CROWN CASTLE INTERNATIONAL CORP
Form 424B3
February 06, 2004
Table of Contents

As Filed Pursuant to Rule 424(b)(3)
Registration No. 333-112176

PROSPECTUS

CROWN CASTLE INTERNATIONAL CORP.

Offer to Exchange

Up to $300,000,000 Principal Amount Outstanding 7.5% Senior Notes due 2013 For A Like Principal Amount of Registered 7.5% Senior Notes due 2013	Up to $300,000,000 Principal Amount Outstanding 7.5% Series B Senior Notes due 2013 For A Like Principal Amount of Registered 7.5% Series B Senior Notes due 2013

The new 7.5% Senior Notes due 2013 and new 7.5% Series B Senior Notes due 2013 (collectively the new notes) will be free of the transfer restrictions that apply to our outstanding, unregistered 7.5% Senior Notes due 2013 and 7.5% Series B Senior Notes due 2013 that you currently hold (collectively the old notes), but will otherwise have substantially the same terms as the outstanding old notes. This offer will expire at 5:00 p.m., New York City time, on March 8, 2004, unless we extend it. The new notes will not trade on any established exchange.

See Risk Factors beginning on page 8 to read about important factors you should consider in connection with this exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this prospectus or determined if this prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 6, 2004.

Table of Contents

TABLE OF CONTENTS

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and accordingly file annual, quarterly and special reports, proxy statements and other information with the SEC. Members of the public may read and copy any materials we file with the SEC at the SEC s Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Information on the operation of this public reference facility may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at http://www.sec.gov that contains materials we file electronically with the SEC. Our SEC filings are also available at the offices of The New York Stock Exchange at 20 Broad Street, New York, New York 10005 and on our website at http://www.crowncastle.com. The information on our website is not a part of, or incorporated by reference in, this prospectus.

This prospectus incorporates by reference important business and financial information about us that is not otherwise included in this document. The following documents filed by us with the SEC are incorporated herein by reference and shall be deemed to be a part hereof:

1. our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed on March 26, 2003;
2. our Proxy Statement on Schedule 14A, filed on April 16, 2003;
3. our Quarterly Report on Form 10-Q for the three months ended March 31, 2003, filed on May 13, 2003;
4. our Quarterly Report on Form 10-Q for the three months ended June 30, 2003, filed on August 12, 2003;
5. our Quarterly Report on Form 10-Q for the three months ended September 30, 2003, filed on November 12, 2003; and
6. our Current Reports on Form 8-K filed on January 8, 2003, March 31, 2003, May 6, 2003, October 10, 2003, November 19, 2003, December 5, 2003, January 6, 2004 and January 12, 2004.

Current Reports on Form 8-K containing only Regulation FD or Regulation G disclosure furnished under Item 9 or 12 of Form 8-K are not incorporated herein by reference.

All documents and reports filed by us with the SEC (other than Current Reports on Form 8-K containing only Regulation FD or Regulation G disclosure furnished pursuant to Item 9 or 12 of Form 8-K, unless otherwise indicated therein) pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date of this prospectus and prior to the termination of this offering shall be deemed incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of such documents and reports. Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this document to the extent that a statement contained herein or in any subsequently filed document or report that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

We will provide, without charge to each person, including any beneficial owner, to whom this document is delivered, upon written or oral request of such person, a copy of any or all of the documents incorporated herein by reference other than exhibits, unless such exhibits specifically are incorporated by reference into such documents or this document. Requests for such documents should be submitted in writing, addressed to:

Crown Castle International Corp.

510 Bering Drive

Suite 500

Houston, TX 77057

Attention: Corporate Secretary

Telephone: (713) 570-3000

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference certain statements which may be deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate, management s beliefs, and assumptions made by management. In addition, other written or oral statements that constitute forward-looking statements may be made by or on behalf of us. Words such as expects, anticipates, intends, plans, believes, seeks, estimates, variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference herein. It may not contain all the information that is important to you. You should read this entire prospectus and the information incorporated by reference herein carefully. In this prospectus, unless the context otherwise requires, (i) the term notes refers to both the old notes that are the subject of this exchange offer and the new notes that will be issued in exchange for the old notes in the exchange offer, (ii) the term senior notes refers to the 7.5% Senior Notes due 2013, and (iii) the term series B senior notes refers to the 7.5% Series B Senior Notes due 2013.

The Company

We own, operate and lease towers, including co-locatable rooftop sites, and transmission networks for wireless communications and broadcast transmission companies. We engage in such activities through a variety of structures, including subleasing and management arrangements. We own, operate and manage over 15,500 wireless communication sites in the United States, the United Kingdom and Australia. Our customers currently include many of the world s major wireless communications and broadcast companies, including Verizon, Cingular, Nextel, T-Mobile, Sprint PCS, AT&T Wireless, SingTel Optus, Vodafone, O2, Hutchison 3G UK Limited, Orange, British Sky Broadcasting Group plc, National Transcommunications Limited and the British Broadcasting Corporation.

Our main businesses are leasing, including via licensing, antenna space on wireless and broadcast towers that can accommodate multiple tenants and operating analog and digital broadcast transmission networks and wireless networks. A key component of our strategy is to promote sharing of wireless towers and broadcast transmission infrastructure. We also provide certain network services relating to tower or other wireless infrastructure for our customers, including project management of antenna installations.

Our principal executive offices are located at 510 Bering Drive, Suite 500, Houston, Texas 77057, and our telephone number is (713) 570-3000.

Recent Developments

Our credit facility

On October 10, 2003, we entered into an amendment of our principal U.S. credit facility. The amended credit agreement consists of two term loan facilities and a revolving line of credit aggregating $1,642.5 million. After the closing of the amended credit agreement, the Term A loan had a balance of $192.5 million, the Term B loan had a balance of $1,100.0 million, and there were no amounts drawn under the $350.0 million revolving line of credit. The amount of available borrowings, including amounts actually borrowed, have decreased or will decrease by stated amounts at the end of each calendar quarter beginning on (1) December 31, 2003 for the Term B loan and the revolving line of credit and (2) June 30, 2004 for the Term A loan. Any remaining borrowings under the Term A loan and the revolving line of credit must be repaid on September 15, 2007. Any remaining borrowings under the Term B loan must be repaid on September 30, 2010.

Upon the closing of the amended credit agreement, we received $702.0 million in gross proceeds from the increased Term B loan. We utilized (1) $100.0 million of such proceeds to reduce the outstanding borrowings under the Term A loan and (2) $59.0 million of such proceeds to repay the remaining amounts borrowed under our U.K. credit facility, including accrued interest and fees. In addition, on November 10, 2003, we used approximately $248.3 million of such proceeds to redeem our U.K. subsidiaries   9% Guaranteed Bonds, including accrued interest and redemption premiums. The remaining proceeds from the increased Term B loan

1

Table of Contents

are being used for general corporate purposes, including the purchase or redemption of certain of our public debt securities and our 12 $^{3}/4$% Senior Exchangeable Preferred Stock. In connection with the amendment of our credit facility and the retirement of our U.K. indebtedness, we designated our U.K. subsidiaries as restricted subsidiaries for purposes of our amended credit agreement as well as under our bond indentures.

Purchases of our debt securities

In October 2003, we purchased debt securities with an aggregate principal amount and carrying value of approximately $18.2 million in open market transactions. We utilized approximately $20.1 million of our cash to effect these debt purchases. The debt purchases resulted in losses of approximately $2.4 million which will be included in interest and other income (expense) on our consolidated statement of operations for the fourth quarter of 2003.

Redeemable preferred stock

In October 2003, we purchased 1,000 shares of our 12 $^{3}/4$% Senior Exchangeable Preferred Stock in an open market transaction. Such shares of preferred stock had an aggregate redemption amount and carrying value of $1.0 million. We utilized approximately $1.1 million of our cash to effect this preferred stock purchase. The preferred stock purchase resulted in a loss of $0.1 million.

On October 28, 2003, we issued a notice of redemption for the remaining outstanding shares of our 12 $^{3}/4$% Senior Exchangeable Preferred Stock. On December 15, 2003, such shares were redeemed at a price of 106.375% of the liquidation preference. On the redemption date, such redeemed shares had an aggregate redemption and liquidation value of approximately $47.0 million. We utilized approximately $50.0 million of our cash to effect this redemption. The redemption resulted in a loss of approximately $3.0 million.

Issuance of our 7.5% Senior Notes due 2013 and 7.5% Series B Senior Notes due 2013

We issued $300.0 million aggregate principal amount of our 7.5% Senior Notes due 2013 on December 2, 2003, and $300.0 million aggregate principal amount of our 7.5% Series B Senior Notes due 2013 on December 11, 2003.

Tender offer for our 10 $^{3}/8$% Senior Discount Notes due 2011 and 11 $^{1}/4$% Senior Discount Notes due 2011

On November 24, 2003, we commenced cash tender offers and consent solicitations for all of our outstanding 10 $^{3}/8$% Senior Discount Notes due 2011 and 11 $^{1}/4$% Senior Discount Notes due 2011. On December 18, 2003, in accordance with the terms of the tender offers, the purchase prices for the tendered notes were determined to be 104.569% of the outstanding principal amount at maturity for the 10 $^{3}/8$% Senior Discount Notes due 2011 and 104.603% of the outstanding principal amount at maturity for the 11 $^{1}/4$% Senior Discount Notes due 2011. Such purchase prices included a consent payment of $20.00 for each $1,000 principal amount at maturity of the tendered notes. On December 24, 2003, we (1) utilized approximately $456.2 million of our cash to purchase $436.3 million in outstanding principal amount at maturity of the tendered 10 $^{3}/8$% Senior Discount Notes due 2011 and (2) utilized approximately $200.2 million of our cash to purchase $191.4 million in outstanding principal amount at maturity of the tendered 11 $^{1}/4$% Senior Discount Notes due 2011. The purchase of the tendered 10 $^{3}/8$% Senior Discount Notes due

2011 and 11 $^{1}/4$% Senior Discount Notes due 2011 resulted in losses of \$42.9 million and \$22.9 million, respectively. Upon completion of the tender offers, we had approximately \$12.8 million principal amount at maturity of our 10 $^{3}/8$% Senior Discount Notes due 2011 outstanding and approximately \$11.7 million principal amount at maturity of our 11 $^{1}/4$% Senior Discount Notes due 2011 outstanding. We also received the required consents from the holders of the 10 $^{3}/8$% Senior Discount Notes due 2011 and 11 $^{1}/4$% Senior Discount Notes due 2011 to eliminate substantially all of the restrictive covenants contained in the indentures governing such notes.

Table of Contents

Tender offer for our 9% Senior Notes due 2011 and our 9 $^1/2$% Senior Notes due 2011

On December 5, 2003, we commenced cash tender offers and consent solicitations for all of our outstanding 9% Senior Notes due 2011 and 9 $^1/2$% Senior Notes due 2011. On December 31, 2003, in accordance with the terms of the tender offers, the purchase prices for the tendered notes (excluding accrued interest through the purchase date) were determined to be 107.112% of the outstanding principal amount for the 9% Senior Notes due 2011 and 109.140% of the outstanding principal amount for the 9 $^1/2$% Senior Notes due 2011. Such purchase prices included a consent payment of $20.00 for each $1,000 principal amount of the tendered notes. On January 7, 2004, we (1) utilized approximately $147.0 million of our cash to purchase $135.6 million in outstanding principal amount of the tendered 9% Senior Notes due 2011, including accrued interest thereon of $1.8 million, and (2) utilized approximately $124.0 million of our cash to purchase $109.5 million in outstanding principal amount of the tendered 9 $^1/2$% Senior Notes due 2011, including accrued interest thereon of $4.5 million. The purchase of the tendered 9% Senior Notes due 2011 and 9 $^1/2$% Senior Notes due 2011 resulted in losses of $12.5 million and $11.7 million, respectively. Upon completion of the tender offers, we had approximately $26.1 million principal amount of our 9% Senior Notes due 2011 outstanding and approximately $4.8 million principal amount of our 9 $^1/2$% Senior Notes due 2011 outstanding. We also received the required consents from the holders of the 9% Senior Notes due 2011 and 9 $^1/2$% Senior Notes due 2011 to eliminate substantially all of the restrictive covenants contained in the indentures governing such notes.

Table of Contents

The Offering

Summary of Terms of Exchange Offer

Background	On December 2, 2003, we completed a private placement of $300.0 million aggregate principal amount of 7.5% Senior Notes due 2013. On December 11, 2003, we completed a private placement of $300.0 million aggregate principal amount of 7.5% Series B Senior Notes due 2013. In connection with these private placements, we entered into registration rights agreements with the initial purchasers of the old notes in which we agreed, among other things, to deliver this prospectus to you and to complete an exchange offer.
The exchange offer	We are offering to exchange (i) our new 7.5% Senior Notes due 2013 which have been registered under the Securities Act of 1933 for a like principal amount of our outstanding, unregistered 7.5% Senior Notes due 2013 and (ii) our new 7.5% Series B Senior Notes due 2013 which have been registered under the Securities Act of 1933 for a like principal amount of our outstanding, unregistered 7.5% Series B Senior Notes due 2013. Old notes may only be tendered in integral multiples of $1,000 principal amount. See The Exchange Offer Terms of the exchange.
	As of the date of this prospectus, $300.0 million in aggregate principal amount of our 7.5% Senior Notes due 2013 and $300.0 million in aggregate principal amount of our 7.5% Series B Senior Notes due 2013 are outstanding.
Resale of new notes	Based upon the position of the staff of the SEC as described in previous no-action letters, we believe that new notes issued pursuant to the exchange offer in exchange for old notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act of 1933, provided that: you are acquiring the new notes in the ordinary course of your business; you have not engaged in, do not intend to engage in and have no arrangement or understanding with any person to participate in the distribution of the new notes; and you are not our affiliate as defined under Rule 405 of the Securities Act of 1933.
	We do not intend to apply for listing of the new notes on any securities exchange or to seek approval for quotation through an automated quotation system. Accordingly, there can be no assurance that an active market will develop upon completion of the exchange offer or, if developed, that such market will be sustained or as to the liquidity of the market.

Each participating broker-dealer that receives new notes for its own account pursuant to the exchange offer in exchange for old notes that were acquired as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of new notes. See Plan of Distribution.

Any holder of old notes who:

- is our affiliate;
- does not acquire new notes in the ordinary course of its business;
- tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of new notes; or
- is a broker-dealer that acquired the old notes directly from us,

must comply with the registration and prospectus delivery requirements of the Securities Act of 1933 in connection with the resale of new notes.

Consequences if you do not exchange your old notes

Old notes that are not tendered in the exchange offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to offer or sell the old notes unless:

- you do so pursuant to an exemption from the requirements of the Securities Act of 1933;
- the old notes are registered under the Securities Act of 1933; or
- the transaction requires neither such an exemption nor registration,

and after the exchange offer is closed, we will no longer have an obligation to register the old notes, except for some limited exceptions. See Risk Factors Risk related to the exchange offer Failure to exchange your old notes.

Expiration date	The exchange offer will expire at 5:00 p.m., New York City Time, on March 8, 2004, unless we extend the exchange offer. See The Exchange Offer Expiration date; Extensions; Amendments.
Certain conditions to the exchange offer	The exchange offer is subject to certain customary conditions, which we may waive. See The Exchange Offer Conditions to the exchange offer.
Special procedures for beneficial holders	If you beneficially own old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the exchange offer, you should contact such registered holder promptly and instruct such person to tender on your behalf. If you wish to tender in the exchange offer on your

Table of Contents

	own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either arrange to have the old notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time. See The Exchange Offer Procedures for tendering.
Withdrawal rights	You may withdraw your tender of old notes at any time before the offer expires. See The Exchange Offer Withdrawal of tenders.
Accounting treatment	We will not recognize any gain or loss for accounting purposes upon the completion of the exchange offer. The expenses of the exchange offer that we pay will increase our deferred financing costs in accordance with generally accepted accounting principles. See The Exchange Offer Accounting treatment.
Certain tax consequences	The exchange pursuant to the exchange offer generally will not be a taxable event for U.S. Federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.
Use of proceeds	We will not receive any proceeds from the exchange or the issuance of new notes in connection with the exchange offer.
Exchange agent	The Bank of New York is serving as exchange agent in connection with the exchange offer.

Summary Description of the Securities to be Registered

The new notes have the same financial terms and covenants as the old notes, which are as follows:

The New Senior Notes

Securities offered	$300.0 million in aggregate principal amount of 7.5% Senior Notes due 2013.
Maturity	December 1, 2013.
Interest	Annual rate 7.5%. Payment frequency each June 1 and December 1, commencing June 1, 2004.
Original issue discount	The old senior notes were issued with original issue discount for U.S. Federal income tax purposes. The new senior notes will bear the same amount of original issue discount as the old senior notes. Consequently, original issue discount will be included in the gross income of a U.S. holder of new senior notes for U.S. Federal income tax purposes in advance of the receipt of cash payments on the new notes. See Certain U.S. Federal Income Tax Considerations.

The New Series B Senior Notes

Securities offered	$300.0 million in aggregate principal amount of 7.5% Series B Senior Notes due 2013.

6

Table of Contents

Maturity	December 1, 2013.
Interest	Annual rate 7.5%. Payment frequency each June 1 and December 1, commencing June 1, 2004.

Additional Terms of the New Notes

Ranking	The new notes constitute our senior debt, and rank equally in right of payment with all of our existing and future senior debt, but will be effectively junior in right of payment to the extent of the assets securing our other senior debt. Our only significant assets are the capital stock of our subsidiaries, and the notes will not be guaranteed by our subsidiaries. As a result, the new notes will be structurally subordinated to all debt and other liabilities of our subsidiaries, including borrowings under their credit facilities.
Optional redemption	On or after December 1, 2008, we may redeem some or all of the notes at any time at the redemption price listed under Description of Notes Optional redemption. Before December 1, 2006, we may redeem up to 35% of the notes with the proceeds of public offerings of equity or strategic investments in us at the price listed under Description of Notes Optional redemption.
Mandatory offer to repurchase	If we sell certain assets, or experience specific kinds of changes of control, we must offer to repurchase the notes at the price listed under Description of Notes Repurchase at the option of holders.
Basic covenants of indenture	We will issue the new notes under two indentures with The Bank of New York. The indentures will, among other things, restrict our ability and the ability of our subsidiaries to: borrow money; pay dividends on stock or repurchase stock; make investments; use assets as security in other transactions; and sell assets or merge with or into other companies. There are important exceptions to each of these covenants. For example, if either the senior notes or the series B senior notes, as the case may be, are assigned an investment grade rating by Moody s and Standard & Poor s and no default or event of default has occurred or is continuing, certain covenants relating to that particular series of notes will be suspended. If the rating on such series of notes should subsequently decline to below investment grade, the suspended covenants will be reinstituted. For more details, see the Description of Notes Certain covenants.

Risk Factors

You could carefully consider all of the information in this prospectus. In particular, you should evaluate the specific risk factors under Risk Factors for a discussion of certain risks related to your participation in the exchange offer.

Table of Contents

RISK FACTORS

You should carefully consider the risks described below and review the information contained in the other sections of this prospectus and the documents incorporated by reference in this prospectus when evaluating your participation in the exchange offer.

Risks relating to our business

Investing in the new notes involves risks. You should carefully consider the specific factors discussed below under the headings Risks relating to the notes and Risks relating to the exchange offer, together with all the other information contained in this prospectus or appearing or incorporated by reference in this prospectus. For a further discussion of the risks, uncertainties and assumptions relating to our business, please see the discussion under the caption Risk factors included in our annual report on Form 10-K for the year ended December 31, 2002, which is incorporated by reference in this prospectus. The risks, uncertainties and assumptions associated with our business include:

Our substantial level of indebtedness could adversely affect our ability to react to changes in our business. We may also be limited in our ability to use debt to fund future capital needs.

To service our indebtedness, we will require a significant amount of cash from our subsidiaries. An inability to access our subsidiaries cash flow may lead to an acceleration of our indebtedness, including our notes. Currently, the instruments governing certain of our subsidiaries indebtedness do not, under certain circumstances, allow sufficient funds to be distributed to us from such subsidiaries to service our indebtedness.

We have historically experienced consolidated net losses and we anticipate that we will continue to experience consolidated net losses in the foreseeable future. There can be no assurances that we will not experience greater consolidated net losses in the future.

Fluctuations in market interest rates could increase interest expense relating to our floating rate indebtedness.

Our business depends on the demand for wireless communication and towers. We will be adversely affected by any slowdown in the growth of, or reduction in demand for, wireless communications.

An economic or telecommunications industry slowdown could materially and adversely affect our business (including reducing demand for our towers and network services) and the business of our customers.

If we are unable to successfully manage our existing operations as we grow, our business will be adversely affected, and we may not be able to continue our current business strategy.

A substantial portion of our revenues is derived from a small number of customers, including Verizon, the BBC and Cingular. The loss or consolidation of any of our limited number of customers could materially decrease revenues.

As a holding company, we require dividends from subsidiaries to meet cash requirements or pay dividends. If our subsidiaries are unable to dividend cash to us when we need it, we may be unable to pay dividends or satisfy our obligations, including interest and principal payments, under our debt instruments.

The terms of our debt instruments limit our ability to take a number of actions that our management might otherwise believe to be in our best interests. In addition, if we fail to comply with our covenants, our debt could be accelerated.

We operate our business in a competitive industry and some of our competitors have significantly more resources or less debt than we do. As a result of this competition, we may find it more difficult to achieve favorable lease rates on our towers, and we may be forced to pay more for future tower acquisitions.

Table of Contents

New technologies could make our tower antenna leasing services less desirable to potential tenants and result in decreasing revenues. Such new technologies could decrease demand for tower leases and negatively impact our revenues.

2.5G/3G and other technologies, including digital terrestrial television, may not deploy or be adopted by customers as rapidly or in the manner projected.

Agreements among our customers may act as alternatives to leasing sites from us. The proliferation of such agreements could have a material adverse effect on our revenues and operations.

Demand for our network services business is very volatile which causes our network service operating results to vary significantly for any particular period.

We may need additional financing, which may not be available, for strategic growth opportunities. If we are unable to raise capital in the future when needed, we may not be able to fund future growth opportunities.

We generally lease or sublease the land under our towers and may not be able to maintain these leases. If we fail to protect our rights against persons claiming superior rights in our communications sites, our business may be adversely affected.

Laws and regulations which could change at any time and with which we could fail to comply regulate our business. If we fail to comply with applicable laws or regulations, we could be fined or even lose our right to conduct some of our business.

Emissions from antennas on our towers may create health risks. We could suffer from future claims if the radio frequency emissions from equipment on our towers is demonstrated to cause negative health effects.

Our international operations expose us to changes in foreign currency exchange rates. If we fail to properly match or hedge the currencies in which we conduct business, we could suffer losses as a result of changes in currency exchange rates.

If we lose members of our senior management, we may not be able to find appropriate replacements on a timely basis and our business could be adversely affected.

Anti-takeover provisions in our certificate of incorporation and competition laws could have effects that conflict with the interests of our stockholders.

Sales of a substantial number of shares of common stock could adversely affect the market price of the common stock.

We have experienced disputes with customers and suppliers. Such disputes could lead to increased tensions, damaged relationships or litigation which could result in the loss of a key customer or supplier.

The carrying value of our sites and related goodwill may be subject to impairment in the future if we are unable to add sufficient additional tenants to the sites.

Risks relating to the notes

Substantial level of indebtedness Our substantial level of indebtedness could adversely affect our ability to react to changes in our business. We may also be limited in our ability to use debt to fund future capital needs.

We have a substantial amount of indebtedness. The following chart sets forth certain important credit information and is presented as of September 30, 2003, after giving effect to (1) the recent amendment to our principal U.S. senior credit facility, (2) the repayment of amounts borrowed under our U.K. credit facility, (3) the redemption of our U.K. subsidiaries 9% Guaranteed Bonds due 2007, (4) our purchase during October 2003 of certain of our debt securities and preferred stock, (5) the redemption of our 12 $^{3}/4$% Senior Exchangeable Preferred Stock, (6) the issuance of our 7.5% Senior Notes due 2013 on December 2, 2003, (7) the issuance of

Table of Contents

our 7.5% Series B Senior Notes due 2013 on December 11, 2003 and (8) the completion of our tender offers for our 10 3/8% Senior Discount Notes due 2011, our 11 1/4% Senior Discount Notes due 2011, our 9% Senior Notes due 2011 and our 9 1/2% Senior Notes due 2011 (dollars in thousands):

Total indebtedness	$ 3,227,047
Redeemable preferred stock	506,367
Stockholders equity	1,844,155
Debt and redeemable preferred stock to equity ratio	2.02x

In addition, our earnings for the quarter ended September 30, 2003 were insufficient to cover fixed charges by approximately $85.7 million, after giving effect to the changes in interest expense, amortization of deferred financing costs and dividends on preferred stock resulting from the adjustments made in (1) through (8) above.

As a result of our substantial indebtedness:

we could be more vulnerable to general adverse economic and industry conditions;

we may find it more difficult to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

we may have more difficulty satisfying our obligations with respect to the notes;

we will be required to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, reducing the available cash flow to fund other projects;

we may have limited flexibility in planning for, or reacting to, changes in our business and in the industry; and

we may have a competitive disadvantage relative to other companies in our industry with less debt.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt, pay our obligations under our convertible preferred stock or fund our planned capital expenditures. In addition, we may need to refinance some or all of our indebtedness on or before maturity. We cannot guarantee, however, that we will be able to refinance our indebtedness on commercially reasonable terms or at all. We have the ability under our debt instruments to incur substantial additional indebtedness, and any additional indebtedness we incur could exacerbate the risks described above.

Restrictive debt covenants The terms of our debt instruments limit our ability to take a number of actions that our management might otherwise believe to be in our best interests. In addition, if we fail to comply with our covenants, our debt could be accelerated.

Currently we have debt instruments in place that restrict our ability to incur more indebtedness, pay dividends, create liens, sell assets and engage in certain mergers and acquisitions. Our subsidiaries, under their debt instruments, are also required to maintain specific financial ratios. Our ability to comply with the restrictions of these instruments and to satisfy our debt obligations will depend on our future operating performance. If we fail to comply with the debt restrictions, we will be in default under those instruments, which in some cases would cause the maturity of substantially all of our long-term indebtedness to be accelerated. The restrictions may also affect our decisions relating to certain strategic growth opportunities.

Ability to service debt To service our indebtedness, including the notes, we will require a significant amount of cash from our subsidiaries. An inability to access our subsidiaries cash flow may lead to an acceleration of our indebtedness, including the new notes. Currently, the instruments governing our subsidiaries indebtedness do not, under certain circumstances, allow sufficient funds to be distributed to us to service our indebtedness.

If we are unable to refinance our subsidiary debt or renegotiate the terms of such debt, we may not be able to meet our debt service requirements, including interest payments on the notes, in the future. Our 4% convertible

Table of Contents

senior notes, our 9% senior notes, our 9½% senior notes, our 10¾% senior notes, our 9 3/8% senior notes, our 7.5% senior notes and our 7.5% Series B senior notes require annual cash interest payments of approximately $9.2 million, $2.4 million, $0.5 million, $46.1 million, $38.2 million, $22.5 million and $22.5 million, respectively. Prior to May 15, 2004 and August 1, 2004, the interest expense on our 10 3/8% discount notes and our 11¼% discount notes, respectively, will be comprised solely of the amortization of original issue discount. Thereafter, the 10 3/8% discount notes and the 11¼% discount notes will require annual cash interest payments of approximately $1.3 million and $1.3 million, respectively. In addition, our various credit facilities will require periodic interest payments on amounts borrowed thereunder, which amounts could be substantial.

As a holding company, we require dividends from subsidiaries to meet cash requirements or pay dividends If our subsidiaries are unable to dividend cash to us when we need it, we may be unable to pay dividends or satisfy our obligations, including interest and principal payments, under our debt instruments.

We are a holding company with no business operations of our own. Our most significant asset is the outstanding capital stock of our subsidiaries. We conduct all of our business operations through our subsidiaries. Accordingly, our only source of cash to pay dividends or make other distributions on our capital stock or to pay interest and principal on our outstanding indebtedness is distributions relating to our ownership interest in our subsidiaries from the net earnings and cash flow generated by such subsidiaries or from proceeds of debt or equity offerings. There can be no assurance that our subsidiaries will generate sufficient cash flow to pay or distribute such a dividend or funds, or that applicable state law and contractual restrictions, including negative covenants contained in certain of the debt instruments of such subsidiaries, would permit such dividends, distributions or payments. Furthermore, the terms of our credit facilities place restrictions on our principal subsidiaries ability to pay dividends or to make distributions, and in any event, any such permitted dividends or distributions may only be paid if no default has occurred under the applicable instrument. Moreover, our subsidiaries are permitted under the terms of their existing debt instruments to incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to us.

Obligations of our subsidiaries The new notes will be effectively subordinated to the obligations of our subsidiaries.

We conduct all of our operations through our subsidiaries. As a result, future distributions or advances from our subsidiaries are a major source of funds necessary to meet our debt service and other obligations. The new notes will be structurally subordinated to all existing and future indebtedness and other obligations issued by our subsidiaries. As of September 30, 2003, after giving effect to the amendment of our U.S. credit facility and the application of proceeds therefrom, our subsidiaries had approximately $1,980.0 million of outstanding liabilities, all of which are structurally senior to the new notes.

Original issue discount Because the old senior notes were issued with original issue discount, holders will be required to pay tax on amounts included in gross income before cash payments on the new senior notes are received.

The old senior notes were issued at a discount from their stated principal amount for U.S. Federal income tax purposes. The new senior notes will bear the same amount of original issue discount as the old senior notes. Consequently, original issue discount will be included in the gross income of a U.S. holder of the new notes for U.S. federal income tax purposes in advance of the receipt of cash payments on such new notes. For more information, see Certain United States Federal Income Tax Considerations.

Risks related to the exchange offer

Failure to exchange your old notes If you fail to exchange your old notes, they will continue to be restricted securities and may become less liquid.

Table of Contents

Old notes which you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities, and you may not offer to sell them except pursuant to an exemption from, or in a transaction not subject to, the Securities Act of 1933 and applicable state securities law. We will issue new notes in exchange for the old notes pursuant to the exchange offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Procedures for Tendering. Such procedures and conditions include timely receipt by the exchange agent of such old notes and of a property completed and duly executed letter of transmittal.

Because we anticipate that most holders of old notes will elect to exchange such old notes, we expect that the liquidity of the market for any old notes remaining after the completion of the exchange offer may be substantially limited. Any old notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the old notes outstanding. Following the exchange offer, if you did not tender your old notes you generally will not have any further registration rights, and such old notes will continue to be subject to certain transfer restrictions. Accordingly, the liquidity of the market for such old notes could be adversely affected.

There is no public market for the new notes We cannot assure you that an active trading market will develop for the new notes.

The new notes are new issues of securities for which there is currently no trading market. Although the initial purchasers of the old notes have advised us that they intend to make a market in the new notes, the initial purchasers are not obligated to do so and may discontinue such market making at any time. We do not intend to apply for listing of the new notes on any domestic securities exchange or to seek approval for quotation through an automated quotation system. Accordingly, there can be no assurance that an active market will develop upon completion of the exchange offer or, if developed, that such market will be sustained or as to the liquidity of any market.

Table of Contents

USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreements entered into in connection with the issuance of the old notes. We will not receive any cash proceeds from the issuance of the new notes in the exchange offer.

SELECTED FINANCIAL AND OTHER DATA

Our selected historical consolidated financial data set forth below for each of the five years in the period ended December 31, 2002, and as of December 31, 1998, 1999, 2000, 2001 and 2002, have been derived from our consolidated financial statements, which have been audited by KPMG LLP, independent accountants. Our selected historical consolidated financial data set forth below for the nine months ended September 30, 2002 and 2003, and as of September 30, 2003, have been derived from our unaudited consolidated financial statements, which include all adjustments that we consider necessary for a fair presentation of the financial position and results of operations for those periods. Operating results for the nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the entire year. The results of operations for the year ended December 31, 2001 are not comparable to the year ended December 31, 2000, the results for the year ended December 31, 2000 are not comparable to the year ended December 31, 1999, and the results for the year ended December 31, 1999 are not comparable to the year ended December 31, 1998 as a result of business and tower acquisitions consummated in 1998, 1999 and 2000. Results of operations of these acquired businesses and towers are included in our consolidated financial statements for the periods after the respective dates of acquisition. The information set forth below should be read in conjunction with the consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and Quarterly Report on Form 10-Q for the three months ended September 30, 2003.

Table of Contents

	Years Ended December 31,					Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
	(In thousands of dollars, except per share amounts)						
Statement of Operations Data:							
Net revenues:							
Site rental and broadcast transmission	$ 75,028	$ 267,894	$ 446,039	$ 575,961	$ 677,839	$ 498,559	$ 572,817
Network services and other	38,050	77,865	203,126	322,990	223,694	175,013	103,685
Total net revenues	113,078	345,759	649,165	898,951	901,533	673,572	