.4 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended September 30, 2000).
- 10.2 First Amendment, dated as of September 26, 2001, to the Second Amended and Restated Credit Agreement, dated as of February 3, 1998, as amended and restated as of September 14, 2000, among Triton PCS, Inc., Triton PCS Holdings, Inc., the Lenders (as defined therein) party thereto and The Chase Manhattan Bank, as administrative agent (incorporated by reference to Exhibit 10.2 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2001).
- 10.3 Second Amendment, dated as of February 20, 2002, to the Second Amended and Restated Credit Agreement, dated as of February 3, 1998, as amended and restated as of September 22, 1999 and September 14, 2000, among Triton PCS, Inc., Triton PCS Holdings, Inc., the Lenders (as defined therein) party thereto and JPMorgan Chase Bank, as administrative agent (incorporated by reference to Exhibit 10.3 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2001).
- 10.4 Third Amendment, dated as of March 8, 2002, to the Second Amended and Restated Credit Agreement, dated as of February 3, 1998, as amended and restated as of September 22, 1999 and September 14, 2000, among Triton PCS, Inc., Triton PCS Holdings, Inc., the Lenders (as defined therein) party thereto, JPMorgan Chase Bank, as administrative agent, First Union National Bank, as Tranche E syndication agent and The Bank of Nova Scotia, as Tranche E documentation agent (incorporated by reference to Exhibit 10.4 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2001).
- 10.5 Fourth Amendment, dated as of October 16, 2002, to the Second Amended and Restated Credit Agreement, dated as of February 3, 1998, as amended and restated as of September 14, 2000, among Triton PCS, Inc., Triton PCS Holdings, Inc., the Lenders (as defined therein) party thereto and JPMorgan Chase Bank, as administrative agent (incorporated by reference to Exhibit 10.1 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended September 30, 2002).
- 10.6 AT&T Wireless Services Network Membership License Agreement, dated as of February 4, 1998, between AT&T Corp. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.8 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.7 Amendment No. 1 to AT&T Wireless Services Network Membership License Agreement, dated as of December 31, 1998, between AT&T Corp. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.8 Amendment No. 2 to AT&T Wireless Services Network Membership License Agreement, dated as of June 8, 1999, between AT&T Corp. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.9 Amendment No. 3 to Network Membership License Agreement, dated as of April 4, 2002, between AT&T Corp. and Triton PCS Operating Company L.L.C. (incorporated by reference

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to Exhibit 10.1 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).

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- 10.10 Amendment No. 4 to Network Membership License Agreement, dated as of October 22, 2002, by and between AT&T Corp. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.10 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December, 2002).
- 10.11 Intercarrier Roamer Service Agreements, dated as of February 4, 1998, between AT&T Wireless Service, Inc. and Triton PCS Operating Company L.L.C (incorporated by reference to Exhibit 10.11 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.12 Amendment No. 1 to Intercarrier Roamer Service Agreement, dated as of December 31, 1998, between AT&T Wireless Services, Inc. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.24 to Amendment No. 1 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.13 Amendment No. 2 to Intercarrier Roamer Service Agreement, dated as of June 8, 1999, between AT&T Wireless Services, Inc. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.25 to Amendment No. 1 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.14 Amendment to Intercarrier Roamer Service Agreement, dated as of August 11, 1999, between AT&T Wireless Services, Inc. and Triton PCS, Inc. (incorporated by reference to Exhibit 10.8 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2000).
- 10.15 Amendment No. 3 to Intercarrier Roamer Service Agreement, dated as of April 4, 2002, between AT&T Wireless Services, Inc. and Triton PCS Operating Company L.L.C. (incorporated by reference to Exhibit 10.2 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.16 Roaming Agreement Supplement for GSM and/or GPRS, by and between AT&T Wireless Services, Inc. and Triton PCS Operating Company (incorporated by reference to Exhibit 10.16 to the Form 10-K of Triton PCS Holdings, Inc. for the quarter ended December 31, 2002).
- 10.17 Fifth Amendment, dated as of February 26, 2003, to the Second Amended and Restated Credit Agreement, dated as of February 3, 1998, as amended and restated as of September 14, 2000, among Triton PCS, Inc., Triton PCS Holdings, Inc., the Lenders (as defined therein) party thereto and JPMorgan Chase Bank, as administrative agent (incorporated by reference to Exhibit 10.17 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2002).
- 10.18 Master Tower Site Lease Agreement, dated as of May 28, 1998, between Triton PCS Property Company L.L.C. and AT&T Corp. (incorporated by reference to Exhibit 10.23 to Amendment No. 1 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.19 Ericsson Acquisition Agreement, dated as of March 11, 1998, between Triton Equipment Company L.L.C. and Ericsson, Inc. (incorporated by reference to Exhibit 10.15 to Amendment No. 2 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.20 First Addendum to Acquisition Agreement, dated as of May 24, 1999, between Triton PCS Equipment Company L.L.C. and Ericsson, Inc. (incorporated by reference to Exhibit 10.27 to Amendment No. 3 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.21 Second Addendum to Acquisition Agreement, dated as of September 22, 1999, between Triton PCS Equipment Company L.L.C. and Ericsson, Inc. (incorporated by reference to Exhibit 10.13 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2000).

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- 10.22 Third Addendum to Acquisition Agreement, dated as of June 20, 2000, between Triton PCS Equipment Company L.L.C. and Ericsson, Inc. (incorporated by reference to Exhibit 10.14 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2000).

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- 10.23 Fourth Addendum to Acquisition Agreement, effective as of September 21, 2001, between Triton PCS Equipment Company L.L.C. and Ericsson Inc. (incorporated by reference to Exhibit 10.3 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.24 First Amended and Restated Stockholders Agreement, dated as of October 27, 1999, among AT&T Wireless PCS LLC, Triton PCS Holdings, Inc., CB Capital Investors, L.P., J.P. Morgan Investment Corporation, Sixty Wall Street SBIC Fund, L.P., Private Equity Investors III, L.P., Equity-linked Investors-II, Toronto Dominion Capital (USA) Inc., First Union Capital Partners, Inc., DAG-Triton PCS, L.P., and the Management Stockholders and Independent Directors named therein (incorporated by reference to Exhibit 10.47 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended September 30, 1999).
- 10.25 Investors Stockholders Agreement, dated as of February 4, 1998, among CB Capital Investors, L.P., J.P. Morgan Investment Corporation, Sixty Wall Street SBIC Fund, L.P., Private Equity Investors III, L.P., Equity-Linked Investors-II, Toronto Dominion Capital (USA), Inc., DAG-Triton PCS, L.P., First Union Capital Partners, Inc., and the stockholders named therein (incorporated by reference to Exhibit 10.10 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.26 Amendment No. 1 to Investors Stockholders Agreement among CB Capital Investors, L.P., J.P. Morgan Investment Corporation, Sixty Wall Street SBIC Fund, L.P., Private Equity Investors III, L.P., Equity-Linked Investors-II, Toronto Dominion Capital (USA), Inc., DAG-Triton PCS, L.P., First Union Capital Partners, Inc., and the stockholders named therein (incorporated by reference to Exhibit 10.48 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended September 30, 1999).
- 10.27 Employment Agreement, dated as of February 4, 1998, among Triton Management Company, Inc., Triton PCS Holdings, Inc. and Michael E. Kalogris (incorporated by reference to Exhibit 10.16 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.28 Amendment No. 1 to Employment Agreement, dated as of June 29, 1998, among Triton Management Company, Inc., Triton PCS Holdings, Inc., and Michael E. Kalogris (incorporated by reference to Exhibit 10.16.1 to Amendment No. 1 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.29 Amendment No. 1 to First Amended and Restated Stockholders Agreement, dated as of April 4, 2002, among AT&T Wireless PCS, L.L.C., Triton PCS Holdings, Inc., the cash equity investor party thereto, the management stockholders party thereto and the independent directors party thereto (incorporated by reference to Exhibit 4.9 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.30 Amendment No. 2 to the Employment Agreement by and among Triton Management Company, Inc., Triton PCS Holdings, Inc. and Michael E. Kalogris, dated December, 1998 (incorporated by reference to Exhibit 10.39 to Post-Effective Amendment No. 2 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.31 Amendment No. 3 to the Employment Agreement by and among Triton Management Company, Inc., Triton PCS Holdings, Inc. and Michael E. Kalogris, dated June 8, 1999 (incorporated by reference to Exhibit 10.40 to Post-Effective Amendment No. 2 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.32 Employment Agreement, dated as of February 4, 1998, between Triton Management Company and Steven R. Skinner (incorporated by reference to Exhibit 10.18 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.33 Amendment No. 1 to Employment Agreement, dated as of June 29, 1998, among Triton Management Company, Inc., Triton PCS Holdings, Inc., and Steven R. Skinner (incorporated

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by reference to Exhibit 10.18.1 to Amendment No. 1 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).

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- 10.34 Amendment No. 2 to the Employment Agreement by and among Triton Management Company, Inc., Triton PCS Holdings, Inc. and Steven R. Skinner, dated as of December 31, 1998 (incorporated by reference to Exhibit 10.41 to Post-Effective Amendment No. 2 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.35 Amendment No. 3 to the Employment Agreement by and among Triton Management Company, Inc., Triton PCS Holdings, Inc. and Steven R. Skinner, dated as of June 8, 1999 (incorporated by reference to Exhibit 10.42 to Post-Effective Amendment No. 2 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.36 Employment Agreement, dated May 24, 2001, to be effective as of January 1, 2001, by and between Triton Management Company, Inc. and David D. Clark (incorporated by reference to Exhibit 10.1 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2001).
- 10.37 Amended and Restated Common Stock Trust Agreement for Management Employees and Independent Directors, dated as of June 26, 1998 (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.38 Form of Stockholders Letter Agreement for management employees (incorporated by reference to Exhibit 10.43 to Post-Effective Amendment No. 2 to the Form S-4 Registration Statement of Triton PCS, Inc. and its subsidiaries, File No. 333-57715).
- 10.39 Form of Director Stock Award Agreement, as amended (incorporated by reference to Exhibit 10.9 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.40 Triton PCS Holdings, Inc. 1999 Stock and Incentive Plan (incorporated by reference to Exhibit 10.45 to Amendment No. 3 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.41 Amendment Number One to the Triton PCS Holdings, Inc. 1999 Stock and Incentive Plan (incorporated by reference to the definitive proxy statement on Schedule 14A for the 2001 Annual Meeting of Stockholders of Triton PCS Holdings, Inc. filed on March 30, 2001).
- 10.42 Triton PCS Holdings, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.46 to Amendment no. 1 to the Form S-1 Registration Statement of Triton PCS Holdings, Inc., File No. 333-85149).
- 10.43 Master Purchase Agreement, effective as of September 21, 2001, between Ericsson Inc. and Triton PCS Equipment Company L.L.C. (incorporated by reference to Exhibit 10.4 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.44 Statement of Work No. 1, effective as of September 21, 2001, between Triton PCS Equipment Company L.L.C. and Ericsson Inc. (incorporated by reference to Exhibit 10.1 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.45 Statement of Work No. 2, effective as of April 10, 2002, between Triton PCS Equipment Company L.L.C. and Ericsson Inc. (incorporated by reference to Exhibit 10.6 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.46 Purchase and License Agreement, effective as of May 16, 2002, between Triton PCS Equipment Company L.L.C. and Nortel Networks Inc. (incorporated by reference to Exhibit 10.7 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).
- 10.47 GSM/GPRS Supplement to the Purchase and License Agreement, effective as of May 16, 2002, between Triton PCS Equipment Company L.L.C. and Nortel Networks Inc.

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(incorporated by reference to Exhibit 10.8 to the Form 10-Q of Triton PCS Holdings, Inc. for the quarter ended June 30, 2002).

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21.1	Subsidiaries of Triton PCS Holdings, Inc. (incorporated by reference to Exhibit 21.1 to the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2002).
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Power of Attorney (incorporated by reference to the signatures page of the Form 10-K of Triton PCS Holdings, Inc. for the year ended December 31, 2002).
99.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Reports on Form 8-K

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Berwyn, State of Pennsylvania on May 21, 2003.

Triton PCS Holdings, Inc.

Date: May 21, 2003

By: /s/ Michael E. Kalogris

Michael E. Kalogris
Chief Executive Officer
(Principal Executive Officer)

Date: May 21, 2003

By: /s/ David D. Clark

David D. Clark
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

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Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of Triton PCS Holdings, Inc. and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Michael E. Kalogris</u> Michael E. Kalogris	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	May 21, 2003
<u>/s/ Steven R. Skinner</u> Steven R. Skinner	President, Chief Operating Officer and Director	May 21, 2003
<u>/s/ David D. Clark</u> David D. Clark	Executive Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)	May 21, 2003
<u>/s/ Andrew M. Davies</u> Andrew M. Davies	Vice President and Controller (Principal Accounting Officer)	May 21, 2003
<u>*</u> Scott I. Anderson	Director	May 21, 2003
<u>*</u> John D. Beletic	Director	May 21, 2003
<u>*</u> Arnold L. Chavkin	Director	May 21, 2003
<u>*</u> Rohit M. Desai	Director	May 21, 2003
<u>*</u> Robert Stokes	Director	May 21, 2003

***Power of Attorney**

Michael E. Kalogris, by signing his name hereto, does sign this document on behalf of each of the persons indicated above for whom he is an attorney-in-fact pursuant to a power of attorney duly executed by such person and filed with the Securities and Exchange Commission.

By: /s/ Michael E. Kalogris

Michael E. Kalogris
Chief Executive Officer

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CERTIFICATION

I, Michael E. Kalogris, certify that:

1. I have reviewed this annual report on Form 10-K/A of Triton PCS Holdings, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 21, 2003

/s/ Michael E. Kalogris

Name: Michael E. Kalogris
Title: Chief Executive Officer

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CERTIFICATION

I, David D. Clark, certify that:

1. I have reviewed this annual report on Form 10-K/A of Triton PCS Holdings, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 21, 2003

/s/ David D. Clark

Name: David D. Clark
Title: Chief Financial Officer

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CERTIFICATION

I, Steven R. Skinner, certify that:

1. I have reviewed this annual report on Form 10-K/A of Triton PCS Holdings, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date May 21, 2003

/s/ Steven R. Skinner

Name: Steven R. Skinner
Title: Chief Operating Officer

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CERTIFICATION

I, William A. Robinson, certify that:

1. I have reviewed this annual report on Form 10-K/A of Triton PCS Holdings, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 21, 2003

/s/ William A. Robinson

Name: William A. Robinson
Title: Senior Vice President of Operations