CROWN CASTLE INTERNATIONAL CORP
Form 10-K/A
June 25, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2006

or

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

Commission File Number 001-16441

CROWN CASTLE INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware	**76-0470458**
(State or other jurisdiction	**(I.R.S. Employer**

of incorporation or organization)	**Identification No.)**

510 Bering Drive

Suite 600

Houston, Texas	**77057-1457**
(Address of principal executive offices)	**(Zip Code)**

(713) 570-3000

(Registrant s telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act	**Name of Each Exchange on Which Registered**
Common Stock, $.01 par value	New York Stock Exchange
Rights to Purchase Series A Participating Cumulative Preferred Stock	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: NONE.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Role 405 of the Securities Act. Yes x No ¨

Indicated by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $7,235 million as of June 30, 2006, the last business day of the registrant s most recently completed second fiscal quarter, based on the New York Stock Exchange closing price on that day of $34.54 per share.

Applicable Only to Corporate Registrants

As of February 20, 2007, there were 282,778,796 shares of Common Stock outstanding.

Documents Incorporated by Reference

The information required to be furnished pursuant to Part III of this Form 10-K will be set forth in, and incorporated by reference from, the registrant s definitive proxy statement for the annual meeting of stockholders (the 2007 Proxy Statement), which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended December 31, 2006.

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Cautionary Language Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements that are based on our management s expectations as of the filing date of this report with the Securities and Exchange Commission (SEC). Such statements include, plans, projections and estimates contained in Business , Legal Proceedings , Management s Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures about Market Risk herein. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, including prevailing market conditions, the risk factors described under Risk Factors herein and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected.

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EXPLAN ATORY NOTE REGARDING AMENDMENT

The Company is filing this amendment no. 1 to its Annual Report on Form 10-K for the year ended December 31, 2006 (Amendment), initially filed with the SEC on February 28, 2007 (the Original Filing), to revise its consolidated financial statements to reflect the recognition of certain non-cash equity-based compensation charges (credits) as of and for the years ended December 31, 2004 and 2005, and as a cumulative effect adjustment as of January 1, 2004, rather than via the previously recorded cumulative effect adjustment as of January 1, 2006. Reflecting these non-cash equity-based compensation charges (credits) as described results in revisions to the Company s consolidated balance sheet as of December 31, 2005, and consolidated statements of operations and comprehensive income (loss) and stockholders equity for the years ended December 31, 2004 and 2005. The revisions to the Company s consolidated financial statements also affected periods prior to 2004 (see *Item 6. Selected Financial Data* and note 1 to the Company s consolidated financial statements in *Item 8. Financial Statements and Supplementary Data*). The impact of the revisions to the Company s consolidated financial statements for periods prior to 2004 is reflected in the Company s consolidated financial statements as an adjustment to opening accumulated deficit as of January 1, 2004. The Company s consolidated financial statements have been revised as the result of a request from the SEC to provide additional information relating to such non-cash equity-based compensation charges (credits), including additional information regarding the non-cash equity-based compensation charges (credits) related to years not individually disclosed in the Original Filing (the years ended December 31, 1998, 1999, 2000, and 2001). The non-cash equity-based compensation adjustment related to those years totaled $78,032,000, or approximately 93% of the previously disclosed total non-cash equity-based compensation adjustment of $83,985,000. Further, as previously disclosed, approximately 55% of the total non-cash equity-based compensation adjustment resulted from the deemed modification of certain stock options as a result of entering into severance agreements with six former executives at the time of, and as disclosed in detail in our Form S-1 filed in connection with, our IPO in 1998. None of these deemed modifications involved any pricing or re-pricing adjustments for any affected options. This Amendment has no impact on previously reported additional paid-in capital, accumulated deficit or total stockholders equity as of January 1, 2006 or any subsequent period, nor does it impact net income (loss) for any period subsequent to January 1, 2006. This Amendment also reiterates certain disclosures previously made in its quarterly reports on Form 10-Q for the periods ended June 30, 2006 and September 30, 2006 (2006 10-Q s).

The Company had previously disclosed the above non-cash equity-based compensation charges (credits) in its 2006 10-Q s and in the Original Filing, and had previously recorded the non-cash equity-based compensation adjustments upon adopting Staff Accounting Bulletin No. 108 (SAB 108), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, by recording an offsetting cumulative effect adjustment of $83,985,000 within stockholders equity that increased additional paid-in capital and increased accumulated deficit as of January 1, 2006. The revisions to the Company s consolidated financial statements reverses the adjustment recorded upon adoption of SAB 108 as previously reflected in the Original Filing; and as described above, records the non-cash equity-based compensation charges (credits) in the Company s consolidated financial statements as of and for the years ended December 31, 2004 and 2005, and as an opening accumulated deficit adjustment as of January 1, 2004 for the impact of such adjustments on periods prior to 2004.

For a discussion of the revisions to the Company s consolidated financial statements, see note 1 to the Company s consolidated financial statements in *Item 8. Financial Statements and Supplementary Data.* Changes have been made to the following items to Part II in this Amendment as a result of the changes described above.

- *Item 6. Selected Financial Data*

- *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations;* see *Effects of Revisions to Consolidated Financial Statements*

- *Item 8. Financial Statements and Supplementary Data;* see notes 1, 12 and 19 to the Company s consolidated financial statements

- *Item 9A. Controls and Procedures;* see *Consideration of the Revisions to Consolidated Financial Statements and Related Amendment*

Item 15. Exhibits, Financial Statement Schedules

For ease of reference, this Amendment sets forth the Original Filing in its entirety. However, this Amendment does not reflect events that have occurred after February 28, 2007, the filing date of the Original Filing, or modify or

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update the disclosures presented in the Original Filing, except to reflect the changes described above. Accordingly, this Amendment should be read in conjunction with the Company s Current Reports filed on Form 8 K subsequent to the filing date of the Original Filing and the Company s periodic report on Form 10-Q for the fiscal quarter ended March 31, 2007. Any reference to facts and circumstances at a current date refer to such facts and circumstances as of the filing date of the Original Filing.

All referenced balances and amounts in this Annual Report for prior periods and prior period comparisons reflect the balances and amounts on a revised basis.

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PART I

Unless this Form 10-K/A indicates otherwise or the context otherwise requires, the terms, we, our, our company, the company or us as used this Form 10-K/A refer to Crown Castle International Corp. and its subsidiaries as of December 31, 2006 and exclude Global Signal Inc. (Global Signal). Unless this Form 10-K/A indicates otherwise or the context otherwise requires, the terms CCUSA and in the U.S. refer to our CCUSA segment as of December 31, 2006 and exclude Global Signal.

Item 1. ***Business***
Overview

We own, operate and lease towers and other communication structures, including certain rooftop installations (collectively, towers), for wireless communications (see *Item 2. Properties*). We engage in such activities through a variety of structures, including subleasing and management arrangements. We also provide certain network services relating to our towers on a limited basis for our customers, including antenna installations and subsequent augmentation, network design and site selection, site acquisition, site development and other services.

As of December 31, 2006, after giving effect to the merger (Global Signal Merger) of Global Signal into a wholly-owned subsidiary of ours in January 2007 (Post-Merger), we owned, leased or managed 23,661 towers (see *Item 1. Business Global Signal Merger*). Post-Merger, we have the most towers in the United States (U.S.) of any wireless tower company, with approximately 21,700 towers, exclusive of rooftop installations. In addition, we have 1,387 towers in Australia and the remainder of our towers are located in Puerto Rico and Canada. As of December 31, 2006, Post-Merger, we also owned, leased or had easements on 280 land sites for towers owned by third parties which are located in the U.S. and the United Kingdom (U.K.). Our customers currently include many of the world s major wireless communications companies, including Sprint Nextel Corp. (Sprint Nextel), AT&T (formerly Cingular Wireless), Verizon Wireless, T-Mobile, Alltel, SingTel Optus (Optus) and Vodafone Australia.

As of December 31, 2006, Post-Merger, we own in fee or have permanent or long-term easements in the land and other properties (collectively land) on which 3,930 of our towers reside, and we lease, sublease or license the land on which 18,994 of our towers reside. In addition, as of December 31, 2006, Post-Merger, we managed 737 towers owned by third parties where we had the right to market space on the tower or where we had sublease arrangements with the tower owner.

Our core business is the leasing (including via licensing) of antenna space on our towers that can accommodate multiple tenants (co-location). Our site rental leasing revenues are derived from this core business. Typically, these revenues result from long-term (five to 10 year) contracts with our customers with renewal terms at the option of the customer. As a result, in any given year in excess of 90% of our site rental revenue, excluding acquisitions, has been contracted for in a prior year.

Our tower portfolio consists primarily of towers in various metropolitan areas. As of December 31, 2006, Post-Merger, approximately 55% of our U.S. and Puerto Rico towers were located in the 50 largest basic trading areas, or BTAs , in the U.S. and Puerto Rico, and approximately 72% of such towers were located in the 100 largest BTAs. See *Item 1. Business The Company CCUSA.* Through our Australia tower portfolio we have a strategic presence in each of Australia s major metropolitan areas, including Sydney, Melbourne, Brisbane, Adelaide and Perth. See *Item 1. Business The Company CCAL.*

We believe our towers are attractive to a diverse range of wireless communications industries, including cellular, personal communications services (PCS), enhanced specialized mobile radio (ESMR), third generation (3G), wireless data, paging, fixed point-to-point radio, and point to multipoint broadcasting (such as radio and television broadcasting). In the U.S. our major customers include Sprint Nextel, AT&T (formerly Cingular Wireless), Verizon Wireless, T-Mobile and Alltel. Our principal customers in Australia are Optus, Vodafone Australia, Hutchison and Telstra.

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In addition to our tower portfolios, we also have invested in adjacent businesses that we believe exhibit sufficient potential to achieve acceptable risk-adjusted returns or complement our core tower rental business, as evidenced by our investments in Modeo and FiberTower (NASDAQ: FTWR).

Strategy

Our strategy is to increase our recurring revenue and cash flow by leasing space on our towers to wireless companies and, where appropriate, to continue to build, acquire and operate towers and wireless infrastructure, through opportunities created by:

- the need for existing wireless carriers to expand coverage and improve network capacity;
- the introduction of new wireless technologies, including 3G and wireless data technology;
- the additional demand for towers and wireless infrastructure created by new entrants into the wireless communications industry;
- our development of adjacent businesses which complement our existing businesses and assets; and
- the transfer to third parties, or outsourcing, of tower ownership and management by our customers.

We believe our strategy is consistent with our mission to deliver the highest level of service to our customers at all times striving to be their critical partner as we assist them in growing efficient, ubiquitous wireless networks. The key elements of our strategy, which leverages our experience in expanding, marketing and operating our portfolio of towers, are to:

- ***Grow Revenue Organically.*** We are seeking to increase the utilization of our towers by increasing the number of antenna leases on our towers. Our towers generally have capacity available for additional antenna space rental. We believe there is demand for such co-location capacity both from existing wireless carriers and new wireless carriers. We seek to assist our customers in solving their coverage or capacity gaps through our four-point-value proposition (see *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations General Overview).* We intend to continue to use targeted sales and marketing techniques to lease space and increase the investment return on our towers.

- ***Grow Margins and Operating Cash Flow.*** We are seeking to maximize operating cash flow by taking advantage of the potential for operating margin expansion afforded by the relatively fixed nature of the operating costs associated with our site rental business. The majority of the operating costs of our site rental business consist of ground lease expense, property taxes, repairs and maintenance, utilities and salaries, which tend to escalate at approximately the rate of inflation. Consequently, if increased utilization of tower capacity is achieved at low incremental cost, our site rental business should experience operating margin expansion and result in growth in operating cash flow.

- ***Allocate Capital Efficiently.*** We are focused on the efficient utilization of capital. We may seek to enhance or expand our existing portfolio of towers through (1) the selective acquisition or build of strategically located towers that satisfy certain investment criteria and are complementary to our tower portfolio, (2) the acquisition of real property interests in the land on which our towers are located or (3) the enhancement of our existing towers. With respect to tower and site acquisitions, such transactions may include acquisitions of towers from major wireless carriers or other tower companies through direct acquisitions, tower exchanges, joint ventures, mergers or other means, as evidenced by the Global Signal Merger. With respect to tower builds and structural enhancements, we may selectively build new towers and structurally enhance our existing towers for customers as they expand and fill in their service areas and deploy new technologies requiring additional antenna space. Our decisions to invest additional capital in structural enhancements and selective acquisitions or build activities are generally based upon whether such investments exhibit sufficient co-location revenue potential to achieve acceptable risk-adjusted returns. From time to time, we may sell or exchange certain of our towers or other assets as opportunities arise. In addition, we have used, and may continue to use, some of our capital to acquire our debt and equity securities when such acquisitions appear economically viable and capital efficient.

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Extend Revenue by Leveraging our Existing Expertise. We are seeking to extend the products and services we offer beyond the leasing of space on our towers to other potentially shareable activities, such as distributed antenna systems (DAS), antenna and base station maintenance, shared antennas, shared radio spectrum, shared point-to-point radio backhaul and network maintenance and monitoring. We believe these opportunities would leverage our experience in engineering, deploying, owning, managing and operating our extensive portfolio of towers and our strong customer relationships. We believe many of these opportunities are consistent with our four-point-value proposition to assist our customers in solving their coverage and capacity gaps, as discussed further in *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations General Overview* . Further, we are pursuing other strategic opportunities, or adjacent businesses, which we believe exhibit sufficient potential to achieve acceptable risk-adjusted returns or exhibit potential to complement our existing assets and expertise, as evidenced by our investments in Modeo and FiberTower. See *Item 1. Business The Company Emerging Businesses* .

2006 Highlights and Recent Developments

During 2006, we engaged in a number of significant activities consistent with our strategy, including entering into a definitive agreement to acquire Global Signal, the purchase of shares of our common stock (common stock), the refinancing and issuance of indebtedness and the acquisition of Mountain Union Telecom, LLC (Mountain Union). The Global Signal Merger is discussed below under Item 1. Business Global Signal Merger. See *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations General Overview Overview* for a summary description of the highlights of such other activities occurring in 2006 and the beginning of 2007.

Global Signal Merger

On October 5, 2006, we entered into a definitive agreement (Merger Agreement) which contemplated the merger of Global Signal into a wholly-owned subsidiary of ours. Global Signal operated 10,749 towers, primarily concentrated in the southwestern, midwestern, Pacific coast and northeastern regions of the U.S. Pursuant to the Merger Agreement, on January 12, 2007, Global Signal was merged with and into a wholly-owned subsidiary of ours, in a stock and cash transaction valued at approximately $4.0 billion, exclusive of debt of approximately $1.8 billion that remained outstanding as obligations of the Global Signal entities acquired. As a result of the completion of Global Signal Merger, we issued approximately 98.1 million shares of common stock and paid the maximum $550.0 million in cash (Cash Consideration) to the stockholders of Global Signal and reserved for issuance approximately 0.6 million shares of common stock issuable pursuant to Global Signal warrants. Pursuant to the Merger Agreement, Global Signal common stockholders were entitled to convert each share of Global Signal common stock into 1.61 shares of our common stock or, alternatively, could elect to receive cash in the amount of $55.95 per Global Signal share. Following the Global Signal Merger, the former Global Signal stockholders owned approximately 32.7% of our outstanding shares. See *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations General Overview Current Year Highlights and Recent Developments,* *Item 1A. Risk Factors* and *Item 1. Business The Company CCUSA.*

Upon closing of the Global Signal Merger, Global Signal s subsidiaries had debt outstanding of approximately $1.8 billion (all of which remained outstanding as obligations of the Global Signal entities we acquired) having a structure similar to the $1.9 billion in notes issued through certain of our subsidiaries in June 2005 (2005 Tower Revenue Notes) and the $1.55 billion in notes issued through certain of our subsidiaries in November 2006 (2006 Tower Revenue Notes). As a result, we have significantly increased our interest expense. See *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Activities.*

Global Signal revenues, cost of operations and gross margins for 2006 were approximately $500 million (unaudited), $225 million (unaudited) and $275 million (unaudited), respectively. We entered into the Global Signal Merger primarily because of the growth opportunities we anticipate the Global Signal tower portfolio will provide, including through the leveraging of our management team and customer service across an enhanced national footprint. We believe the anticipated opportunities for growth will be driven by the carrier focus on improving network quality, subscriber growth, increasing subscriber usage, wireline replacement and next generation network

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builds. See *"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-General Overview-Overview."* Secondarily, we believe there will be synergistic opportunities provided by the Global Signal Merger. In 2007, as a result of the Global Signal Merger, we do expect a substantial increase in our general and administrative expenses from 2006, but we also anticipate a decrease in general and administrative expenses as a percentage of revenue. We also expect to incur a substantial amount of costs to integrate Global Signal into our internal control structure and operations.

Stockholders Agreement. Concurrently with the execution of the Merger Agreement, we entered into a stockholders agreement (Stockholders Agreement) with (1) certain investment funds affiliated with Fortress Investment Group LLC (collectively, Fortress), (2) Greenhill Capital Partners, L.P. and certain of its related partnerships (collectively, Greenhill), and (3) Abrams Capital Partners II, L.P. and certain of its related partnerships (collectively, Abrams Capital , and together with Fortress and Greenhill, the Global Signal Significant Stockholders). Pursuant to the Stockholders Agreement, we have filed an automatic shelf registration statement with the SEC registering certain shares of our common stock received by the Global Signal Significant Stockholders in the merger (Merger Shares). In addition, pursuant to the Stockholders Agreement, the Global Signal Significant Stockholders (and certain of their affiliates) (1) have a limited number of demands for us to register their Merger Shares and (2) will be able to have their respective Merger Shares registered whenever we propose to register our equity securities.

In lieu of Global Signal Significant Stockholders right to require us to conduct a marketed secondary offering of certain of their Merger Shares within 90 days after the merger, on January 19, 2007, we entered into a stock purchase agreement with the Global Signal Significant Stockholders, pursuant to which we purchased an aggregate of 17.7 million shares of our common stock from the Global Signal Significant Stockholders (January 2007 Stock Purchase). See *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations General Overview Current Year Highlights and Recent Developments.*

As required by the Stockholders Agreement, we have appointed a representative of each of the Global Signal Significant Stockholders to our Board of Directors. Wesley R. Edens, Robert H. Niehaus and David C. Abrams were appointed to the Board of Directors as representatives of Fortress, Greenhill and Abrams Capital, respectively. Each Global Signal Stockholder has a one-time right to re-nominate its designated director (or another individual reasonably acceptable to us) if such Global Signal Stockholder owns more than 3.0% of the outstanding shares of our common stock at the time of such re-nomination.

The Company

We operate our business primarily in the U.S. (including Puerto Rico) and Australia, with limited additional operations in Canada and the U. K. We conduct our operations principally through subsidiaries of Crown Castle Operating Company (CCOC), including (1) certain subsidiaries which operate our tower portfolios in the U.S., Puerto Rico and Canada (referred to as CCUSA) and (2) a joint venture in which we have a 77.6% interest that operates our Australia tower portfolio (referred to as CCAL). For more information about our operating segments, as well as financial information about the geographic areas in which we operate, see note 16 to our consolidated financial statements and the section entitled *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations* below.

CCUSA

Overview

The primary business of CCUSA is the leasing of antenna space on multiple-tenant towers to a variety of customers under long-term leases. Supporting our competitive position in the site rental business, we offer our customers certain network services relating to our towers, including antenna installations and other services.

At December 31, 2006, Post-Merger, CCUSA owned, leased or managed 22,274 towers, including rooftop installations. Although we own, lease or manage 252 towers located in Puerto Rico and Canada that are included in CCUSA, our towers are primarily located throughout the U.S. The U.S. towers are located predominantly in the northeast, southeast, midwest, southwest and Pacific coast regions of the U.S. Most of our towers were acquired

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through transactions consummated within the past eight years, including through transactions with Global Signal, Bell Atlantic Mobile and GTE Wireless (both now part of Verizon Wireless), BellSouth Mobility and BellSouth DCS (both now part of AT&T (formerly Cingular Wireless)) and Powertel (now a part of T-Mobile).

Through the Global Signal Merger, which closed on January 12, 2007, we acquired 10,749 towers which are located primarily in the U.S. Of the 10,749 towers Global Signal operated and which we now operate, 6,553 towers (Sprint Towers) are to be leased or operated for a period of 32 years (through May 2037) under master leases and subleases (Sprint Master Leases) with Sprint Corporation (a predecessor of Sprint Nextel) and certain subsidiaries of Sprint Corporation entered into in May 2005. Global Signal prepaid the rent owed under the Sprint Master Leases in May 2005. During the period commencing one year prior to the expiration of the Sprint Master Leases and ending 120 days prior to expiration, Post-Merger we have the option to purchase all (but not less than all) of the Sprint Towers then leased for approximately $2.3 billion. Post-Merger we are entitled to all revenue from the Sprint Towers during the term of the Sprint Master Leases, including amounts payable under existing leases with third parties. In addition, under the Sprint Master Leases, certain Sprint Corporation subsidiaries have agreed to sublease space on substantially all of the Sprint Towers for an initial period of 10 years. At the closing of the Global Signal Merger, the Sprint Master Leases remained effective as an asset and commitment of the Global Signal entities we acquired.

Prior to the Global Signal Merger, our communication towers were primarily acquired in transactions beginning in 1998 through 2000, including the following transactions:

Acquisition	Transaction Closing Dates	No. of Current Communication Towers	Primary Tower Locations
Bell Atlantic Mobile	March 1999	2,020	Eastern, Southwestern U.S.
GTE Wireless	January September 2000 (a)	2,881	Eastern, Midwestern, Southwestern and Pacific Coast areas of the U.S.
Bell South Mobility and Bell South DCS	June 1999 December 2000(b)	3,046	Southeastern and Midwestern U.S.
Powertel	June 1999	675	Southeastern U.S.
Trintel Communications Inc.	August 2005	467	Midwestern U.S.
Mountain Union Telecom, LLC	July 2006	474(c)	Puerto Rico and Southern U.S.

(a) The towers from GTE wireless were acquired in tranches from January 2000 through September 2000.
(b) The towers from Bell South Mobility and Bell South DCS were acquired in tranches from June 1999 through December 2000.
(c) The tower count is exclusive of 77 towers in various stages of development as of July 2006.

We plan to continue to structurally enhance our existing towers and selectively build or acquire strategically located towers which meet certain economic criteria on a limited basis. To reduce risk and speculation, in connection with building towers, we generally look for towers with multiple tenant demand and obtain lease commitments from customers prior to building such towers. Further, the towers are constructed to accommodate multiple tenants in order to obviate the need for later structural enhancement, saving capital and time for our customers.

Site Rental

CCUSA rents antenna space on its towers to a variety of carriers operating cellular, PCS, ESMR, 3G, wireless data services, paging and other networks. The number of antennae that our towers can accommodate varies depending on the tower s location, height and structural capacity.

We generally receive monthly rental payments from customers, payable under site leases. The new leases at CCUSA recently entered into by us typically have original terms of seven to 10 years (with three or four optional renewal periods of five years each) and provide for annual price increases based upon a consumer price index, a fixed percentage or a combination thereof. The lease agreements with our customers relating to tower network

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acquisitions generally have an original term of 10 years, with multiple renewal options, each typically ranging from five to 10 years. We have existing master lease agreements with most major wireless carriers, including Sprint Nextel, AT&T (formerly Cingular Wireless), Verizon Wireless, and T-Mobile, which provide certain terms (including economic terms) that govern leases on our towers entered into by such parties during the term of their master lease agreements.

The average monthly rental payment of a new tenant added to a tower varies among the different regions in the U.S. and the type of service being provided by the tenant, with broadband tenants (such as PCS) paying more than narrowband tenants (such as paging), primarily as a result of the physical size of the antenna installation. In addition, we also routinely receive rental payment increases in connection with lease amendments which authorize carriers to add additional antennas or other equipment to towers on which they already have equipment pursuant to pre-existing lease agreements.

Network Services

We also provide network services, on a limited basis, primarily relating to our towers for our customers. Our service offering consists of antenna installations and subsequent augmentation, network design and site selection, site acquisition, site development and other services.

Customers

In both the CCUSA site rental and network services businesses, we work with a number of customers in a variety of businesses including cellular, PCS, ESMR, 3G, wireless data services and paging. We work extensively with large national wireless carriers such as Sprint Nextel, AT&T (formerly Cingular Wireless), Verizon Wireless, and T-Mobile. For the year ended December 31, 2006, these four carriers, accounted for approximately 72.7% of CCUSA s revenues and 67.2% of our consolidated revenues, with Sprint Nextel, AT&T (formerly Cingular Wireless), Verizon Wireless, and T-Mobile accounting for 16.0%, 25.4%, 22.0%, and 9.3%, respectively, of CCUSA s revenues and 14.8%, 23.5%, 20.3%, and 8.6%, respectively, of our consolidated revenues. For the year ended December 31, 2006, on a pro forma basis as if the Global Signal Merger was completed January 1, 2006, approximately 68.3% of our total combined revenues was derived from Sprint Nextel, AT&T (formerly Cingular Wireless), Verizon Wireless, and T-Mobile, with such customers representing 24.2%, 20.4%, 15.3%, and 8.4% of our combined consolidated revenues, respectively. No other single customer of CCUSA accounted for more than 10.0% of our 2006 consolidated revenues. See *Item 1A. Risk Factors A Substantial Portion of Our Revenues is Derived From a Small Number of Customers.*

Sales and Marketing

The CCUSA sales organization markets our towers within the wireless telecommunications industry. We seek to become the preferred independent tower provider for our customers. We use public and proprietary databases to develop targeted marketing programs focused on carrier network build-outs, modifications, site additions and network services. Information about carriers existing location of antenna space, leases, marketing strategies, capital spend plans, deployment status, and actual wireless carrier signal strength measurements taken in the field is analyzed to match specific towers in our portfolios with potential new site demand. In addition, we have developed patented property management tools and software which allow us to estimate site leasing demand with greater speed and accuracy. Through these and other tools we have developed, we seek to determine potential demand for our towers, allowing for proactive discussions with our carrier customers regarding these towers and the timing of their demand.

A team of national account directors maintains our relationships with our largest customers. These directors work to develop new tower leasing opportunities, network services contracts and site management opportunities, as well as to ensure that customers tower needs are efficiently translated into new leases on our towers.

Sales personnel in our area offices develop and maintain local relationships with carriers that are expanding their networks, entering new markets, bringing new technologies to market or requiring maintenance or add-on business. We target numerous types of customers, including cellular, PCS, ESMR, 3G, wireless data, paging and government agencies. Our objective is to lease space on existing towers and pre-sell capacity on our new towers prior to construction.

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In addition to our full-time sales and marketing staff, a number of senior managers and officers spend a significant portion of their time on sales and marketing activities and call on existing and prospective customers.

Competition

CCUSA competes with other independent tower owners which also provide site rental and network services; wireless carriers which build, own and operate their own tower networks; broadcasters with respect to their broadcast towers; building owners that lease antenna space on rooftop sites; and other potential competitors, such as utilities and outdoor advertisers, some of which actively participate in the site rental industry. Wireless carriers that own and operate their own tower networks generally are substantially larger and have greater financial resources than we have. We believe that tower location, deployment speed, capacity, quality of service and price has been and will continue to be the most significant competitive factors affecting the leasing of a tower.

Some of the larger independent tower companies with which CCUSA competes in the U.S. include American Tower Corporation, SBA Communications Corporation and Global Tower Partners. Significant additional site rental competition comes from the leasing of rooftops, utility structures and other alternative sites for antennas.

Competitors in the network services business include site acquisition consultants, zoning consultants, real estate firms, right-of-way consulting firms, construction companies, tower owners/managers, radio frequency engineering consultants, telecommunications equipment vendors who can provide turnkey site development services through multiple subcontractors, and our customers internal staffs. We believe that carriers base their decisions on the outsourcing of network services on criteria such as a company s experience, track record, local reputation, price and time for completion of a project. See *Item 1A. Risk Factors We Operate Our Business In a Competitive Industry and Some of Our Competitors Have Significantly More Resources or Less Debt Than We Do.*

CCAL

Our primary business in Australia is the leasing of antenna space on towers to our customers. CCAL, a joint venture which is owned 77.6% by us and 22.4% by Permanent Nominees (Aust) Ltd, acting on behalf of a group of professional and institutional investors led by Jump Capital Limited, is our principal Australian operating subsidiary. CCAL is the largest independent tower operator in Australia. As of December 31, 2006, CCAL had 1,387 towers, with a strategic presence in each of Australia s major metropolitan areas, including Sydney, Melbourne, Brisbane, Adelaide and Perth.

For the year ended December 31, 2006, CCAL comprised 7.6% of our consolidated revenues. CCAL s principal customers are Optus, Vodafone Australia, Hutchison and Telstra. For the year ended December 31, 2006, these four carriers accounted for approximately 94.4% of CCAL s revenues, with Vodafone Australia and Optus accounting for 34.5% and 34.1%, respectively. See *Item 1A. Risk Factors A Substantial Portion of Our Revenues is Derived From a Small Number of Customers.*

The majority of CCAL towers were acquired from Optus and Vodafone Australia in 2000 and 2001, respectively. In connection with these transactions, Optus agreed to lease space on the former Optus towers for an initial term of 15 years, and Vodafone Australia agreed to lease space on the former Vodafone Australia towers for an initial rent free term of 10 years.

In Australia, CCAL competes with wireless carriers, which own and operate their own tower networks; service companies that provide site maintenance and property management services; and other site owners, such as broadcasters and building owners. The two other significant tower owners in Australia are Broadcast Australia and Telstra. We believe that tower location, capacity, quality of service, deployment speed and price within a geographic market are the most significant competitive factors affecting the leasing of a site.

Several 3G networks continue to be developed in Australia. Two metropolitan networks are being built by joint ventures between Hutchison and Telstra and between Optus and Vodafone Australia, respectively. In addition,

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Telstra has constructed the first phase of a new national 3G network, which is currently not shared with Hutchison, to replace one of its existing networks. The Telstra network was launched commercially in October 2006. Each of the 3G networks has already utilized a number of our towers in connection with its deployment, and we expect more of our towers will be utilized by each of the networks in 2007. In addition, Optus recently announced plans to provide nationwide 3G coverage with deployment commencing in 2007. Unwired Australia and Personal Broadband Australia also continued their deployment of broadband wireless networks (providing high speed internet services to consumers) in 2006, which are currently operating in key metropolitan markets.

Emerging Businesses

We have pursued and are currently pursuing other strategic opportunities, or adjacent businesses, which we believe exhibit sufficient potential to achieve acceptable risk-adjusted returns or exhibit potential to complement our core tower rental business. Such emerging adjacent businesses currently consist of Modeo.

Modeo was formed in 2004 to explore a potential offering of live digital television and audio broadcast and podcasting to mobile devices, such as wireless phones. Modeo plans to offer this service as a wholesale network provider, utilizing the spectrum under our 1670-1675 MHz U.S. nationwide spectrum license (having an initial term of 10 years), which we acquired in 2003 through a Federal Communications Commission (FCC) auction. Modeo broadcasts its service using the Digital Video Broadcast to Handheld (DVB-H) standard, the open standard for the broadcast of digital television to mobile devices. Modeo has had no revenues since inception.

During 2006, Modeo completed the development of a commercial grade mobile television DVB-H network in New York City. In December 2006, Modeo launched a live, commercial quality mobile television beta service in New York City that includes live video content from leading network programmers as well as streaming audio content. Modeo plans to stage its New York beta activities in phases throughout the first and second quarters of 2007, which will include establishing a formal beta test group. After we have received and evaluated the feedback from these beta activities, we will review and evaluate our options for expanding the Modeo network beyond New York City. We continue to evaluate the potential options for funding the build out of the Modeo network beyond New York City, which include: non-recourse debt secured by our 1670-1675 MHz spectrum license, equity investors in Modeo, joint venture proposals, proposals to sell a controlling interest in Modeo along with a combination of the above.

Many other companies, some with significantly greater resources than us, offer or plan to offer video and audio content to wireless handsets and other mobile devices. Although Modeo s planned services are not yet commercially available, Modeo competes with these other offerings in bringing its service to commercial availability. If and when Modeo s planned service becomes commercially available, Modeo will compete with these offerings to capture potential subscribers and market share. In particular, Qualcomm has announced that it is currently developing a multicast digital video service, marketed under the brand name MediaFLO. Verizon Wireless and AT&T (formerly Cingular Wireless) have announced that they plan to offer their customers mobile video services over the MediaFLO network. In addition, Modeo may face competition from other companies offering podcasting and alternate methods of distributing video and audio to handheld devices. See *Item 1A. Risk Factors Modeo s Business Has Certain Risk Factors Different from our Core Tower Business, Including an Unproven Business Model.*

Employees

At February 20, 2007, we employed approximately 1,160 people worldwide, inclusive of approximately 210 people previously employed by Global Signal who are providing services only during the integration of the Global Signal business. We are not a party to any collective bargaining agreements. We have not experienced any strikes or work stoppages, and management believes that our employee relations are satisfactory.

Regulatory Matters

To date, we have not incurred any material fines or penalties or experienced any material adverse effects to our business as a result of any domestic or international regulations. The summary below is based on regulations currently in effect, and such regulations are subject to review and modification by the applicable governmental authority from time to time. See *Item 1A. Risk Factors Laws and Regulations, Which May Change at Any Time and With Which We May Fail to Comply, Regulate Our Business.*

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United States

Federal Regulations

Both the FCC and the Federal Aviation Administration (FAA) regulate towers used for wireless communications transmitters and receivers. Such regulations control the siting and marking of towers and may, depending on the characteristics of particular towers, require the registration of tower facilities and the issuance of determinations confirming no hazard to air traffic. Wireless communications devices operating on towers are separately regulated and independently licensed based upon the particular frequency used. In addition, the FCC and the FAA have developed standards to consider proposals for new or modified tower and antenna structures based upon the height and location, including proximity to airports. Proposals to construct or to modify existing tower and antenna structures above certain heights are reviewed by the FAA to ensure the structure will not present a hazard to aviation, which determination may be conditioned upon compliance with lighting and marking requirements. The FCC requires its licensees to operate communications devices only on towers that comply with FAA rules and are registered with the FCC, if required by its regulations. Where tower lighting is required by FAA regulation, tower owners bear the responsibility of notifying the FAA of any tower lighting outage. Failure to comply with the applicable requirements may lead to civil penalties.

Local Regulations

The U.S. Telecommunications Act of 1996 amended the Communications Act of 1934 to preserve state and local zoning authorities jurisdiction over the siting of communications towers. The law, however, limits local zoning authority by prohibiting actions by local authorities that discriminate between different service providers of wireless services or ban altogether the provision of wireless services. Additionally, the law prohibits state and local restrictions based on the environmental effects of radiofrequency emissions to the extent the facilities comply with FCC regulations.

Local regulations include city and other local ordinances (including subdivision and zoning ordinances), approvals for construction, modification and removal of towers, and restrictive covenants imposed by community developers. These regulations vary greatly, but typically require us to obtain approval from local officials prior to tower construction. Local zoning authorities may render decisions that prevent the construction or modification of towers or place conditions on such construction or modifications that are responsive to community residents concerns regarding the height, visibility and other characteristics of the towers.

Other Regulations

We hold, through certain of our subsidiaries, certain licenses for radio transmission facilities granted by the FCC, including licenses for common carrier microwave service, commercial and private mobile radio service, specialized mobile radio and paging service, which are subject to additional regulation by the FCC. Our FCC license relating to the 1670 to 1675 MHz spectrum band contains certain conditions related to the services that may be provided thereunder, the technical equipment used in connection therewith and the circumstances under which it may be renewed. We are required to obtain the FCC s approval prior to assigning or transferring control of any of our FCC licenses.

Australia

Federal Regulation

Carrier licenses and nominated carrier declarations issued under the Australian Telecommunications Act 1997 authorize the use of network units for the supply of telecommunications services to the public. The definition of network units includes line links and base stations used for wireless telephony services but does not include tower infrastructure. Accordingly, CCAL as a tower owner and operator does not require a carrier license. Similarly, because CCAL does not own any transmitters or spectrum, it does not currently require any apparatus or spectrum licenses issued under the Australian Radiocommunications Act 1992.

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Carriers have a statutory obligation to provide other carriers with access to towers, and, if there is a dispute (including a pricing dispute), the matter may be referred to the Australian Competition and Consumer Commission for resolution. As a non-carrier, CCAL is not subject to this regime, and our customers negotiate site access on a commercial basis.

While the Australian Telecommunications Act 1997 grants certain exemptions from planning laws for the installation of low impact facilities, newly constructed towers are expressly excluded from the definition of low impact facilities. Accordingly, in connection with the construction of towers, CCAL is subject to state and local planning laws which vary on a site by site basis. Structural enhancements may be undertaken on behalf of a carrier without state and local planning approval under the general maintenance power under the Australian Telecommunications Act 1997, although these enhancements may be subject to state and local planning laws if CCAL is unable to obtain carrier co-operation to use that legislative power. For a limited number of towers, CCAL is also required to install aircraft warning lighting in compliance with federal aviation regulations. In Australia, a carrier may arguably be able to utilize the maintenance power under the Australian Telecommunications Act of 1997 to remain as a tenant on a tower after the expiration of a site license or sublease; however, CCAL s customer access agreements generally limit the ability of customers to do this, and, even if a carrier did utilize this power, the carrier would be required to pay for CCAL s financial loss, which would roughly equal the tower rental that would have otherwise been payable.

Local Regulations

In Australia there are various local, state and territory laws and regulations which relate to, among other things, town planning and zoning restrictions, standards and approvals for the design, construction or alteration of a structure or facility, and environmental regulations. As in the U.S., these laws vary greatly, but typically require tower owners to obtain approval from governmental bodies prior to tower construction and to comply with environmental laws on an ongoing basis.

Environmental Matters

To date, we have not incurred any material fines or penalties or experienced any material adverse effects to our business as a result of any domestic or international environmental regulations or matters. See *Item 1A. Risk Factors Laws and Regulations, Which May Change at Any Time and With Which We May Fail to Comply, Regulate Our Business* and *Emissions From Antennas on Our Towers or Wireless Devices May Create Health Risks.*

The construction of new towers in the U.S. may be subject to environmental review under the National Environmental Policy Act of 1969, which requires federal agencies to evaluate the environmental impact of major federal actions. The FCC has promulgated regulations implementing the National Environmental Policy Act which require applicants to investigate the potential environmental impact of the proposed tower construction. Should the proposed tower construction present a significant environmental impact, the FCC must prepare an environmental impact statement, subject to public comment. If a proposed tower may have a significant impact on the environment, the FCC s approval of the construction could be significantly delayed.

Our operations are subject to federal, state and local laws and regulations relating to the management, use, storage, disposal, emission, and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. As an owner, lessee or operator of real property, we are subject to certain environmental laws that impose strict, joint-and-several liability for the cleanup of on-site or off-site contamination relating to existing or historical operations, and we could also be subject to personal injury or property damage claims relating to such contamination. We are potentially subject to environmental and cleanup liabilities in the U.S. and Australia.

As licensees and tower owners, we are also subject to regulations and guidelines that impose a variety of operational requirements relating to radio frequency emissions. As employers, we are subject to OSHA (and similar occupational health and safety legislation in Australia) and similar guidelines regarding employee protection from

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radio frequency exposure. The potential connection between radio frequency emissions and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years.

We have compliance programs and monitoring projects to help assure that we are in substantial compliance with applicable environmental laws. Nevertheless, there can be no assurance that the costs of compliance with existing or future environmental laws will not have a material adverse effect on us.

Ite m 1A. ***Risk Factors***

You should carefully consider the risks described below, as well as the other information contained in this document, when evaluating your investment in our securities.

Global Signal Merger The Global Signal Merger may cause disruptions in our business, which may have an adverse effect on our business and financial results.

The Global Signal Merger could cause disruptions in or otherwise negatively impact our business. Among other things:

- the business combination of Global Signal with us may disrupt our business relationships with our customers, who may delay or defer decisions about current and future agreements with us because of the merger;
- current and prospective employees may experience uncertainty about their future roles with us, which might adversely affect our ability to retain or attract key managers and other employees; and
- the attention of management may be directed toward the integration of Global Signal with us and away from other business operations.

Performance of Assets Acquired in the Global Signal Merger The assets acquired in the Global Signal Merger may not perform as expected, which may have an adverse effect on our business, financial condition or results of operations.

In evaluating the anticipated benefits of a potential transaction with Global Signal, we performed due diligence on Global Signal s tower portfolio and other assets to be acquired in the Global Signal Merger, which due diligence included, among other things, analyzing tower locations, visiting select towers, evaluating radio frequency information, and evaluating potential carrier customer demand. The results of this due diligence were used to support assumptions that were made by us in creating financial models to evaluate the potential future performance of Global Signal s assets and the combined company. There can be no assurances that the towers and other assets of Global Signal will perform as expected by us based on our due diligence and provide us with the benefits that have been anticipated. A variety of factors could cause these assets not to provide such benefits, including, among other things:

- the inability to procure additional ground space at existing tower locations;
- local and state restrictions on the ability to modify such towers; and
- latent structural weaknesses associated with such towers and the related cost of repairing, reinforcing or upgrading them.

If Global Signal s assets fail to perform as expected or we fail to otherwise realize the anticipated benefits of Global Signal s assets for these or other reasons, our business, financial condition or results of operations could be adversely affected.

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Integration of Global Signal The integration of Global Signal is expected to result in substantial expenses and may present significant challenges.

We may face significant challenges in combining Global Signal s operations in a timely and efficient manner and retaining key Global Signal personnel. This integration will be complex and time-consuming. The failure to successfully integrate Global Signal s business and to manage the challenges presented by the integration process successfully, including the retention of key Global Signal personnel, may result in us and our stockholders not achieving the anticipated potential benefits of the Global Signal Merger.

Achieving the benefits of the Global Signal Merger will depend in part on the integration of Global Signal s operations, wireless communications tower portfolio and personnel in a timely and efficient manner and our ability to realize the anticipated synergies from this integration. This integration may be difficult and unpredictable for many reasons, including, among others, the size of Global Signal s wireless communications tower portfolio and because Global Signal s and our internal systems and processes were developed without regard to such integration. Successful integration of Global Signal also requires coordination of personnel, which may be difficult and unpredictable because of possible cultural conflicts and differences in policies, procedures and operations between the companies and the different geographical locations of the companies and their assets. If the integration is not successful, we might not realize the expected benefits of the merger, which could adversely affect our business and the value of our common stock after the merger.

We expect to incur substantial expenses in connection with the integration of the Global Signal business into our policies, procedures, operations and systems. There are a large number of systems that must be integrated, including management information, accounting and finance, sales, billing, payroll and benefits, lease administration systems and regulatory compliance.

Although we expect that the realization of efficiencies related to the integration of the Global Signal business may offset incremental transaction, merger-related and restructuring costs over time, no assurances can be made that this net benefit will be achieved in the near term, or at all, and there are a number of factors, some of which are beyond our control, that could affect the total amount or the timing of all of the expected integration expenses.

Our Business Depends on the Demand for Wireless Communications and Towers We may be adversely affected by any slowdown in such demand, including a slowdown attributable to wireless carrier consolidation or by the sharing of networks by wireless carriers.

Demand for our towers depends on demand for antenna space from our customers, which, in turn, depends on the demand for wireless services. The willingness of our customers to utilize our infrastructure, or renew existing leases on our towers, will be affected by numerous factors, including:

- consumer demand for wireless services;
- availability and location of our towers and alternative towers;
- cost of capital, including interest rates;
- availability of capital to our customers;
- willingness to co-locate equipment;
- local and state restrictions on the proliferation of towers;

cost of building towers;

technological changes affecting the number or type of communications sites needed to provide wireless communications services to a given geographic area;

our ability to efficiently satisfy our customer s service requirements; and

tax policies.

A slowdown in demand for a particular wireless segment may adversely affect the demand for our towers. Moreover, some wireless carriers operate with substantial indebtedness, and financial problems for our customers may result in accounts receivable going uncollected, the loss of a customer (and associated lease revenue) or a reduced ability of these customers to finance expansion activities.

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A slowdown in the deployment of equipment for new wireless technologies, the consolidation of wireless carriers, the sharing of networks by wireless carriers or the increased use of alternative sites may also adversely affect the demand for our towers. In addition, advances in technology, such as the development of new antenna systems, new terrestrial deployment technologies and new satellite systems, may reduce the need for land-based, or terrestrial, transmission networks or our towers. To some extent, almost all of the above factors have occurred in recent years with an adverse effect on our business, and such factors are likely to persist in the future. The occurrence of any of these factors may negatively impact our revenues, result in an impairment of our assets or otherwise have a material adverse effect on us.

A Substantial Portion of Our Revenues is Derived From a Small Number of Customers The loss or consolidation of, network sharing among, or financial instability of any of our limited number of customers may materially decrease revenues.

For the year ended December 31, 2006, approximately 67.2% of our consolidated revenue was derived from Sprint Nextel, Cingular, Verizon Wireless and T-Mobile, which represented 14.8%, 23.5%, 20.3% and 8.6%, respectively, of our consolidated revenues. For the year ended December 31, 2006, on a pro forma basis as if the Global Signal Merger was completed January 1, 2006, approximately 68.3% of our total combined revenues were derived from Sprint Nextel, Cingular, Ve