CROWN CASTLE INTERNATIONAL CORP
Form 10-K/A
August 13, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A-1

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

Commission File Number 000-24737

CROWN CASTLE INTERNATIONAL CORP.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	76-0470458 (I.R.S. Employer Identification No.)
510 Bering Drive Suite 500 Houston, Texas (Address of principal executive offices)	77057-1457 (Zip Code)

(713) 570-3000
(Registrant's telephone number, including area code)

Title of Each Class of Securities Registered Pursuant to Section 12(b) of the Securities Exchange Act of 1934	Name of 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 Securities Exchange Act of 1934: NONE.

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 the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $935.4 million as of March 15, 2002 based on the New York Stock Exchange closing price of $7.60 per share.

Applicable Only to Corporate Registrants

As of March 15, 2002, there were 219,842,529 shares of Common Stock outstanding and 0 shares of Class A 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 "2002 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, 2001.

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PART II

Item 6. Selected Financial Data

The selected historical consolidated financial and other data for the Company set forth below for each of the five years in the period ended December 31, 2001, and as of December 31, 1997, 1998, 1999, 2000 and 2001, have been derived from the consolidated financial statements of the Company, which have been audited by KPMG LLP, independent accountants. 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 the Company's consolidated financial statements for the periods after the respective dates of acquisition. The information set forth below should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data".

	Years Ende		
	1997	1998	1
	(In thousands of dollars		
Statement of Operations Data:			
Net revenues:			
Site rental and broadcast transmission	$ 11,010	$ 75,028	$ 2
Network services and other	20,395	38,050	
Total net revenues	31,405	113,078	3
Costs of operations:			
Site rental and broadcast transmission	2,213	26,254	1
Network services and other	13,137	21,564	
Total costs of operations	15,350	47,818	1
General and administrative	6,824	23,571	
Corporate development(a)	5,731	4,625	
Restructuring charges	--	--	
Asset write-down charges	--	--	
Non-cash general and administrative compensation charges(b)	--	12,758	
Depreciation and amortization	6,952	37,239	1
Operating income (loss)	(3,452)	(12,933)	
Equity in earnings (losses) of unconsolidated affiliate	(1,138)	2,055	
Interest and other income (expense)(c)	1,951	4,220	
Interest expense and amortization of deferred financing costs	(9,254)	(29,089)	(1
Loss before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle	(11,893)	(35,747)	(
Provision for income taxes	(49)	(374)	
Minority interests	--	(1,654)	
Loss before extraordinary item and cumulative effect of change in accounting principle	(11,942)	(37,775)	(
Extraordinary item--loss on early extinguishment of debt	--	--	
Cumulative effect of change in accounting principle for costs of start-up activities	--	--	
Net loss	(11,942)	(37,775)	(
Dividends on preferred stock	(2,199)	(5,411)	(
Net loss after deduction of dividends on preferred stock	$ (14,141)	$ (43,186)	$ (1
Per common share--basic and diluted:			
Loss before extraordinary item and cumulative effect of change in accounting principle	$ (2.27)	$ (1.02)	$
Extraordinary item	--	--	
Cumulative effect of change in accounting principle	--	--	
Net loss	$ (2.27)	$ (1.02)	$
Common shares outstanding--basic and diluted (in thousands)	6,238	42,518	1
Other Data:			
Adjusted EBITDA(d)	$ 3,500	$ 37,064	$ 1

Summary cash flow information:			
Net cash provided by (used for) operating activities	(624)	44,976	
Net cash used for investing activities	(111,484)	(149,248)	(1,5
Net cash provided by financing activities	159,843	345,248	1,6
Ratio of earnings to fixed charges(e)	--	--	
Balance Sheet Data (at period end):			
Cash and cash equivalents	$ 55,078	$ 296,450	$ 5
Property and equipment, net	81,968	592,594	2,4
Total assets	371,391	1,523,230	3,8
Total debt	156,293	429,710	1,5
Redeemable preferred stock(f)	160,749	201,063	4
Total stockholders' equityst	41,792	737,562	1,6

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(a) Corporate development expenses represent costs incurred in connection with acquisitions and development of new business initiatives. These expenses consist primarily of allocated compensation, benefits and overhead costs that are not directly related to the administration or management of existing towers. For the year ended December 31, 1997, such expenses include (1) nonrecurring cash bonuses of $0.9 million paid to certain executive officers in connection with CCIC's initial investment in CCUK (the "CCUK Investment"); and (2) a nonrecurring cash charge of $1.3 million related to the purchase by CCIC of shares of common stock from CCIC's former chief executive officer in connection with the CCUK Investment.

(b) Represents charges related to the issuance of stock options to certain employees and executives, and the issuance of common stock and stock options in connection with certain acquisitions.

(c) Includes a $1.2 million fee received in March 1997 as compensation for leading the investment consortium which provided the equity financing for CCUK in connection with the CCUK Investment.

(d) Adjusted EBITDA is defined as operating income (loss) plus depreciation and amortization, non-cash general and administrative compensation charges, asset write-down charges and restructuring charges. Adjusted EBITDA is presented as additional information because management believes it to be a useful indicator of our ability to meet debt service and capital expenditure requirements. It is not, however, intended as an alternative measure of operating results or cash flow from operations (as determined in accordance with generally accepted accounting principles). Furthermore, our measure of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

(e) For purposes of computing the ratio of earnings to fixed charges, earnings represent income (loss) before income taxes, minority interests, extraordinary item, cumulative effect of change in accounting principle, fixed charges and equity in earnings (losses) of unconsolidated affiliate. Fixed charges consist of interest expense, the interest component of operating leases and amortization of deferred financing costs. For the years ended December 31, 1997, 1998, 1999, 2000 and 2001, earnings were insufficient to cover fixed charges by $10.8 million, $37.8 million, $91.3 million, $202.3 million and $351.0 million, respectively.

(f) The 1997 amount represents (1) the senior convertible preferred stock privately placed by CCIC in August 1997 and October 1997, all of which has been converted into shares of common stock; and (2) the Series A convertible preferred stock, the Series B convertible preferred stock and the Series C convertible preferred stock privately placed by CCIC in April

1995, July 1996 and February 1997, respectively, all of which has been converted into shares of common stock in connection with the consummation of our initial public offering of common stock (the "IPO"). The 1998 amount represents the 12 3/4% exchangeable preferred stock. The 1999 amount represents the 12 3/4% exchangeable preferred stock and the 8 1/4% convertible preferred stock. The 2000 and 2001 amounts represent the 12 3/4% exchangeable preferred stock, the 8 1/4% convertible preferred stock and the 6.25% convertible preferred stock.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist in understanding our consolidated financial condition as of December 31, 2001 and our consolidated results of operations for each year in the three-year period ended December 31, 2001. The statements in this discussion regarding the industry outlook, our expectations regarding the future performance of our businesses and the other nonhistorical statements in this discussion are forward-looking statements. See "--Cautionary Statement for Purposes of Forward-Looking Statements". This discussion should be read in conjunction with "Selected Financial Data" and the consolidated financial statements and related notes included elsewhere in this document. Results of operations of the acquired businesses and towers that are wholly and majority owned are included in our consolidated financial statements for the periods subsequent to the respective dates of acquisition. As such, our results of operations for the year ended December 31, 2001 are not comparable to the year ended December 31, 2000, and the results for the year ended December 31, 2000 are not comparable to the year ended December 31, 1999.

Overview

The continued growth of our business depends substantially on the condition of the wireless communications and broadcast industries. We believe that the demand for communications sites will continue to

grow and expect that, due to increased competition, wireless carriers will continue to seek operating and capital efficiencies by (1) outsourcing certain network services and the build-out and operation of new and existing infrastructure; and (2) planning to use a tower site as a common location, or "co-locating", for the placement of their antennas and transmission equipment alongside the equipment of other communications providers. In addition, we believe that more wireless carriers will seek to sell their wireless communications infrastructure to, or establish joint ventures with, experienced infrastructure providers, such as the Company, that have the demonstrated ability to manage the assets.

Further, we believe that wireless carriers and broadcasters will continue to seek to outsource the operation of their towers and may, eventually, outsource their transmission networks, including the transmission of their signals. Management believes that our ability to manage towers and transmission networks and our proven track record of providing services addressing all aspects of signaling systems from the originating station to the terminating receiver, or "end-to-end" services, to the wireless communications and broadcasting industries position our company to capture such business.

The willingness of wireless carriers to utilize our infrastructure and related services is affected by numerous factors, including:

- consumer demand for wireless services;

- interest rates;
- cost of capital;
- availability of capital to wireless carriers;
- tax policies;
- willingness to co-locate equipment;
- local restrictions on the proliferation of towers;
- cost of building towers;
- technological changes affecting the number of communications sites needed to provide wireless communications services to a given geographic area; and
- our ability to efficiently satisfy their service requirements.

Our revenues that are derived from the provision of transmission services to the broadcasting industry will be affected by, among other things:

- the timing of the rollout of digital television broadcasts from tower-mounted antenna systems, or "digital terrestrial television broadcasts", principally in the United Kingdom;
- consumer demand for digital terrestrial broadcasting;
- interest rates;
- cost of capital;
- zoning restrictions on towers; and
- the cost of building towers.

As an important part of our business strategy, we will seek to:

(1) maximize utilization of our tower capacity,

(2) utilize the expertise of U.S., U.K. and Australian personnel to capture global growth opportunities,

(3) partner with wireless carriers to assume ownership of their existing towers, and

(4) build new towers for wireless carriers.

Critical Accounting Policies

The following is a discussion of the accounting policies that we believe (1) are most important to the portrayal of our financial condition and results of operations and (2) require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Site rental and broadcast transmission revenues are recognized on a monthly basis over the term of the relevant lease, agreement or contract. These revenues are recognized on a straight-line basis, regardless of whether the payments from the customer are received in equal monthly amounts. Some agreements provide for rent-free periods at the beginning of the lease term, while others call for rent to be prepaid for some period. If the payment terms call for fixed escalations (as in fixed dollar or fixed percentage increases), the effect of such increases is spread evenly over the term of the agreement. As a result of this accounting method, a portion of the revenue recognized in a given period represents cash collected in other periods. For 2001, the non-cash portion of our site rental and broadcast transmission revenues amounted to approximately $23.6 million.

Network services revenues are generally recognized under (1) the completed contract method or (2) the percentage-of-completion method. Under the completed contract method, revenues and costs for a particular project are recognized in total at the completion date. Under the percentage-of-completion method, costs are recognized as incurred and revenues are recognized based on the proportion of contract costs incurred compared to the estimated total contract costs. The completed contract method is used for projects that require relatively short periods of time to complete (primarily antenna installations, which generally require three months or less). The percentage-of-completion method is used for projects that require longer periods to complete.

When using the completed contract method of accounting for network services revenues, we must accurately determine the completion date for the project in order to record the revenues and costs in the proper period. For antenna installations, we consider the project complete when the customer can begin transmitting its signal through the antenna. When using the percentage-of-completion method, we must be able to accurately estimate the total costs we expect to incur on a project in order to record the proper amount of revenues for the period. Under both methods, we must be able to estimate losses on uncompleted contracts, as such losses must be recognized as soon as they are known. We do not believe that our use of the completed contract method for short-term projects produces operating results that differ substantially from the percentage-of-completion method.

Allowance for Doubtful Accounts Receivable

As part of our normal accounting procedures, we must evaluate our outstanding accounts receivable to estimate whether they will be collected. This is a subjective process that involves making judgments about our customers' ability and willingness to pay these accounts. An allowance for doubtful accounts is recorded as an offset to accounts receivable in order to present a net balance that we believe will be collected. In estimating the appropriate balance for this allowance, we consider (1) specific reserves for accounts we believe may prove to be uncollectible and (2) additional reserves, based on historical collections, for the remainder of our accounts. Additions to the allowance for doubtful accounts are charged to operating expenses, and deductions from the allowance are recorded when specific accounts receivable are written off as uncollectible. If our estimate of uncollectible accounts should prove to be inaccurate at some future date, the results of operations for the period could be materially effected by any necessary correction to the allowance for doubtful accounts.

Valuation of Long-Lived Assets

We review the carrying values of property and equipment and other long-lived assets, including goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be

recoverable. If the sum of the estimated future cash flows (undiscounted) from the asset is less than its carrying amount, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset. Our determination that an adverse event or change in circumstance has occurred will generally involve (1) a deterioration in an asset's financial performance compared to historical results, (2) a shortfall in an asset's financial performance compared to forecasted results or (3) a change in strategy affecting the utility of the asset. Our measurement of the fair value of an impaired asset will generally be based on an estimate of discounted future cash flows.

On January 1, 2002, we will adopt the new accounting standard for goodwill and intangible assets (see "--Impact of Recently Issued Accounting Standards"). In accordance with that new standard, we will review goodwill for impairment on an annual basis, regardless of whether adverse events or changes in circumstances have occurred.

Deferred Income Taxes

We record deferred income tax assets and liabilities on our balance sheet related to events that impact our financial statements and tax returns in different periods. In order to compute these deferred tax balances, we first analyze the differences between the book basis and tax basis of our assets and liabilities (referred to as "temporary differences"). These temporary differences are then multiplied by current tax rates to arrive at the balances for the deferred income tax assets and liabilities. If deferred tax assets exceed deferred tax liabilities, we must estimate whether those net deferred asset amounts will be realized in the future. A valuation allowance is then provided for the net deferred asset amounts that are not likely to be realized.

The change in our net deferred income tax balances during a period results in a deferred income tax provision or benefit in our statement of operations. If our expectations about the future tax consequences of past events should prove to be inaccurate, the balances of our deferred income tax assets and liabilities could require significant adjustments in future periods. Such adjustments could cause a material effect on our results of operations for the period of the adjustment.

Results of Operations

Our primary sources of revenues are from:

(1) renting antenna space on towers and rooftops sites,

(2) providing analog and digital broadcast transmission services, and

(3) providing network services, including the installation of antennas on our sites as well as third party sites.

Site rental revenues in the U.S. are received primarily from wireless communications companies, including those operating in the following categories of wireless communications:

- cellular;

- personal communications services, a digital service operating at a higher frequency range than cellular;

- microwave;
- paging;
- specialized mobile radio, a service operating in the frequency range used for two-way radio communication by public safety, trucking companies, and other dispatch service users; and
- enhanced specialized mobile radio, a service operating in the SMR frequency range using enhanced technology.

Site rental revenues are generally recognized on a monthly basis under lease agreements, which typically have original terms of five years (with three or four optional renewal periods of five years each).

Broadcast transmission services revenues in the U.K. are received for both analog and digital transmission services. Monthly analog transmission revenues are principally received from the BBC under a contract with an initial 10-year term through March 31, 2007. Digital transmission services revenues from the BBC and ITVdigital (formerly ONdigital) are recognized under contracts with initial terms of 12 years through November 15, 2010. Monthly revenues from these digital transmission contracts increase over time as the network rollout progresses. On March 27, 2002, a U.K. court approved an application by ITVdigital to be placed into administration (a proceeding, similar to a Chapter 11 bankruptcy proceeding in the United States, designed to protect the applicant from the claims of its creditors while it reorganizes its business). There can be no assurances as to the outcome of this action or its effect on us. ITVdigital accounted for approximately $30.7 million, or 3.4%, of our revenues for the twelve-month period ended December 31, 2001. The loss of ITVdigital as a customer or the modification of the ITVdigital transmission contract could have an adverse effect on our results of operations. See "Item 1. Business--U.K. Operations--Significant Contracts".

Site rental revenues in the U.K. are received from other broadcast transmission service providers (primarily NTL) and wireless communications companies, including all four U.K. cellular operators (BT Cellnet, Vodafone, One 2 One and Orange). Site rental revenues are generally recognized on a monthly basis under lease agreements with original terms of three to 12 years. Such lease agreements generally require annual payments in advance, and include rental rate adjustment provisions between one and three years from the commencement of the lease. Site rental revenues are expected to become an increasing portion of CCUK's total U.K. revenue base, and we believe that the demand for site rental from communication service providers will increase in line with the expected growth of these communication services in the United Kingdom.

Network services revenues in the U.S. consist of revenues from:

(1) antenna installation,

(2) site acquisition,

(3) site development and construction,

(4) network design and site selection, and

(5) other services.

Network services revenues are received primarily from wireless communications companies. Network services revenues in the U.S. are recognized under service contracts which provide for billings on either a fixed price basis or a time and materials basis. Demand for our network services fluctuates from period to period and within periods. See "Item 1. Business--Risk Factors--Variability in Demand for Network Services May Reduce the Predictability of Our Results". Consequently, the operating results of our network services businesses for any particular period may vary significantly, and should not be considered as indicative of longer-term results. We also derive revenues from the ownership and operation of microwave radio and specialized mobile radio networks in Puerto Rico where we own radio wave spectrum in the 2,000 MHz and 6,000 MHz range (for microwave radio) and the 800 MHz range (for specialized mobile radio). These revenues are generally recognized under monthly management or service agreements.

Network services revenues in the U.K. consist of (1) network design and site selection, site acquisition, site development and antenna installation and (2) site management and other services. Network design and development and related services are provided to:

(1) a number of broadcasting and related organizations, both in the United Kingdom and other countries,

(2) all four U.K. cellular operators, and

(3) Hutchison as part of their deployment of 3G sevices in the U.K.

These services are often subject to a competitive bid, and a significant proportion result from an operator coming onto an existing CCUK site. Revenues from such services are recognized on either a fixed price or a time and materials basis. Site management and other services, consisting of both network monitoring and equipment maintenance, are carried out in the United Kingdom for a number of emergency service organizations. CCUK receives revenues for such services under contracts with original terms of between three and five years. Such contracts provide fixed prices for network monitoring and variable pricing dependent on the level of equipment maintenance carried out in a given period.

Costs of operations for site rental in the U.S. primarily consist of:

- land leases;
- repairs and maintenance;
- employee compensation and related benefits costs;
- utilities;
- insurance;
- property taxes;
- monitoring costs; and
- in the case of our few managed sites, rental payments.

For any given tower, such costs are relatively fixed over a monthly or an annual time period. As such, operating costs for owned towers do not generally

increase significantly as additional customers are added. However, rental expenses at certain managed sites increase as additional customer antennas are added, resulting in higher incremental revenues but lower incremental margins than on owned towers.

Costs of operations for broadcast transmission services in the U.K. consist primarily of employee compensation and related benefits costs, utilities, rental payments under the Site-Sharing Agreement with NTL, circuit costs and repairs and maintenance on both transmission equipment and structures. Site rental operating costs in the U.K. consist primarily of employee compensation and related benefits costs, utilities and repairs, maintenance and leases of land or rooftop sites. With the exception of land and rooftop leases, the majority of such costs are relatively fixed in nature, with increases in revenue from new installations on existing sites generally being achieved without a corresponding increase in costs. Generally, leases of land and rooftop sites have a revenue sharing component that averages 20% to 30% of additional revenues added from subsequent tenants.

Costs of operations for network services consist primarily of employee compensation and related benefits costs, subcontractor services, consulting fees, and other on-site construction and materials costs. We incur these network services costs (1) to support our internal operations, including maintenance of our owned towers, and (2) to maintain the employees necessary to provide end-to-end services to third parties regardless of the level of such business at any time. We believe that our experienced staff enables us to provide the type of end-to-end services that enhance our ability to attract wireless service providers to our sites.

General and administrative expenses consist primarily of:

- employee compensation, training, recruitment and related benefits costs;
- advertising;
- professional and consulting fees;
- office rent and related expenses; and
- travel costs.

Corporate development expenses represent costs incurred in connection with acquisitions and development of new business initiatives. These expenses consist primarily of:

- allocated compensation and external professional fees;
- benefits; and
- overhead costs that are not directly related to the administration or management of existing towers.

Depreciation and amortization charges relate to our property and equipment (which consists primarily of towers, broadcast transmission equipment, associated buildings, construction equipment and vehicles), goodwill and other intangible assets recorded in connection with business acquisitions. Depreciation of towers, depreciation of broadcast transmission equipment and amortization of goodwill are computed with a useful life of 20 years. Amortization of other intangible assets (principally the value of existing site

rental contracts at Crown Communication) is computed with a useful life of 10 years. Depreciation of buildings is computed with useful lives ranging from 20 to 50 years. Depreciation of construction equipment and vehicles is generally computed with useful lives of 10 years and 5 years, respectively.

In March 1999, we completed the formation of Crown Atlantic, our joint venture with Bell Atlantic Mobile. In June and December of 1999, we completed the acquisition of towers from Powertel. During 1999, 2000 and 2001 we completed the transactions with BellSouth and BellSouth DCS. In 2000, we completed the transaction with GTE. Additionally, during 2000 Crown Atlantic acquired the Frontier towers from Bell Atlantic Mobile, and CCAL completed the substantial portion of the transaction with Cable & Wireless Optus. Results of operations of these acquired businesses and towers are included in our consolidated financial statements for the periods subsequent to the respective dates of acquisition. As such, our results of operations for the year ended December 31, 2001 are not comparable to the year ended December 31, 2000, and the results for the year ended December 31, 2000 are not comparable to the year ended December 31, 1999.

The following information is derived from our historical Consolidated Statements of Operations for the periods indicated.

	Year Ended December 31, 1999		Year Ended December 31, 2	
	Amount	Percent of Net Revenues	Amount	Perc of Reve
		(In thousands of d		
Net revenues:				
Site rental and broadcast transmission	$ 267,894	77.5%	$ 446,039	68
Network services and other	77,865	22.5	203,126	31
Total net revenues	345,759	100.0	649,165	100
Operating expenses:				
Costs of operations:				
Site rental and broadcast transmission	114,436	42.7	194,424	43
Network services and other	42,312	54.3	120,176	59
Total costs of operations	156,748	45.4	314,600	48
General and administrative	43,823	12.7	76,944	11
Corporate development	5,403	1.6	10,489	1
Restructuring charges	5,645	1.6	--	
Asset write-down charges	--	--	--	
Non-cash general and administrative compensation charges	2,173	0.6	3,127	0
Depreciation and amortization	130,106	37.6	238,796	36
Operating income (loss)	1,861	0.5	5,209	0
Other income (expense):				
Interest and other income (expense)	17,731	5.1	33,761	5
Interest expense and amortization of deferred financing costs	(110,908)	(32.0)	(241,294)	(37

Loss before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle	(91,316)	(26.4)	(202,324)	(31
Provision for income taxes	(275)	(0.1)	(246)	
Minority interests	(2,756)	(0.8)	(721)	(0
Loss before extraordinary item and cumulative effect of change in accounting principle	(94,347)	(27.3)	(203,291)	(31
Extraordinary item--loss on early extinguishment of debt	--	--	(1,495)	(0
Cumulative effect of change in accounting principle for costs of start-up activities	(2,414)	(0.7)	--	
Net loss	$ (96,761)	(28.0)%	$(204,786)	(31

Comparison of Years Ended December 31, 2001 and 2000--Operating Segments

CCUSA. CCUSA's revenues for 2001 were $523.8 million, an increase of $194.6 million from 2000. This increase was attributable to an $86.6 million, or 47.2%, increase in site rental revenues and a $108.0 million increase in network services and other revenues. The increase in site rental revenues reflects the new tenant additions on our tower sites. The increase in network services and other revenues reflects continued demand for antenna installation from our tenants along with increased third party service work. Costs of operations for 2001 were $280.5 million, an increase of $120.7 million from 2000. This increase was attributable to a $26.3 million increase in site rental costs and a $94.4 million increase in network services costs. Costs of operations for site rental as a percentage of site rental revenues decreased to 38.2% for 2001 from 41.9% for 2000. Costs of operations for network services and other as a percentage of network services and other revenues increased to 69.9% for 2001 from 57.0% for 2000. General and administrative expenses for 2001 were $61.1 million, an increase of $11.4 million from 2000. General and administrative expenses as a percentage of revenues decreased to 11.7% for 2001 from 15.1% for 2000. For 2001, CCUSA recorded restructuring charges and asset write-down charges of $7.1 million and $6.5 million, respectively (see "--Restructuring Charges and Asset Write-Down

Charges"). For 2001, CCUSA recorded non-cash general and administrative compensation charges of $2.1 million, compared to $0.8 million for 2000 (see "--Compensation Charges Related to Stock Option Grants and Acquisitions"). Depreciation and amortization for 2001 was $178.0 million, an increase of $56.3 million from 2000. Interest and other income (expense) for 2001 was $1.4 million, a decrease of $2.8 million from 2000. Interest expense and amortization of deferred financing costs for 2001 was $53.3 million, an increase of $10.3 million from 2000.

CCAL. CCAL's revenues for 2001 were $20.0 million, an increase of $13.2 million from 2000. This increase was attributable to an $11.5 million, or 169.3%, increase in site rental revenues and $1.6 million in network services

and other revenues. The increase in site rental revenues reflects the impact of tower acquisitions along with the new tenant additions on our tower sites. Costs of operations for 2001 were $8.2 million, an increase of $4.6 million from 2000. This increase was attributable to a $3.6 million increase in site rental costs and $1.0 million in network services costs. Costs of operations for site rental as a percentage of site rental revenues decreased to 39.1% for 2001 from 52.5% for 2000. Costs of operations for network services and other as a percentage of network services and other revenues were 62.0% for 2001. General and administrative expenses for 2001 were $6.3 million, an increase of $1.8 million from 2000. General and administrative expenses as a percentage of revenues decreased to 31.3% for 2001 from 65.3% for 2000. Depreciation and amortization for 2001 was $11.1 million, an increase of $5.9 million from 2000. Interest and other income (expense) for 2001 was $0.4 million, an increase of $0.2 million from 2000. Interest expense and amortization of deferred financing costs for 2001 was $2.4 million, an increase of $2.3 million from 2000.

CCUK. CCUK's revenues for 2001 were $237.7 million, an increase of $20.0 million from 2000. This increase was attributable to a $13.3 million, or 6.9%, increase in site rental and broadcast transmission revenues and a $6.7 million increase in network services and other revenues. The increase in site rental and broadcast transmission revenues reflects the new tenant additions on our tower sites. The increase in network services and other revenues reflects continued demand for antenna installation from our tenants along with increased third party service work. Costs of operations for 2001 were $124.3 million, an increase of $17.9 million from 2000. This increase was attributable to an $8.7 million increase in site rental and broadcast transmission costs and a $9.2 million increase in network services costs. Costs of operations for site rental and broadcast transmission as a percentage of site rental and broadcast transmission revenues increased to 47.0% for 2001 from 45.7% for 2000. Costs of operations for network services and other as a percentage of network services and other revenues increased to 86.3% for 2001 from 73.2% for 2000. General and administrative expenses for 2001 were $11.4 million, an increase of $3.3 million from 2000. General and administrative expenses as a percentage of revenues increased to 4.8% for 2001 from 3.7% for 2000. For 2001, CCUK recorded restructuring charges and asset write-down charges of $1.8 million and $11.9 million, respectively (see "--Restructuring Charges and Asset Write-Down Charges"). For 2001, CCUK recorded non-cash general and administrative compensation charges of $2.6 million, compared to $1.0 million for 2000 (see "--Compensation Charges Related to Stock Option Grants and Acquisitions"). Depreciation and amortization for 2001 was $93.5 million, an increase of $16.3 million from 2000. Interest and other income (expense) for 2001 was $5.4 million, an increase of $5.1 million from 2000. Interest expense and amortization of deferred financing costs for 2001 was $26.7 million, a decrease of $5.3 million from 2000. CCUK's provision for income taxes of $16.0 million for 2001 consists of a non-cash deferred tax liability. This deferred tax liability resulted from an excess of basis differences for its property and equipment over its available tax net operating losses.

Crown Atlantic. Crown Atlantic's revenues for 2001 were $117.5 million, an increase of $22.0 million from 2000. This increase was attributable to an $18.4 million, or 29.0%, increase in site rental revenues and a $3.5 million increase in network services and other revenues. The increase in site rental revenues reflects the new tenant additions on our tower sites. The increase in network services and other revenues reflects continued demand for antenna installation from our tenants along with increased third party service work. Costs of operations for 2001 were $54.2 million, an increase of $9.5 million from 2000. This increase was attributable to a $5.7 million increase in site rental costs and a $3.8 million increase in network services costs. Costs of operations for

site rental as a percentage of site rental revenues decreased to 39.0% for 2001 from 41.3% for 2000. Costs of

operations for network services and other as a percentage of network services and other revenues increased to 62.7% for 2001 from 57.8% for 2000. General and administrative expenses for 2001 were $8.2 million, a decrease of $0.3 million from 2000. General and administrative expenses as a percentage of revenues decreased to 7.0% for 2001 from 8.8% for 2000. For 2001, Crown Atlantic recorded restructuring charges and asset write-down charges of $1.0 million and $0.8 million, respectively (see "--Restructuring Charges and Asset Write-Down Charges"). Depreciation and amortization for 2001 was $44.3 million, an increase of $10.9 million from 2000. Interest and other income (expense) for 2001 was $0.3 million, a decrease of $0.6 million from 2000. Interest expense and amortization of deferred financing costs for 2001 was $20.7 million, an increase of $2.8 million from 2000.

Corporate Office and Other. General and administrative expenses for 2001 were $15.6 million, an increase of $9.4 million from 2000. Corporate development expenses for 2001 were $12.3 million, compared to $9.7 million for 2000. For 2001, the corporate office recorded restructuring charges and asset write-down charges of $9.5 million and $5.8 million, respectively (see "--Restructuring Charges and Asset Write-Down Charges"). For 2001 and 2000, the corporate office recorded non-cash general and administrative compensation charges of $1.4 million (see "--Compensation Charges Related to Stock Option Grants and Acquisitions"). Depreciation and amortization for 2001 was $1.7 million, an increase of $0.4 million from 2000. Interest and other income (expense) for 2001 was $1.1 million, a decrease of $27.1 million from 2000. Interest expense and amortization of deferred financing costs for 2001 was $194.4 million, an increase of $46.0 million from 2000.

Comparison of Years Ended December 31, 2001 and 2000--Consolidated

Consolidated revenues for 2001 were $899.0 million, an increase of $249.8 million from 2000. This increase was primarily attributable to:

(1) a $129.9 million, or 29.1%, increase in site rental and broadcast transmission revenues, of which $13.3 million was attributable to CCUK, $18.4 million was attributable to Crown Atlantic, $11.5 million was attributable to CCAL and $86.6 million was attributable to CCUSA,

(2) a $108.0 million increase in network services and other revenues from CCUSA,

(3) a $6.7 million increase in network services and other revenues from CCUK,

(4) a $3.5 million increase in network services and other revenues from Crown Atlantic, and

(5) $1.6 million in network services and other revenues from CCAL.

The following is a summary of tenant leasing activity on our tower sites for

the year ended December 31, 2001:

New tenants added on existing, newly constructed and acquired tower sites, net:	
CCUSA	3,772
Crown Atlantic	710
CCUK	2,887
CCAL	1,448
	8,817
Average monthly lease rate per new tenant added on existing tower sites:	
CCUSA and Crown Atlantic	$1,481
CCUK	779
CCAL	607

The increases in site rental and broadcast transmission revenues reflect the new tenant additions on our tower sites. The increases in network services and other revenues reflect continued demand for antenna installation from our tenants along with increased third party service work.

Costs of operations for 2001 were $467.2 million, an increase of $152.6 million from 2000. This increase was primarily attributable to:

(1) a $44.3 million increase in site rental and broadcast transmission costs, of which $8.7 million was attributable to CCUK, $5.7 million was attributable to Crown Atlantic, $3.6 million was attributable to CCAL and $26.3 million was attributable to CCUSA,

(2) a $94.4 million increase in network services costs related to CCUSA,

(3) a $9.2 million increase in network services costs from CCUK,

(4) a $3.8 million increase in network services costs from Crown Atlantic, and

(5) $1.0 million in network services costs from CCAL.

Costs of operations for site rental and broadcast transmission as a percentage of site rental and broadcast transmission revenues decreased to 41.5% for 2001 from 43.6% for 2000 because of higher margins attributable to incremental revenues from the Crown Atlantic, CCAL and CCUSA operations. Costs of operations for network services and other as a percentage of network services and other revenues increased to 70.7% for 2001 from 59.2% for 2000 because of lower margins from the CCUSA, CCUK and Crown Atlantic operations. Network services revenues for 2001 included a greater proportion of third party service work than in 2000, and third party services typically produce lower margins than tenant antenna installation services.

General and administrative expenses for 2001 were $102.5 million, an increase of $25.6 million from 2000. This increase was primarily attributable to:

(1) an $11.4 million increase in expenses related to the CCUSA operations,

(2) a $9.4 million increase in expenses at our corporate office,

(3) a $3.3 million increase in expenses at CCUK, and

(4) a $1.8 million increase in expenses at CCAL, partially offset by

(5) a $0.3 million decrease in expenses at Crown Atlantic.

The increases in general and administrative expenses resulted primarily from higher staffing levels to support the growth of our business. General and administrative expenses as a percentage of revenues decreased for 2001 to 11.4% from 11.8% for 2000 because of lower overhead costs as a percentage of revenues for CCUSA, CCAL and Crown Atlantic.

Corporate development expenses for 2001 were $12.3 million, compared to $10.5 million for 2000. This increase was primarily attributable to an increase in expenses at our corporate office.

For 2001, we recorded non-recurring cash charges of $19.4 million in connection with a restructuring of our business announced in July 2001. Such charges related to employee severance payments and costs of office closures. In addition, we announced in March 2002 that we plan to record a non-recurring restructuring charge estimated to be between approximately $7.0 million and $13.0 million with respect to staff redundancies and the disposition of certain service lines in connection with our U.K. operations. We expect the charge to be reflected in our results of operations for 2002. See "--Restructuring Charges and Asset Write-Down Charges".

For 2001, we recorded asset write-down charges of $24.9 million in connection with the restructuring of our business announced in July 2001. Such non-cash charges related to write-downs of certain inventories, property and equipment, and other assets. We are also undertaking a review of our construction in process, which may result in certain open projects being abandoned in 2002. A non-cash charge would be recorded in 2002 for the write-down of any such abandoned projects. The total amount of construction in process being reviewed is approximately $38 million. See "--Restructuring Charges and Asset Write-Down Charges".

For 2001, we recorded non-cash general and administrative compensation charges of $6.1 million related to the issuance of stock and stock options to certain employees and executives, compared to $3.1 million for 2000. See "--Compensation Charges Related to Stock Option Grants and Acquisitions".

Depreciation and amortization for 2001 was $328.5 million, an increase of $89.7 million from 2000. This increase was primarily attributable to:

(1) a $16.3 million increase in depreciation and amortization related to the property and equipment and goodwill from CCUK,

(2) a $10.9 million increase in depreciation and amortization related to the property and equipment and goodwill from Crown Atlantic,

(3) a $5.9 million increase in depreciation and amortization related to property and equipment from CCAL, and

(4) a $56.3 million increase in depreciation and amortization related to the property and equipment, goodwill and other intangible assets related to the CCUSA operations.

Interest and other income (expense) for 2001 resulted primarily from:

(1) the investment of the net proceeds from our recent offerings (see "--Liquidity and Capital Resources"), offset by

(2) costs incurred in connection with unsuccessful acquisition attempts and

(3) our share of losses incurred by unconsolidated affiliates.

Interest expense and amortization of deferred financing costs for 2001 was $297.4 million, an increase of $56.2 million, or 23.3%, from 2000. This increase was primarily attributable to interest on indebtedness at CCUSA, CCUK and Crown Atlantic, and interest on the 10 3/4% senior notes and the 9 3/8% senior notes. See "--Liquidity and Capital Resources".

The provision for income taxes of $16.5 million for 2001 consists primarily of a non-cash deferred tax liability recognized by CCUK. CCUK's deferred tax liability resulted from an excess of basis differences for its property and equipment over its available tax net operating losses.

Minority interests represent the minority partner's 43.1% interest in Crown Atlantic's operations, the minority partner's 17.8% interest in the operations of the GTE joint venture and the minority shareholder's 22.4% interest in the CCAL operations.

Comparison of Years Ended December 31, 2000 and 1999--Operating Segments

CCUSA. CCUSA's revenues for 2000 were $329.2 million, an increase of $226.5 million from 1999. This increase was attributable to a $125.2 million, or 214.7%, increase in site rental revenues and a $101.3 million increase in network services and other revenues. Costs of operations for 2000 were $159.8 million, an increase of $118.2 million from 1999. This increase was attributable to a $56.1 million increase in site rental costs and a $62.1 million increase in network services costs. Costs of operations for site rental as a percentage of site rental revenues increased to 41.9% for 2000 from 35.5% for 1999. Costs of operations for network services and other as a percentage of network services and other revenues increased to 57.0% for 2000 from 47.2% for 1999. General and administrative expenses for 2000 were $49.7 million, an increase of $21.7 million from 1999. General and administrative expenses as a percentage of revenues decreased to 15.1% for 2000 from 27.3% for 1999. For 2000, CCUSA recorded non-cash general and administrative compensation charges of $0.8 million, compared to $0.1 million for 1999 (see "--Compensation Charges Related to Stock Option Grants and Acquisitions"). Depreciation and amortization for 2000 was $121.7 million, an increase of $80.5 million from 1999. Interest and other income (expense) for 2000 was $4.2 million, an increase of $4.3 million from 1999. Interest expense and amortization of deferred financing costs for 2000 was $43.0 million, an increase of $38.9 million from 1999.

CCUK. CCUK's revenues for 2000 were $217.7 million, an increase of $24.0 million from 1999. This increase was attributable to a $20.2 million, or 11.8%, increase in site rental and broadcast transmission revenues and a $3.8 million

increase in network services and other revenues. Costs of operations for 2000 were $106.4

million, an increase of $13.4 million from 1999. This increase was attributable to a $10.4 million increase in site rental and broadcast transmission costs and a $3.0 million increase in network services costs. Costs of operations for site rental and broadcast transmission as a percentage of site rental and broadcast transmission revenues increased to 45.7% for 2000 from 45.0% for 1999. Costs of operations for network services and other as a percentage of network services and other revenues increased to 73.2% for 2000 from 72.0% for 1999. General and administrative expenses for 2000 were $8.1 million, an increase of $2.4 million from 1999. General and administrative expenses as a percentage of revenues increased to 3.7% for 2000 from 2.9% for 1999. For 2000, CCUK recorded non-cash general and administrative compensation charges of $1.0 million, compared to $0.8 million for 1999 (see "--Compensation Charges Related to Stock Option Grants and Acquisitions"). Depreciation and amortization for 2000 was $77.2 million, an increase of $13.6 million from 1999. Interest and other income (expense) for 2000 was $0.3 million, a decrease of $0.1 million from 1999. Interest expense and amortization of deferred financing costs for 2000 was $32.0 million, an increase of $3.6 million from 1999.

Crown Atlantic. Crown Atlantic's revenues for 2000 were $95.5 million, an increase of $47.6 million from 1999. This increase was attributable to a $25.9 million, or 68.9%, increase in site rental revenues and a $21.7 million increase in network services and other revenues. Costs of operations for 2000 were $44.7 million, an increase of $23.7 million from 1999. This increase was attributable to a $9.9 million increase in site rental costs and a $13.8 million increase in network services costs. Costs of operations for site rental as a percentage of site rental revenues decreased to 41.3% for 2000 from 43.3% for 1999. Costs of operations for network services and other as a percentage of network services and other revenues increased to 57.8% for 2000 from 45.3% for 1999. General and administrative expenses for 2000 were $8.4 million, an increase of $3.3 million from 1999. General and administrative expenses as a percentage of revenues decreased to 8.8% for 2000 from 10.7% for 1999. Depreciation and amortization for 2000 was $33.4 million, an increase of $9.2 million from 1999. Interest and other income (expense) for 2000 was $0.9 million, a decrease of $3.7 million from 1999. Interest expense and amortization of deferred financing costs for 2000 was $17.9 million, an increase of $5.7 million from 1999.

Corporate Office and Other. General and administrative expenses for 2000 were $6.3 million, an increase of $1.2 million from 1999. Corporate development expenses for 2000 were $9.7 million, compared to $4.6 million for 1999. For 2000 and 1999, the corporate office recorded non-cash general and administrative compensation charges of $1.4 million and $1.3 million, respectively (see "--Compensation Charges Related to Stock Option Grants and Acquisitions"). Depreciation and amortization for 2000 was $1.3 million, an increase of $0.1 million from 1999. Interest and other income (expense) for 2000 was $28.2 million, an increase of $15.2 million from 1999. Interest expense and amortization of deferred financing costs for 2000 was $148.3 million, an increase of $82.1 million from 1999.

Comparison of Years Ended December 31, 2000 and 1999--Consolidated

Consolidated revenues for 2000 were $649.2 million, an increase of $303.4 million from 1999. This increase was primarily attributable to:

(1) a $178.1 million, or 66.5%, increase in site rental and broadcast transmission revenues, of which $20.2 million was attributable to CCUK, $25.9 million was attributable to Crown Atlantic, $6.8 million was attributable to CCAL and $125.2 million was attributable to CCUSA,

(2) a $101.3 million increase in network services and other revenues from CCUSA,

(3) a $3.8 million increase in network services and other revenues from CCUK, and

(4) a $21.7 million increase in network services and other revenues from Crown Atlantic.

Costs of operations for 2000 were $314.6 million, an increase of $157.9 million from 1999. This increase was primarily attributable to:

(1) an $80.0 million increase in site rental and broadcast transmission costs, of which $10.4 million was attributable to CCUK, $9.9 million was attributable to Crown Atlantic, $3.6 million was attributable to CCAL and $56.1 million was attributable to CCUSA,

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(2) a $62.1 million increase in network services costs related to CCUSA,

(3) a $3.0 million increase in network services costs from CCUK, and

(4) a $13.8 million increase in network services costs from Crown Atlantic.

Costs of operations for site rental and broadcast transmission as a percentage of site rental and broadcast transmission revenues increased to 43.6% for 2000 from 42.7% for 1999 because of lower margins attributable to the CCUK, CCAL and CCUSA operations. Costs of operations for network services and other as a percentage of network services and other revenues increased to 59.2% for 2000 from 54.3% for 1999, primarily due to lower margins from the CCUSA, CCUK and Crown Atlantic operations.

General and administrative expenses for 2000 were $76.9 million, an increase of $33.1 million from 1999. This increase was primarily attributable to:

(1) a $21.7 million increase in expenses related to the CCUSA operations,

(2) a $1.2 million increase in expenses at our corporate office,

(3) a $3.3 million increase in expenses at Crown Atlantic,

(4) a $2.4 million increase in expenses at CCUK, and

(5) $4.4 million in expenses at CCAL.

General and administrative expenses as a percentage of revenues decreased for

2000 to 11.8% from 12.7% for 1999 because of lower overhead costs as a percentage of revenues for CCUSA and Crown Atlantic.

Corporate development expenses for 2000 were $10.5 million, compared to $5.4 million for 1999. This increase was primarily attributable to an increase in expenses at our corporate office.

For 2000, we recorded non-cash general and administrative compensation charges of $3.1 million related to the issuance of stock and stock options to certain employees and executives, compared to $2.2 million for 1999. See "--Compensation Charges Related to Stock Option Grants and Acquisitions".

Depreciation and amortization for 2000 was $238.8 million, an increase of $108.7 million from 1999. This increase was primarily attributable to:

(1) a $13.6 million increase in depreciation and amortization related to the property and equipment and goodwill from CCUK,

(2) a $9.2 million increase in depreciation and amortization related to the property and equipment and goodwill from Crown Atlantic,

(3) $5.2 million of depreciation and amortization related to property and equipment from CCAL, and

(4) an $80.5 million increase in depreciation and amortization related to the property and equipment, goodwill and other intangible assets related to the CCUSA operations.

Interest and other income (expense) for 2000 resulted primarily from:

(1) the investment of the net proceeds from our recent offerings (see "--Liquidity and Capital Resources") and

(2) a gain recognized upon the disposition of an investment in an affiliate, partially offset by

(3) costs incurred in connection with unsuccessful acquisition attempts.

Interest expense and amortization of deferred financing costs for 2000 was $241.3 million, an increase of $130.4 million, or 117.6%, from 1999. This increase was primarily attributable to interest on indebtedness at CCUSA, CCUK and Crown Atlantic, amortization of the original issue discount on the 10 3/8% discount notes and the 11 1/4% discount notes, interest on the 9% senior notes, the 9 1/2% senior notes and the 10 3/4% senior notes, and the write-off of unamortized deferred financing costs related to the term loans. See "--Liquidity and Capital Resources".

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Minority interests represent the minority shareholder's 20% interest in CCUK's operations (prior to July 2000), the minority partner's 43.1% interest in Crown Atlantic's operations, the minority partner's 18.0% interest in the operations of the GTE joint venture and the minority shareholder's 33.3% interest in the CCAL operations.

The extraordinary loss on early extinguishment of debt for 2000 represents the write-off of unamortized deferred financing costs related to the senior credit facility. See "--Liquidity and Capital Resources".

Liquidity and Capital Resources

Our business strategy contemplates substantial capital expenditures in connection with the expansion of our tower portfolios by pursuing build-to-suit opportunities in the markets in which we currently operate.

Since its inception, CCIC has generally funded its activities, other than acquisitions and investments, through excess proceeds from contributions of equity capital and cash provided by operations. CCIC has financed acquisitions and investments with the proceeds from equity contributions, borrowings under our senior credit facilities and issuances of debt securities. Since its inception, CCUK has generally funded its activities, other than the acquisition of the BBC home service transmission business, through cash provided by operations and borrowings under CCUK's credit facility. CCUK financed the acquisition of the BBC home service transmission business with the proceeds from equity contributions and the issuance of the CCUK bonds.

For the years ended December 31, 1999, 2000 and 2001, our net cash provided by operating activities was $92.6 million, $165.5 million and $131.9 million, respectively. For the years ended December 31, 1999, 2000 and 2001, our net cash provided by financing activities was $1,670.4 million, $1,707.1 million and $1,109.3 million, respectively. Our primary financing-related activities in 2001 included the following:

January 2001 Offering

In January 2001, we sold 13,445,200 shares of our common stock in an underwritten public offering. The shares were sold to the public at a price of $26.25 per share and we received proceeds of $342.9 million (after underwriting discounts of $10.1 million). The proceeds from this offering will be used for general corporate purposes.

Crown Atlantic Credit Facility

In March 2001, the Crown Atlantic credit facility was amended to increase the available borrowings to $345.0 million. Under the amended facility, the amount of available borrowings will begin to decrease on March 31, 2003.

May 2001 Debt Offering

On May 10, 2001, we issued $450.0 million aggregate principal amount of our 9 3/8% senior notes for proceeds of $441.0 million (after underwriting discounts of $9.0 million). The proceeds from the sale of these securities will be used to fund the initial interest payments on the 9 3/8% senior notes and for general corporate purposes.

Capital expenditures were $683.1 million for the year ended December 31, 2001, of which $3.8 million were for CCIC, $363.8 million were for CCUSA, $94.2 million were for Crown Atlantic, $219.0 million were for CCUK and $2.3 million were for CCAL. We anticipate that we will build, through the end of 2002, approximately 450 to 550 towers in the United States at a cost of approximately $135 million and approximately 450 to 550 towers in the United Kingdom at a cost of approximately $50 million. In addition, we are obligated to pay a site access fee to British Telecom in the amount of (Pounds)100.0 million ($145.4 million). We are currently in discussions regarding the deferral of a portion of this payment, but there can be no assurance as to the outcome of these discussions. We also expect to spend approximately $125 million in the United States for tower

improvements, including enhancements to the structural capacity of our domestic towers in order to support the anticipated leasing.

In April 2001, we entered into a Share Purchase Agreement for the acquisition of 49% of the outstanding capital stock of RaiWay S.p.A. ("RaiWay"). RaiWay is a subsidiary of RAI Radio Televisione Italiana S.p.A. ("RAI"), the Italian state-owned television and radio broadcaster. RaiWay manages over 2,300 broadcast transmission sites across Italy. The cost of our investment in RaiWay amounted to approximately $383.8 million in cash, and such amount was deposited into a Euro-denominated escrow account upon execution of the Share Purchase Agreement. The transaction was subject to approval by the Italian regulatory authorities and, in October 2001, we were notified that the Italian Minister of Communication had declined to approve the transaction. Pursuant to the terms of the agreement, the escrow deposit was returned to us in November 2001.

We expect that the execution of our new tower build, or build-to-suit program, will have a material impact on our liquidity. We expect that once integrated, these new towers will have a positive impact on liquidity, but will require some period of time to offset the initial adverse impact on liquidity. In addition, we believe that as new towers become operational and we begin to add tenants, they should result in a long-term increase in liquidity.

To fund the execution of our business strategy, including the construction of new towers, we expect to use the net proceeds of our recent offerings and cash provided by operations. We do not currently expect to utilize further borrowings available under our U.S. and U.K. credit facilities in any significant amounts. We will have additional cash needs to fund our operations in the future. We may also have additional cash needs in the future if additional tower acquisitions or build-to-suit opportunities arise. If we do not otherwise have cash available, or borrowings under our credit facilities have otherwise been utilized, when our cash need arises, we would be forced to seek additional debt or equity financing or to forego the opportunity. In the event we determine to seek additional debt or equity financing, there can be no assurance that any such financing will be available, on commercially acceptable terms or at all, or permitted by the terms of our existing indebtedness.

As of December 31, 2001, we had consolidated cash and cash equivalents of $804.6 million (including $5.9 million at CCUSA, $169.0 million at CCUK, $13.1 million at Crown Atlantic, $15.0 million at CCAL, $389.5 million in an unrestricted investment subsidiary and $212.1 million at CCIC and a restricted investment subsidiary), consolidated liquid investments (consisting of marketable securities) of $201.5 million, consolidated long-term debt of $3,423.1 million, consolidated redeemable preferred stock of $878.9 million and consolidated stockholders' equity of $2,364.6 million.

As of March 15, 2002, Crown Atlantic had unused borrowing availability under its amended credit facility of approximately $45.0 million, and CCUK had unused borrowing availability under its credit facility of approximately (Pounds)30.0 million ($43.6 million). As of March 15, 2002, our restricted U.S. and Australian subsidiaries had approximately $500.0 million of unused borrowing availability under the 2000 credit facility. Our various credit facilities require our subsidiaries to maintain certain financial covenants and place restrictions on the ability of our subsidiaries to, among other things, incur debt and liens, pay dividends, make capital expenditures, undertake transactions with affiliates and make investments. These facilities also limit the ability of the borrowing subsidiaries to pay dividends to CCIC.

The primary factors that determine our subsidiaries' ability to comply with their debt covenants are (1) their current financial performance (based on earnings before interest, taxes, depreciation and amortization, or "EBITDA"), (2) their levels of indebtedness and (3) their debt service requirements. Since

we do not currently expect that our subsidiaries will need to utilize significant additional borrowings under their credit facilities, the primary risk of a debt covenant violation would result from a deterioration of a subsidiary's EBITDA performance. In addition, certain of the credit facilities will require that EBITDA increase in future years as covenant calculations become more restrictive. Should a covenant violation occur in the future as a result of a shortfall in EBITDA performance (or for any other reason), we might be required to make principal payments earlier than currently scheduled and may not have access to additional borrowings under these facilities as long

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as the covenant violation continues. Any such early principal payments would have to be made from our existing cash balances.

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 9% senior notes, our 9 1/2% senior notes, our 10 3/4% senior notes and our 9 3/8% senior notes require annual cash interest payments of approximately $16.2 million, $11.9 million, $53.8 million and $42.2 million, respectively. Prior to November 15, 2002, May 15, 2004 and August 1, 2004, the interest expense on our 10 5/8% discount notes, our 10 3/8% discount notes and our 11 1/4% discount notes, respectively, will be comprised solely of the amortization of original issue discount. Thereafter, the 10 5/8% discount notes, the 10 3/8% discount notes and the 11 1/4% discount notes will require annual cash interest payments of approximately $26.7 million, $51.9 million and $29.3 million, respectively. Prior to December 15, 2003, we do not expect to pay cash dividends on our 12 3/4% exchangeable preferred stock or, if issued, cash interest on the exchange debentures. Thereafter, assuming all dividends or interest have been paid-in-kind, our exchangeable preferred stock or, if issued, the exchange debentures will require annual cash dividend or interest payments of approximately $47.8 million. Annual cash interest payments on the CCUK bonds are (Pounds)11.25 million ($16.4 million). In addition, our various credit facilities will require periodic interest payments on amounts borrowed thereunder, which amounts could be substantial.

As a holding company, CCIC will require distributions or dividends from its subsidiaries, or will be forced to use capital raised in debt and equity offerings, to fund its debt obligations, including interest payments on the cash-pay notes and eventually the 10 5/8% discount notes, the 10 3/8% discount notes and the 11 1/4% discount notes. The terms of the indebtedness of our subsidiaries significantly limit their ability to distribute cash to CCIC. As a result, we will be required to apply a portion of the net proceeds from the recent debt offerings to fund interest payments on the cash-pay notes. If we do not retain sufficient funds from the offerings or any future financing, we may not be able to make our interest payments on the cash-pay notes.

The following table summarizes our contractual cash obligations as of December 31, 2001:

	Years Ending December 31,					
	2002	2003	2004	2005	2006	There
	(in thousands of dollars)					
Long-term debt..............................	$ 29,086	$ 43,336	$134,711	$200,336	$282,081	$2,93

Interest payments on long-term debt (a)	197,373	222,347	242,098	289,116	275,923	1,05
Capital lease obligations	4,139	2,587	1,173	25	26	
Operating lease obligations	118,372	103,836	95,364	87,091	76,078	39
Site access fee to British Telecom, secured by letter of credit(b)	145,430	--	--	--	--	
Redeemable preferred stock	--	--	--	--	--	97
Dividend payments on exchangeable preferred stock	--	--	47,762	47,762	47,762	19
	$494,400	$372,106	$521,108	$624,330	$681,870	$5,55

(a) Interest payments on floating rate debt are estimated based on rates in effect during the first quarter of 2002.

(b) We are currently in discussions regarding the deferral of a portion of this payment. There can be no assurances as to the outcome of these discussions.

Our joint venture agreements with Bell Atlantic Mobile and GTE (both now part of Verizon Communications) provide that, upon dissolution of either venture, Verizon Communications will receive (1) the shares of our common stock contributed to the venture and (2) a payment equal to a percentage of the fair market value (at the dissolution date) of the venture's other net assets. As of December 31, 2001, such percentages would be approximately 24.1% for the Bell Atlantic Mobile venture and 11.0% for the GTE venture. The 24.1% payment for the Bell Atlantic Mobile venture could be paid either in cash or shares of our common stock, at our election. The 11.0% payment for the GTE venture could only be paid in cash. A dissolution of either venture may be triggered (1) by Verizon Communications at any time following the third anniversary of the formation of the

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applicable venture and (2) by us at any time following the fourth anniversary of such venture's formation (subject to certain penalties if prior to the seventh anniversary). Our joint venture with Bell Atlantic Mobile was formed on March 31, 1999, and our joint venture with GTE was formed on January 31, 2000. See "Item 1. Business--The Company--Overview".

Our ability to make scheduled payments of principal of, or to pay interest on, our debt obligations, and our ability to refinance any such debt obligations, will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to refinance any indebtedness in the future would depend in part on our maintaining adequate credit ratings from the commercial rating agencies. Such credit ratings are dependent on all the liquidity and performance factors discussed above, as well as general expectations that the rating agencies have regarding the outlook for our business and our industry. We anticipate that we may need to refinance a substantial portion of our indebtedness on or prior to its scheduled maturity. There can be no assurance that we will be able to effect any required refinancings of our indebtedness on commercially reasonable terms or at all. See "Item 1. Business--Risk Factors".

Reporting Requirements Under the Indentures Governing the Company's Debt Securities (the "Indentures") and the Certificate of Designations Governing the Company's 12 3/4% Senior Exchangeable Preferred Stock (the "Certificate")

The following information (as such capitalized terms are defined in the Indentures and the Certificate) is presented solely as a requirement of the

Indentures and the Certificate; such information is not intended as an alternative measure of financial position, operating results or cash flow from operations (as determined in accordance with generally accepted accounting principles). Furthermore, our measure of the following information may not be comparable to similarly titled measures of other companies.

We have designated CCUK, Crown Atlantic and certain investment subsidiaries as Unrestricted Subsidiaries. Summarized financial information for (1) CCIC and our Restricted Subsidiaries and (2) our Unrestricted Subsidiaries is as follows:

	December 31, 2001			
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidation Eliminations	Consolidated Total
	(In thousands of dollars)			
Cash and cash equivalents	$ 233,027	$ 571,575	$ --	$ 804,602
Other current assets	291,976	119,483	--	411,459
Property and equipment, net	3,354,557	1,490,355	--	4,844,912
Investments	128,500	--	--	128,500
Investments in Unrestricted Subsidiaries	2,079,694	--	(2,079,694)	--
Goodwill and other intangible assets, net	178,540	872,891	--	1,051,431
Other assets, net	117,277	17,277	--	134,554
	$6,383,571	$3,071,581	$(2,079,694)	$7,375,458
Current liabilities	$ 239,039	$ 172,414	$ --	$ 411,453
Long-term debt, less current maturities	2,773,646	620,365	--	3,394,011
Other liabilities	34,564	122,985	--	157,549
Minority interests	92,813	76,123	--	168,936
Redeemable preferred stock	878,861	--	--	878,861
Stockholders' equity	2,364,648	2,079,694	(2,079,694)	2,364,648
	$6,383,571	$3,071,581	$(2,079,694)	$7,375,458

	Three Months Ended December 31, 2001			Year Ended Decemb	
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total	Company and Restricted Subsidiaries	Unrestric Subsidiar
	(In thousands of dollars)				
Net revenues	$142,934	$ 95,252	$ 238,186	$ 543,777	$355,17

Costs of operations (exclusive of depreciation and amortization)	74,535	47,300	121,835	288,705	178,52
General and administrative	20,958	3,763	24,721	83,005	19,53
Corporate development	1,945	502	2,447	10,502	1,83
Restructuring charges	164	--	164	16,608	2,80
Asset write-down charges	799	8,113	8,912	12,257	12,66
Non-cash general and administrative compensation charges	872	516	1,388	3,488	2,62
Depreciation and amortization	61,522	39,597	101,119	190,761	137,73
Operating income (loss)	(17,861)	(4,539)	(22,400)	(61,549)	(55
Interest and other income (expense)	(5,726)	8,100	2,374	(2,333)	10,88
Interest expense and amortization of deferred financing costs	(67,454)	(11,069)	(78,523)	(250,115)	(47,32
Provision for income taxes	(465)	(4,226)	(4,691)	(465)	(16,01
Minority interests	430	(239)	191	2,833	(1,52
Net loss	$(91,076)	$(11,973)	$(103,049)	$(311,629)	$(54,53

Tower Cash Flow and Adjusted Consolidated Cash Flow for CCIC and our Restricted Subsidiaries is as follows under (1) the indenture governing the 10 5/8% Discount Notes and the Certificate (the "1997 and 1998 Securities") and (2) the indentures governing the 10 3/8% Discount Notes, the 9% Senior Notes, the 11 1/4% Discount Notes, the 9 1/2% Senior Notes, the 10 3/4% Senior Notes and the 9 3/8% Senior Notes (the "1999, 2000 and 2001 Securities"):

	1997 and 1998 Securities	1999, and Secur
	(In thousands of d	
Tower Cash Flow, for the three months ended December 31, 2001	$ 44,603	$ 44
Consolidated Cash Flow, for the twelve months ended December 31, 2001	$ 161,565	$ 172
Less: Tower Cash Flow, for the twelve months ended December 31, 2001	(152,188)	(152
Plus: four times Tower Cash Flow, for the three months ended December 31, 2001	178,412	178
Adjusted Consolidated Cash Flow, for the twelve months ended December 31, 2001	$ 187,789	$ 198

Related Party Transactions

For the years ended December 31, 1999, 2000 and 2001, the Bell Atlantic Mobile joint venture had revenues from Verizon Communications of $29.1 million, $44.1 million and $44.0 million, respectively. For the years ended December 31, 2000 and 2001, the GTE joint venture had revenues from Verizon Communications of $46.2 million and $61.8 million, respectively. Verizon Communications is our

joint venture partner in both of these ventures.

Restructuring Charges and Asset Write-Down Charges

In July 2001, we announced a restructuring of our business in order to increase operational efficiency and better align costs with anticipated revenues. As part of the restructuring, we reduced our global staff by approximately 312 full-time employees, closed five offices in the United States and closed our development

offices in Brazil and Europe. The actions taken for the restructuring were substantially completed as of the end of 2001. In connection with the restructuring, we recorded non-recurring cash charges of approximately $19.4 million during 2001 related to employee severance payments ($13.9 million) and costs of office closures ($5.5 million).

We have recorded asset write-down charges of $24.9 million during 2001 in connection with the restructuring of our business announced in July 2001. Such non-cash charges related to the write-down of certain inventories ($11.9 million), property and equipment ($8.5 million), and other assets ($4.5 million) that were deemed to have no value as a result of the restructuring.

In March 2002, we announced that we plan to record a non-recurring restructuring charge estimated to be between approximately $7.0 million and $13.0 million with respect to staff redundancies and the disposition of certain service lines in connection with our U.K. operations. We expect the charge to be reflected in our results of operations for 2002. We are also undertaking a review of our construction in process, which may result in certain open projects being abandoned in 2002. A non-cash charge would be recorded in 2002 for the write-down of any such abandoned projects. The total amount of construction in process being reviewed is approximately $38 million.

Compensation Charges Related to Stock Option Grants and Acquisitions

We are recognizing non-cash general and administrative compensation charges related to certain stock options granted to employees and executives prior to our IPO. Such charges amount to approximately $1.4 million per year, and will be recognized through the second quarter of 2003.

In July 2000, we issued (1) 199,473 shares of our common stock and (2) options to purchase 17,577 shares of our common stock with an exercise price of $.01 per share in connection with an acquisition by CCUK. Such shares and options were deemed to be compensation to the former shareholders of the acquired company (who remained employed by the Company). As a result, CCUK will recognize non-cash general and administrative compensation charges of approximately $8.4 million over five years.

In September 2000, we issued 336,600 shares of our common stock in connection with an acquisition by CCUSA. Of such shares, 170,710 were deemed to be compensation to the former shareholders of the acquired company (who remained employed by the Company). As a result, CCUSA will recognize non-cash general and administrative compensation charges of approximately $5.9 million

over four years.

Impact of Recently Issued Accounting Standards

In July 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141"), and Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). SFAS 141 prohibits the use of the pooling-of-interests method of accounting for business combinations, and requires that the purchase method be used for all business combinations after June 30, 2001. SFAS 141 also changes the manner in which acquired intangible assets are identified and recognized apart from goodwill. Further, SFAS 141 requires additional disclosures regarding the reasons for business combinations, the allocation of the purchase price to recognized assets and liabilities and the recognition of goodwill and other intangible assets. We have used the purchase method of accounting since our inception, so the adoption of SFAS 141 will not change our method of accounting for business combinations. We will adopt the other recognition and disclosure requirements of SFAS 141 for any future business combinations. The transition provisions of SFAS 141 require that the carrying amounts for goodwill and other intangible assets acquired in prior purchase method business combinations be reviewed and reclassified in accordance with the new recognition rules; such reclassifications are to be made in conjunction with the adoption of SFAS 142. We will apply these transition provisions of SFAS 141 as of January 1, 2002, and do not believe that they will have any effect on our consolidated financial statements.

SFAS 142 changes the accounting and disclosure requirements for acquired goodwill and other intangible assets. The most significant provision of SFAS 142 is that goodwill and other intangible assets with indefinite useful lives will no longer be amortized, but rather will be tested for impairment on an annual basis. This annual impairment test will involve (1) a step to identify potential impairment at a reporting unit level based on fair values, and (2) a step to measure the amount of the impairment, if any. Intangible assets with finite useful lives will continue to be amortized over such lives, and tested for impairment in accordance with our existing policies. SFAS 142 requires disclosures about goodwill and other intangible assets in the periods subsequent to their acquisition, including (1) changes in the carrying amount of goodwill, in total and by operating segment, (2) the carrying amounts of intangible assets subject to amortization and those which are not subject to amortization, (3) information about impairment losses recognized, and (4) the estimated amount of intangible asset amortization expense for the next five years. The provisions of SFAS 142 are effective for fiscal years beginning after December 15, 2001. We will adopt the requirements of SFAS 142 as of January 1, 2002. In addition, the nonamortization provisions of SFAS 142 are to be immediately applied for goodwill and other intangible assets acquired in business combinations subsequent to June 30, 2001. SFAS 142 requires that transitional impairment tests be performed at its adoption, and provides that resulting impairment losses for goodwill and other intangible assets be reported as the effect of a change in accounting principle. We have not yet completed our transitional impairment tests but, based on preliminary results of those tests, do not currently believe that an impairment loss for goodwill and other intangible assets will be recorded upon the adoption of SFAS 142. We expect that our depreciation and amortization expense will decrease by approximately $62.1 million per year as a result of the adoption of SFAS 142.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS

144"). SFAS 144 supersedes Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ("SFAS 121"), but retains many of its fundamental provisions. SFAS 144 also clarifies certain measurement and classification issues from SFAS 121. In addition, SFAS 144 supersedes the accounting and reporting provisions for the disposal of a business segment as found in Accounting Principles Board Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions ("APB 30"). However, SFAS 144 retains the requirement in APB 30 to separately report discontinued operations, and broadens the scope of such requirement to include more types of disposal transactions. The scope of SFAS 144 excludes goodwill and other intangible assets that are not to be amortized, as the accounting for such items is prescribed by SFAS 142. The provisions of SFAS 144 are effective for fiscal years beginning after December 15, 2001, and are to be applied prospectively. We will adopt the requirements of SFAS 144 as of January 1, 2002.

Cautionary Statement for Purposes of Forward-Looking Statements

Certain information contained in this Annual Report on Form 10-K (including statements contained in "Item 1. Business", "Item 3. Legal Proceedings" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"), as well as other written and oral statements made or incorporated by reference from time to time by the Company and its representatives in other reports, filings with the Securities and Exchange Commission, press releases, conferences, conference calls, or otherwise, may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and are subject to the "Safe Harbor" provisions of that section. This information includes, without limitation, statements concerning future results of operations, future revenues, future costs and expenses and future margins; anticipated timing of capital expenditures made by wireless carriers and broadcasters; further applications and revenue sources for the Company's properties and acquisitions; anticipated releases and technological advances; the effects of and expected benefits from acquisitions and strategic alliances; the effect of changes in accounting standards on our results of operations and financial condition; the effect of the Euro's introduction; the inherent unpredictability of adversarial proceedings and other contingent liabilities; future capital expenditures and future financial condition; future wireless and broadcast industry conditions; and world economic conditions. These statements are based on current expectations and involve a number of risks and uncertainties, including those set forth below and elsewhere in this Annual Report on Form 10-K. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove correct.

When used in this report, the words "anticipate," "estimate," "expect," "may," "project" and similar expressions are intended to be among the statements that identify forward-looking statements. Important factors which could affect actual results and cause actual results to differ materially from those results which might be projected, forecast, estimated or budgeted in such forward-looking statements include, but are not limited to the factors set forth in "--Overview" above and "Item 1. Business--Risk Factors."

Item 8. Financial Statements and Supplementary Data

Crown Castle International Corp. and Subsidiaries
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ended December 31, 2001..
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December 31, 2001...
Notes to Consolidated Financial Statements...

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Crown Castle International Corp.:

We have audited the accompanying consolidated balance sheets of Crown Castle International Corp. and subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of operations and comprehensive loss, cash flows and stockholders' equity for each of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crown Castle International Corp. and subsidiaries as of December 31, 2000 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for derivative instruments and hedging activities in 2001.

KPMG LLP

Houston, Texas
February 28, 2002

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands of dollars, except share amounts)

	Decemb
	2000
ASSETS	
Current assets:	
Cash and cash equivalents	$ 453,833
Receivables:	
Trade, net of allowance for doubtful accounts of $18,722 and $24,785 at December 31, 2000 and 2001, respectively	168,184
Other	4,942
Short-term investments	38,000
Inventories	40,684
Prepaid expenses and other current assets	28,535
Total current assets	734,178
Property and equipment, net	4,303,037
Investments	137,000
Goodwill and other intangible assets, net of accumulated amortization of $101,085 and $163,934 at December 31, 2000 and 2001, respectively	1,112,876
Deferred financing costs and other assets, net of accumulated amortization of $10,733 and $21,376 at December 31, 2000 and 2001, respectively	114,794
	$6,401,885
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 100,766
Accrued interest	47,604
Accrued compensation and related benefits	11,901
Deferred rental revenues and other accrued liabilities	126,649
Long-term debt, current maturities	--
Total current liabilities	286,920
Long-term debt, less current maturities	2,602,687
Other liabilities	93,354
Total liabilities	2,982,961

Commitments and contingencies (Note 11)	
Minority interests	155,344
Redeemable preferred stock	842,718
Stockholders' equity:	
Common stock, $.01 par value; 690,000,000 shares authorized; shares issued: December 31, 2000--198,912,094 and December 31, 2001--218,804,363	1,989
Additional paid-in capital	2,894,095
Accumulated other comprehensive loss	(25,100)
Accumulated deficit	(450,122)
Total stockholders' equity	2,420,862
	$6,401,885

See notes to consolidated financial statements.

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands of dollars, except per share amounts)

	Y
	19
Net revenues:	
Site rental and broadcast transmission	$ 267
Network services and other	77
	345
Operating expenses:	
Costs of operations (exclusive of depreciation and amortization):	
Site rental and broadcast transmission	114
Network services and other	42
General and administrative	43
Corporate development	5
Restructuring charges	5
Asset write-down charges	
Non-cash general and administrative compensation charges	2
Depreciation and amortization	130
	343

Operating income (loss)	1
Other income (expense):	
Interest and other income (expense)	17
Interest expense and amortization of deferred financing costs	(110
Loss before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle	(91
Provision for income taxes	
Minority interests	(2
Loss before extraordinary item and cumulative effect of change in accounting principle	(94
Extraordinary item--loss on early extinguishment of debt	
Cumulative effect of change in accounting principle for costs of start-up activities	(2
Net loss	(96
Dividends on preferred stock	(28
Net loss after deduction of dividends on preferred stock	$(125
Net loss	$ (96
Other comprehensive income (loss):	
Foreign currency translation adjustments	(4
Derivative instruments:	
Net change in fair value of cash flow hedging instruments	
Amounts reclassified into results of operations	
Comprehensive loss before cumulative effect of change in accounting principle	(101
Cumulative effect of change in accounting principle for derivative financial instruments	
Comprehensive loss	$(101
Per common share--basic and diluted:	
Loss before extraordinary item and cumulative effect of change in accounting principle	$ (
Extraordinary item	
Cumulative effect of change in accounting principle	(
Net loss	$ (
Common shares outstanding--basic and diluted (in thousands)	131

See notes to consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of dollars)

	Years End
	1999
Cash flows from operating activities:	
Net loss	$ (96,761) $
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	130,106
Amortization of deferred financing costs and discounts on long-term debt	49,937
Asset write-down charges	--
Non-cash general and administrative compensation charges	2,173
Minority interests	2,756
Extraordinary loss on early extinguishment of debt	--
Cumulative effect of change in accounting principle	2,414
Changes in assets and liabilities, excluding the effects of acquisitions:	
Increase in deferred rental revenues and other liabilities	75,277
Increase in accrued interest	5,518
Increase in accounts payable	889
Increase in inventories, prepaid expenses and other assets	(36,788)
Increase in receivables	(42,913)
Net cash provided by operating activities	92,608
Cash flows from investing activities:	
Maturities of investments	--
Capital expenditures	(293,801)
Purchases of investments	--
Acquisitions of businesses and assets, net of cash acquired	(1,208,466) (
Investments in affiliates and other	(6,879)
Net cash used for investing activities	(1,509,146) (
Cash flows from financing activities:	
Proceeds from issuance of long-term debt	757,206
Proceeds from issuance of capital stock	805,771
Net borrowings under revolving credit agreements	136,993
Proceeds from issuance of subsidiary stock to minority shareholder	--
Incurrence of financing costs	(28,330)
Principal payments on long-term debt	--
Dividends on preferred stock	(1,238)
Net cash provided by financing activities	1,670,402
Effect of exchange rate changes on cash	(986)
Net increase (decrease) in cash and cash equivalents	252,878
Cash and cash equivalents at beginning of year	296,450

Cash and cash equivalents at end of year	$ 549,328	$
Supplementary schedule of non-cash investing and financing activities:		
Amounts recorded in connection with acquisitions (see Note 2):		
Fair value of net assets acquired, including goodwill and other intangible assets	$ 1,750,506	$
Escrow deposits for acquisitions	50,000	
Issuance of common stock	397,710	
Minority interests	14,330	
Issuance of long-term debt	180,000	
Supplemental disclosure of cash flow information:		
Interest paid	$ 54,514	$
Income taxes paid	301	

See notes to consolidated financial statements.

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(In thousands of dollars, except share amounts)

	Common Stock		Class A C Stoc
	Shares	($.01 Par)	Shares
Balance, January 1, 1999	83,123,873	$ 831	11,340,000
Issuances of capital stock and warrants	62,951,032	630	--
Non-cash general and administrative compensation charges	--	--	--
Foreign currency translation adjustments	--	--	--
Dividends on preferred stock	--	--	--
Net loss	--	--	--
Balance, December 31, 1999	146,074,905	1,461	11,340,000
Conversion of Class A Common Stock to Common Stock	11,340,000	113	(11,340,000
Issuances of capital stock	40,636,221	406	--
Non-cash general and administrative compensation charges	--	--	--
Foreign currency translation adjustments	--	--	--
Dividends on preferred stock	860,968	9	--
Net loss	--	--	--

Balance, December 31, 2000	198,912,094	1,989	--
Issuances of capital stock	16,710,505	167	--
Non-cash general and administrative compensation charges	--	--	--
Foreign currency translation adjustments	--	--	--
Derivative instruments:			
Net change in fair value of cash flow hedging instruments	--	--	--
Amounts reclassified into results of operations	--	--	--
Cumulative effect of change in accounting principle for derivative financial instruments	--	--	--
Dividends on preferred stock	3,181,764	32	--
Net loss	--	--	--
Balance, December 31, 2001	218,804,363	$2,188	--

	Accumulated Other Comprehensive Income (Loss)		
	Foreign Currency Translation Adjustments	Derivative Instruments	Accumu Defi
Balance, January 1, 1999	$ 1,690	$ --	$ (60
Issuances of capital stock and warrants	--	--	
Non-cash general and administrative compensation charges	--	--	
Foreign currency translation adjustments	(4,703)	--	
Dividends on preferred stock	--	--	(28
Net loss	--	--	(96
Balance, December 31, 1999	(3,013)	--	(185
Conversion of Class A Common Stock to Common Stock	--	--	
Issuances of capital stock	--	--	
Non-cash general and administrative compensation charges	--	--	
Foreign currency translation adjustments	(22,087)	--	
Dividends on preferred stock	--	--	(59
Net loss	--	--	(204
Balance, December 31, 2000	(25,100)	--	(450
Issuances of capital stock	--	--	
Non-cash general and administrative compensation charges	--	--	
Foreign currency translation adjustments	(10,154)	--	
Derivative instruments:			
Net change in fair value of cash flow hedging instruments	--	(10,336)	
Amounts reclassified into results of operations	--	2,166	
Cumulative effect of change in accounting principle for			

derivative financial instruments	--	178	
Dividends on preferred stock	--	--	(79
Net loss	--	--	(366
Balance, December 31, 2001	$(35,254)	$ (7,992)	$(895

See notes to consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Crown Castle International Corp. ("CCIC") and its majority and wholly owned subsidiaries, collectively referred to herein as the "Company". All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to the prior year's financial statements to be consistent with the presentation in the current year.

The Company owns, operates and manages wireless communications sites and broadcast transmission networks. The Company also provides complementary services to its customers, including network design, radio frequency engineering, site acquisition, site development and construction, antenna installation and network management and maintenance. The Company's communications sites are located throughout the United States, in Puerto Rico, in the United Kingdom and in Australia. In the United States, Puerto Rico and Australia, the Company's primary business is the leasing of antenna space to wireless operators under long-term contracts. In the United Kingdom, the Company's primary businesses are the operation of television and radio broadcast transmission networks and the leasing of antenna space to wireless operators in the United Kingdom.

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

Summary of Significant Accounting Policies

Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

Investments

As of December 31, 2000 and 2001, all investments (consisting of government agency debt securities) are classified as held-to-maturity since the Company

has the positive intent and ability to hold such investments until they mature. Held-to-maturity securities are stated at amortized cost. Gross unrealized holding gains amounted to $156,000 and $425,000 at December 31, 2000 and 2001, respectively. Investments classified as current assets mature within one year, while those classified as noncurrent mature after one year and within three years.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Inventories include work in process amounting $22,082,000 and $83,804,000 at December 31, 2000 and 2001, respectively.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed utilizing the straight-line method at rates based upon the estimated useful lives of the various classes of assets. Additions, renewals and improvements are capitalized, while maintenance and repairs are expensed. Upon the sale or retirement of an asset, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized. The carrying value of property and equipment and other long-lived assets,

including any related goodwill, will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset; such loss would first be charged to the carrying value of any related goodwill, and then to the carrying value of the impaired assets.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets represents the excess of the purchase price for an acquired business over the allocated value of the related net assets (see Note 2). Goodwill is amortized on a straight-line basis over a 20 year life. Other intangible assets (principally the value of existing site rental contracts at CCUSA) are amortized on a straight-line basis over a 10 year life. The carrying value of goodwill and other intangible assets will be reviewed for impairment, in connection with impaired long-lived assets as well as on an enterprise level, whenever events or changes in circumstances indicate that the carrying amount of the acquired assets may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset. For enterprise level goodwill, fair value is determined using a discounted cash flows approach.

Deferred Financing Costs

Costs incurred to obtain financing are deferred and amortized over the estimated term of the related borrowing.

Revenue Recognition

Site rental revenues are recognized on a monthly basis under lease or management agreements with terms ranging from 12 months to 25 years. Broadcast transmission revenues are recognized on a monthly basis under transmission contracts with terms ranging from 8 years to 12 years.

Network services revenues from site development, construction and antenna installation activities are recognized under a method which approximates the completed contract method. This method is used because these services are typically completed in three months or less and financial position and results of operations do not vary significantly from those which would result from use of the percentage-of-completion method. These services are considered complete when the terms and conditions of the contract or agreement have been completed. Costs and revenues associated with installations not complete at the end of a period are deferred and recognized when the installation becomes operational. Any losses on contracts are recognized at such time as they become known.

Network services revenues from design, engineering, site acquisition, and network management and maintenance activities are recognized under service contracts with customers which provide for billings on a time and materials, cost plus profit, or fixed price basis. Such contracts typically have terms from six months to two years. Revenues are recognized as services are performed with respect to the time and materials contracts. Revenues are recognized using the percentage-of-completion method for cost plus profit and fixed price contracts, measured by the percentage of contract costs incurred to date compared to estimated total contract costs. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Corporate Development Expenses

Corporate development expenses represent costs incurred in connection with acquisitions and development of new business initiatives.

Income Taxes

The Company accounts for income taxes using an asset and liability approach, which requires the recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates.

Per Share Information

Per share information is based on the weighted-average number of common shares outstanding during each period for the basic computation and, if dilutive, the weighted-average number of potential common shares resulting from

the assumed conversion of outstanding stock options, warrants and convertible preferred stock for the diluted computation.

A reconciliation of the numerators and denominators of the basic and diluted per share computations is as follows:

	Years Ended December		
	1999	2000	
	(In thousands of dolla except per share amoun		
Loss before extraordinary item and cumulative effect of change in accounting principle	$ (94,347)	$(203,291)	$(3
Dividends on preferred stock	(28,881)	(59,469)	(
Loss before extraordinary item and cumulative effect of change in accounting principle applicable to common stock for basic and diluted computations	(123,228)	(262,760)	(4
Extraordinary item	--	(1,495)	
Cumulative effect of change in accounting principle	(2,414)	--	
Net loss applicable to common stock for basic and diluted computations	$(125,642)	$(264,255)	$(4
Weighted-average number of common shares outstanding during the period for basic and diluted computations (in thousands)	131,466	178,588	2
Per common share--basic and diluted:			
Loss before extraordinary item and cumulative effect of change in accounting principle	$ (0.94)	$ (1.47)	$
Extraordinary item	--	(0.01)	
Cumulative effect of change in accounting principle	(0.02)	--	
Net loss	$ (0.96)	$ (1.48)	$

The calculations of common shares outstanding for the diluted computations exclude the following potential common shares as of December 31, 2001: (1) options to purchase 23,873,337 shares of common stock at exercise prices ranging from $-0- to $39.75 per share, (2) warrants to purchase 639,990 shares of common stock at an

exercise price of $7.50 per share, (3) warrants to purchase 1,000,000 shares of common stock at an exercise price of $26.875 per share, (4) shares of the Company's 8 1/4% Cumulative Convertible Redeemable Preferred Stock (see Note 7) which are convertible into 7,441,860 shares of common stock and (5) shares of the Company's 6.25% Convertible Preferred Stock (see Note 7) which are convertible into 10,915,254 shares of common stock. The inclusion of such

potential common shares in the diluted per share computations would be antidilutive since the Company incurred net losses for each of the three years in the period ended December 31, 2001.

Foreign Currency Translation

Crown Castle UK Holdings Limited ("CCUK") and Crown Castle Australia Holdings Pty Ltd. ("CCAL") use the British pound sterling and the Australian dollar, respectively, as the functional currencies for their operations. The Company translates CCUK's and CCAL's results of operations using the average exchange rates for the period, and translates CCUK's and CCAL's assets and liabilities using the exchange rates at the end of the period. The cumulative effect of changes in the exchange rates are recorded as translation adjustments in stockholders' equity.

Financial Instruments

The carrying amount of cash and cash equivalents approximates fair value for these instruments. The estimated fair value of the investment securities is based on quoted market prices. The estimated fair value of the Company's public debt securities is based on quoted market prices, and the estimated fair value of the other long-term debt is determined based on the current rates offered for similar borrowings. The estimated fair value of the interest rate swap agreements is based on the amount that the Company would receive or pay to terminate the agreements at the balance sheet date. The estimated fair values of the Company's financial instruments, along with the carrying amounts of the related assets (liabilities), are as follows:

	December 31, 2000		December 31, 2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands of dollars)			
Cash and cash equivalents...........	$ 453,833	$ 453,833	$ 804,602	$ 804,602
Short-term investments (to be held to maturity)........................	38,000	38,015	72,963	73,224
Investments (to be held to maturity).	137,000	137,141	128,500	128,664
Long-term debt......................	(2,602,687)	(2,593,615)	(3,423,097)	(3,236,191)
Interest rate swap agreements, net...	--	178	(7,992)	(7,992)

The Company does not currently hold or issue derivative financial instruments for trading purposes.

Stock Options

The Company uses the "intrinsic value based method" of accounting for its employee stock option plans (see Note 8). This method does not result in the recognition of compensation expense when employee stock options are granted if the exercise price of the options equals or exceeds the fair market value of the stock at the date of grant. See Note 8 for the disclosures required by Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation.

Recent Accounting Pronouncements

In April 1998, the Accounting Standards Executive Committee of the American

Institute of Certified Public Accountants issued Statement of Position 98-5, Reporting on the Costs of Start-Up Activities ("SOP 98-5"). SOP

98-5 requires that costs of start-up activities be charged to expense as incurred and broadly defines such costs. The Company had deferred certain costs incurred in connection with potential business initiatives and new geographic markets, and SOP 98-5 required that such deferred costs be charged to results of operations upon its adoption. The Company has adopted the requirements of SOP 98-5 as of January 1, 1999. The cumulative effect of the change in accounting principle for the adoption of SOP 98-5 resulted in a charge to results of operations for $2,414,000 in the Company's financial statements for the year ended December 31, 1999.

On January 1, 2001, the Company adopted the requirements of Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 requires that derivative instruments be recognized as either assets or liabilities in the consolidated balance sheet based on their fair values. Changes in the fair values of such derivative instruments are recorded either in results of operations or in other comprehensive income (loss), depending on the intended use of the derivative instrument. The initial application of SFAS 133 is reported as the effect of a change in accounting principle. The adoption of SFAS 133 resulted in a net transition adjustment gain of approximately $178,000 in accumulated other comprehensive income (loss), the recognition of approximately $363,000 of derivative instrument assets and the recognition of approximately $185,000 of derivative instrument liabilities. The amounts for this transition adjustment are based on current fair value measurements at the date of adoption of SFAS 133. The Company expects that the adoption of SFAS 133 will increase the volatility of other comprehensive income (loss) as reported in its future financial statements.

The derivative instruments recognized upon the Company's adoption of SFAS 133 consist of interest rate swap agreements. Such agreements are used to manage interest rate risk on a portion of the Company's floating rate indebtedness, and are designated as cash flow hedging instruments in accordance with SFAS 133. The interest rate swap agreements have notional amounts aggregating $150,000,000 and effectively convert the interest payments on an equal amount of debt from a floating rate to a fixed rate. As such, the Company is protected from future increases in market interest rates on that portion of its indebtedness. To the extent that the interest rate swap agreements are effective in hedging the Company's interest rate risk, the changes in their fair values are recorded as other comprehensive income (loss). Amounts recorded as other comprehensive income (loss) are reclassified into results of operations in the same periods that the hedged interest costs are recorded in interest expense. The Company estimates that such reclassified amounts will be approximately $5,700,000 for the year ending December 31, 2002. To the extent that any portions of the interest rate swap agreements are deemed ineffective, the related changes in fair values are recognized in results of operations. As of December 31, 2001, the accumulated other comprehensive loss in consolidated stockholders' equity includes $7,992,000 in losses related to derivative instruments.

In July 2001, the Financial Accounting Standards Board (the "FASB") issued

Statement of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141"), and Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). SFAS 141 prohibits the use of the pooling-of-interests method of accounting for business combinations, and requires that the purchase method be used for all business combinations after June 30, 2001. SFAS 141 also changes the manner in which acquired intangible assets are identified and recognized apart from goodwill. Further, SFAS 141 requires additional disclosures regarding the reasons for business combinations, the allocation of the purchase price to recognized assets and liabilities and the recognition of goodwill and other intangible assets. The Company has used the purchase method of accounting since its inception, so the adoption of SFAS 141 will not change its method of accounting for business combinations. The Company will adopt the other recognition and disclosure requirements of SFAS 141 as of July 1, 2001 for any future business combinations. The transition provisions of SFAS 141 require that the carrying amounts for goodwill and other intangible assets acquired in prior purchase method business combinations be reviewed and reclassified in accordance with the new recognition rules; such

reclassifications are to be made in conjunction with the adoption of SFAS 142. The Company will apply these transition provisions of SFAS 141 as of January 1, 2002, and does not believe that they will have any effect on its consolidated financial statements.

SFAS 142 changes the accounting and disclosure requirements for acquired goodwill and other intangible assets. The most significant provision of SFAS 142 is that goodwill and other intangible assets with indefinite useful lives will no longer be amortized, but rather will be tested for impairment on an annual basis. This annual impairment test will involve (1) a step to identify potential impairment at a reporting unit level based on fair values, and (2) a step to measure the amount of the impairment, if any. Intangible assets with finite useful lives will continue to be amortized over such lives, and tested for impairment in accordance with the Company's existing policies. SFAS 142 requires disclosures about goodwill and other intangible assets in the periods subsequent to their acquisition, including (1) changes in the carrying amount of goodwill, in total and by operating segment, (2) the carrying amounts of intangible assets subject to amortization and those which are not subject to amortization, (3) information about impairment losses recognized, and (4) the estimated amount of intangible asset amortization expense for the next five years. The provisions of SFAS 142 are effective for fiscal years beginning after December 15, 2001. The Company will adopt the requirements of SFAS 142 as of January 1, 2002. In addition, the nonamortization provisions of SFAS 142 are to be immediately applied for goodwill and other intangible assets acquired in business combinations subsequent to June 30, 2001. SFAS 142 requires that transitional impairment tests be performed at its adoption, and provides that resulting impairment losses for goodwill and other intangible assets be reported as the effect of a change in accounting principle. The Company has not yet completed its transitional impairment tests but, based on preliminary results of those tests, does not currently believe that an impairment loss for goodwill and other intangible assets will be recorded upon the adoption of SFAS 142. The Company expects that its depreciation and amortization expense will decrease by approximately $62,068,000 per year as a result of the adoption of SFAS 142.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS 144"). SFAS 144 supersedes Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ("SFAS 121"), but retains many of its fundamental provisions. SFAS 144 also clarifies certain measurement and classification issues from SFAS 121. In addition, SFAS 144 supersedes the accounting and reporting provisions for the disposal of a business segment as found in Accounting Principles Board Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions ("APB 30"). However, SFAS 144 retains the requirement in APB 30 to separately report discontinued operations, and broadens the scope of such requirement to include more types of disposal transactions. The scope of SFAS 144 excludes goodwill and other intangible assets that are not to be amortized, as the accounting for such items is prescribed by SFAS 142. The provisions of SFAS 144 are effective for fiscal years beginning after December 15, 2001, and are to be applied prospectively. The Company will adopt the requirements of SFAS 144 as of January 1, 2002.

2. Acquisitions

During the three years in the period ended December 31, 2001, the Company consummated a number of business and asset acquisitions which were accounted for using the purchase method. Results of operations and cash flows of the acquired businesses and assets are included in the consolidated financial statements for the periods subsequent to the respective dates of acquisition.

Agreement with Bell Atlantic Mobile ("BAM")

On December 8, 1998, the Company entered into an agreement with BAM (now part of Verizon Communications) to form a joint venture ("Crown Atlantic") to own and operate a significant majority of BAM's

towers. Upon formation of Crown Atlantic on March 31, 1999, (1) the Company contributed to Crown Atlantic $250,000,000 in cash and 15,597,783 shares of its common stock in exchange for a 61.5% ownership interest in Crown Atlantic, (2) Crown Atlantic borrowed $180,000,000 under a committed $250,000,000 revolving credit facility (see Note 4); and (3) BAM contributed to Crown Atlantic approximately 1,458 towers in exchange for a cash distribution of $380,000,000 from Crown Atlantic and a 38.5% ownership interest in Crown Atlantic. In addition to the towers originally contributed to Crown Atlantic by BAM, the Company and BAM agreed that certain additional towers owned by BAM (the "Frontier towers") could be contributed to Crown Atlantic. In August and October 2000, BAM contributed 215 of the Frontier towers in exchange for additional ownership interests in Crown Atlantic. Upon dissolution of Crown Atlantic, BAM will receive (1) the shares of the Company's common stock contributed to Crown Atlantic and (2) a payment (either in cash or in shares of the Company's common stock, at the Company's election) equal to approximately 24.1% of the fair market value (at the dissolution date) of Crown Atlantic's other net assets; the Company would then receive the remaining assets and liabilities of Crown Atlantic. The Company has accounted for its investment in Crown Atlantic as an acquisition using the purchase method, and has included

Crown Atlantic's results of operations and cash flows in the Company's consolidated financial statements for periods subsequent to formation. The Company recognized goodwill of approximately $64,163,000 in connection with this acquisition.

BellSouth Mobility Inc. and BellSouth Telecommunications Inc. ("BellSouth")

In March 1999, the Company entered into an agreement with BellSouth (now part of Cingular) to acquire the operating rights for approximately 1,850 of their towers. The legal form of the transaction is a lease arrangement and will be treated by BellSouth as a sale of the towers for tax purposes. During 1999, 2000 and 2001, the Company closed on a revised total of 1,942 towers and paid $463,681,000 in cash and issued 9,084,025 shares of its common stock. The Company accounted for this transaction as a purchase of tower assets.

Powertel, Inc. ("Powertel")

In March 1999, the Company entered into an agreement with Powertel to purchase 650 of their towers and related assets. The total purchase price for these towers was $275,000,000 in cash, all of which was paid in 1999. The Company has accounted for this transaction as an acquisition using the purchase method.

BellSouth DCS

In July 1999, the Company entered into an agreement with certain affiliates of BellSouth ("BellSouth DCS", now part of Cingular) to acquire the operating rights for approximately 773 of their towers. The legal form of the transaction is a lease arrangement and will be treated by BellSouth as a sale of the towers for tax purposes. During 1999, 2000 and 2001, the Company closed on 745 of these towers and paid $307,015,000 in cash. The Company accounted for this transaction as a purchase of tower assets.

Agreement With GTE Corporation ("GTE")

On November 7, 1999, the Company entered into an agreement with GTE (now part of Verizon Communications) to form a joint venture ("Crown Castle GT") to own and operate a significant majority of GTE's towers. The agreement contemplated that the transaction would be completed in multiple closings during 2000. On January 31, 2000, the formation of Crown Castle GT took place in connection with the first such closing of towers. During the course of the multiple closings, (1) the Company contributed an aggregate of approximately $815,266,000 (of which approximately $94,464,000 was in shares of its common stock, with the balance in cash) in exchange for a majority ownership interest in Crown Castle GT, and (2) GTE contributed

approximately 2,300 towers in exchange for cash distributions aggregating approximately $695,802,000 from Crown Castle GT and a minority ownership interest in Crown Castle GT. Upon dissolution of Crown Castle GT, GTE will receive (1) the 5,063,731 shares of the Company's common stock contributed to Crown Castle GT and (2) a payment in cash equal to approximately 11.0% of the fair market value (at the dissolution date) of Crown Castle GT's other net

assets; the Company will then receive the remaining assets and liabilities of Crown Castle GT. The Company has accounted for its investment in Crown Castle GT as a purchase of tower assets, and has included Crown Castle GT's results of operations and cash flows in the Company's consolidated financial statements for periods subsequent to formation.

Upon entering into the agreement with GTE, the Company placed $50,000,000 into an escrow account. At the April 3, 2000 closing, the funds in the escrow account were used to pay $50,000,000 of the Company's cash contribution. A portion of the remaining cash contribution for this closing was financed with the net proceeds from borrowings under the Term Loans due 2011 (see Note 4).

In addition to the approximately 2,300 towers contributed pursuant to the formation agreement, GTE had the right to contribute certain additional towers to Crown Castle GT, including towers acquired by GTE from Ameritech Corp. ("Ameritech"), on terms substantially similar to those in the formation agreement. In April 2000, the Company agreed with GTE that the Ameritech towers would be contributed to Crown Castle GT. In August and September 2000, the Company contributed $181,641,000 in cash, and GTE contributed 497 of the Ameritech towers in exchange for a cash distribution of $181,641,000 from Crown Castle GT.

Crown Castle Australia Holdings Pty Ltd. ("CCAL")

In March 2000, CCAL (a 77.6% owned subsidiary of the Company) entered into an agreement to purchase approximately 700 towers in Australia from Cable & Wireless Optus ("Optus"). The total purchase price for the towers was approximately $135,000,000 in cash (Australian $220,000,000). The Company has accounted for its investment in CCAL as a purchase of tower assets, and has included CCAL's results of operations and cash flows in the Company's consolidated financial statements for periods subsequent to the purchase date. On April 3, 2000, the first closing took place for CCAL. The Company contributed $90,786,000 in cash (Australian $147,500,000) to CCAL. The largest portion of this amount, along with a capital contribution from CCAL's minority shareholder, was used to pay $103,485,000 (Australian $168,131,000) to Optus. The substantial portion of the remaining payments to Optus have been made by CCAL during 2000 and 2001.

CCUK

On July 5, 2000, TeleDiffusion de France International S.A. ("TdF", a subsidiary of France Telecom) and an affiliate of TdF sold their remaining interests in the Company to a third party (see Note 8). In connection with this disposition, the Company issued 17,443,500 shares of its Common Stock in exchange for TdF's 20% interest in CCUK. As a result, CCUK became a wholly owned subsidiary of the Company. The Company recognized additional goodwill of approximately $493,751,000 in connection with this transaction.

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

3. Property and Equipment

The major classes of property and equipment are as follows:

	Estimated Useful Lives	December 31, 2000	December 31, 2001
		(In thousands of dollars)	
Land and buildings	0-50 years	$ 141,791	$ 168,252
Telecommunications towers and broadcast transmission equipment	5-20 years	4,404,443	5,182,050
Transportation and other equipment	3-10 years	23,775	12,378
Office furniture and equipment	3-7 years	38,548	49,069
		4,608,557	5,411,749
Less: accumulated depreciation		(305,520)	(566,837)
		$4,303,037	$4,844,912

Depreciation expense for the years ended December 31, 1999, 2000 and 2001 was $96,556,000, $190,610,000 and $265,395,000 respectively. Accumulated depreciation on telecommunications towers and broadcast transmission equipment was $204,855,000 and $406,607,000 at December 31, 2000 and 2001, respectively. At December 31, 2001, minimum rentals receivable under existing operating leases for towers are as follows: years ending December 31, 2002--$564,980,000; 2003--$542,559,000; 2004--$525,192,000; 2005--$489,547,000; 2006--$440,528,000; thereafter--$988,376,000.

4. Long-term Debt

Long-term debt consists of the following:

	December 31, 2000	December 31, 2001
	(In thousands of dollars)	
2000 Credit Facility	$ 500,000	$ 700,000
CCUK Credit Facility	138,932	172,050
Crown Atlantic Credit Facility	239,000	300,000
9% Guaranteed Bonds due 2007	181,820	177,401
10 5/8% Senior Discount Notes due 2007, net of discount	206,768	229,321
10 3/8% Senior Discount Notes due 2011, net of discount	355,482	393,320
9% Senior Notes due 2011	180,000	180,000
11 1/4% Senior Discount Notes due 2011, net of discount	175,685	196,005
9 1/2% Senior Notes due 2011	125,000	125,000
10 3/4% Senior Notes due 2011	500,000	500,000
9 3/8% Senior Notes due 2011	--	450,000
	2,602,687	3,423,097
Less: current maturities	--	(29,086)
	$2,602,687	$3,394,011

2000 Credit Facility

In March 2000, a subsidiary of the Company entered into a credit agreement with a syndicate of banks (the "2000 Credit Facility") which consists of two term loan facilities and a revolving line of credit aggregating

$1,200,000,000. Available borrowings under the 2000 Credit Facility are generally to be used for the construction and purchase of towers and for general corporate purposes of CCUSA, Crown Castle GT and CCAL. The amount of available borrowings will be determined based on the current financial performance (as defined) of those subsidiaries' assets. In addition, up to $25,000,000 of borrowing availability under the 2000 Credit Facility can be used for letters of credit.

On March 15, 2000, the Company used $83,375,000 in borrowings under one of the term loan facilities of the 2000 Credit Facility to repay outstanding borrowings and accrued interest under a prior credit facility. The net proceeds from $316,625,000 in additional borrowings under this term loan facility were used to fund a portion of the purchase price for Crown Castle GT and for general corporate purposes. As of December 31, 2001, approximately $500,000,000 of borrowings was available under the 2000 Credit Facility, of which $25,000,000 was available for letters of credit. There were no letters of credit outstanding as of December 31, 2001. In the first quarter of 2000, the Company recorded an extraordinary loss of $1,495,000 consisting of the write-off of unamortized deferred financing costs related to the prior credit facility.

The amount of available borrowings under the 2000 Credit Facility's term loans and revolving line of credit will decrease by stated amounts at the end of each calendar quarter beginning on June 30, 2003. Any remaining borrowings under one of the term loans must be repaid on March 15, 2008. Any remaining borrowings under the other term loan and the revolving line of credit must be repaid on September 15, 2007. Under certain circumstances, the Company's subsidiaries may be required to make principal prepayments under the 2000 Credit Facility in an amount equal to 50% of excess cash flow (as defined), the net cash proceeds from certain asset sales or the net cash proceeds from certain borrowings.

The 2000 Credit Facility is secured by substantially all of the assets of CCUSA and CCAL, and the Company's pledge of the capital stock of those subsidiaries and Crown Castle GT. In addition, the 2000 Credit Facility is guaranteed by CCIC. Borrowings under the 2000 Credit Facility bear interest at rates per annum, at the Company's election, equal to the bank's prime rate plus margins ranging from 1.75% to 2.00% or a Eurodollar interbank offered rate (LIBOR) plus margins ranging from 2.75% to 3.00% (6.50% and 4.66%, respectively, at December 31, 2001). The interest rate margins may be reduced by up to 1.00% (non-cumulatively) based on a financial test, determined quarterly. Interest on prime rate loans is due quarterly, while interest on LIBOR loans is due at the end of the period (from one to six months) for which such LIBOR rate is in effect. The 2000 Credit Facility requires the borrowers to maintain certain financial covenants and places restrictions on their ability to, among other things, incur debt and liens, pay dividends, make

capital expenditures, dispose of assets, undertake transactions with affiliates and make investments.

CCUK Credit Facility

CCUK has a credit agreement with a syndicate of banks (as amended, the "CCUK Credit Facility") which comprises (1) a (Pounds)100,000,000 (approximately $145,430,000) revolving loan facility and (2) a (Pounds)50,000,000 (approximately $72,715,000) revolving loan facility. Available borrowings under the CCUK Credit Facility are generally to be used to finance capital expenditures and for working capital and general corporate purposes. As of December 31, 2001, unused borrowing availability under the CCUK Credit Facility amounted to approximately (Pounds)30,000,000 (approximately $43,629,000).

In June 2002, the amount drawn under the (Pounds)100,000,000 revolving loan facility will be converted into a term loan facility and will be amortized in equal semi-annual installments on June 30 and December 31 of each year, with the final installment being due in June 2006. The (Pounds)50,000,000 revolving loan facility expires in June 2006. Under certain circumstances, CCUK may be required to make principal prepayments from the proceeds of certain asset sales.

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The CCUK Credit Facility is secured by substantially all of CCUK's assets. Borrowings under the CCUK Credit Facility bear interest at a rate per annum equal to a Eurodollar interbank offered rate (LIBOR) plus 1.5% (approximately 4.98% at December 31, 2001). The interest rate margin may be reduced by up to 0.875% (non-cumulatively) based on a financial test. Interest is due at the end of the period (from one to six months) for which such LIBOR rate is in effect. The CCUK Credit Facility requires CCUK to maintain certain financial covenants and places restrictions on CCUK's ability to, among other things, incur debt and liens, pay dividends, make capital expenditures, dispose of assets, undertake transactions with affiliates and make investments.

Crown Atlantic Credit Facility

Crown Atlantic has a credit agreement with a syndicate of banks (as amended, the "Crown Atlantic Credit Facility") which consists of a $345,000,000 secured revolving line of credit. Available borrowings under the Crown Atlantic Credit Facility are generally to be used to construct new towers and to finance a portion of the purchase price for towers and related assets of Crown Atlantic. The amount of available borrowings is determined based on the current financial performance (as defined) of Crown Atlantic's assets. In addition, up to $25,000,000 of borrowing availability under the Crown Atlantic Credit Facility can be used for letters of credit.

On March 31, 1999, Crown Atlantic borrowed $180,000,000 under the Crown Atlantic Credit Facility to fund a portion of the cash payment to BAM (see Note 2). As of December 31, 2001, approximately $45,000,000 of borrowings was available under the Crown Atlantic Credit Facility, of which $25,000,000 was available for letters of credit. There were no letters of credit outstanding as of December 31, 2001.

The amount of available borrowings under the Crown Atlantic Credit Facility

will decrease by a stated amount at the end of each calendar quarter beginning on March 31, 2003 until March 31, 2006, at which time any remaining borrowings must be repaid. Under certain circumstances, Crown Atlantic may be required to make principal prepayments under the Crown Atlantic Credit Facility in an amount equal to 50% of excess cash flow (as defined), the net cash proceeds from certain asset sales or the net cash proceeds from certain sales of equity or debt securities.

The Crown Atlantic Credit Facility is secured by a pledge of the membership interest in Crown Atlantic and a security interest in Crown Atlantic's tenant leases. Borrowings under the Crown Atlantic Credit Facility bear interest at a rate per annum, at Crown Atlantic's election, equal to the bank's prime rate plus 1.25% or a Eurodollar interbank offered rate (LIBOR) plus 2.75% (4.75% and 3.76%, respectively, at December 31, 2001). The interest rate margins may be reduced by up to 1.25% (non-cumulatively) based on a financial test, determined quarterly. Interest on prime rate loans is due quarterly, while interest on LIBOR loans is due at the end of the period (from one to three months) for which such LIBOR rate is in effect. The Crown Atlantic Credit Facility requires Crown Atlantic to maintain certain financial covenants and places restrictions on Crown Atlantic's ability to, among other things, incur debt and liens, pay dividends, make capital expenditures, dispose of assets, undertake transactions with affiliates and make investments.

9% Guaranteed Bonds due 2007 ("CCUK Bonds")

CCUK has issued (Pounds)125,000,000 (approximately $181,788,000) aggregate principal amount of the CCUK Bonds. Interest payments on the CCUK Bonds are due annually on each March 30. The maturity date of the CCUK Bonds is March 30, 2007. The CCUK Bonds are stated net of unamortized discount.

The CCUK Bonds are redeemable, at the option of CCUK, in whole or in part at any time, at the greater of their principal amount and such a price as will provide a gross redemption yield 0.5% per annum above the gross redemption yield on the benchmark gilt plus, in either case, accrued and unpaid interest. Under certain

circumstances, each holder of the CCUK Bonds has the right to require CCUK to repurchase all or a portion of such holder's CCUK Bonds at a price equal to 101% of their aggregate principal amount plus accrued and unpaid interest.

The CCUK Bonds are guaranteed by CCUK; however, they are unsecured and effectively subordinate to the outstanding borrowings under the CCUK Credit Facility. The trust deed governing the CCUK Bonds places restrictions on CCUK's ability to, among other things, pay dividends and make capital distributions, make investments, incur additional debt and liens, dispose of assets and undertake transactions with affiliates.

10 5/8% Senior Discount Notes due 2007 (the "10 5/8% Discount Notes")

The Company has issued $251,000,000 aggregate principal amount (at maturity) of the 10 5/8% Discount Notes. The 10 5/8% Discount Notes will not pay any interest until May 15, 2003, at which time semi-annual interest payments will commence and become due on each May 15 and November 15 thereafter. The maturity

date of the 10 5/8% Discount Notes is November 15, 2007. The 10 5/8% Discount Notes are net of unamortized discount of $44,232,000 and $21,679,000 at December 31, 2000 and 2001, respectively.

The 10 5/8% Discount Notes are redeemable at the option of the Company, in whole or in part, on or after November 15, 2002 at a price of 105.313% of the principal amount plus accrued interest. The redemption price is reduced annually until November 15, 2005, after which time the 10 5/8% Discount Notes are redeemable at par.

10 3/8% Senior Discount Notes due 2011 (the "10 3/8% Discount Notes") and 9% Senior Notes due 2011 (the "9% Senior Notes")

On May 12, 1999, the Company issued (1) $500,000,000 aggregate principal amount (at maturity) of its 10 3/8% Discount Notes for proceeds of $292,644,000 (net of original issue discount of $198,305,000 and after underwriting discounts of $9,051,000) and (2) $180,000,000 aggregate principal amount of its 9% Senior Notes for proceeds of $174,600,000 (after underwriting discounts of $5,400,000). The Company used a portion of the proceeds from the sale of these securities to repay $100,000,000 in outstanding borrowings, including accrued interest thereon, under a term loan credit facility in connection with the BellSouth and Powertel transactions (see Note 2). The remaining proceeds were used to pay the remaining purchase price for such transactions, to fund the initial interest payments on the 9% Senior Notes and for general corporate purposes.

The 10 3/8% Discount Notes will not pay any interest until November 15, 2004, at which time semi-annual interest payments will commence and become due on each May 15 and November 15 thereafter. Semi-annual interest payments for the 9% Senior Notes are due on each May 15 and November 15, commencing on November 15, 1999. The maturity date of the 10 3/8% Discount Notes and the 9% Senior Notes is May 15, 2011. The 10 3/8% Discount Notes are net of unamortized discount of $144,518,000 and $106,680,000 at December 31, 2000 and 2001, respectively.

The 10 3/8% Discount Notes and the 9% Senior Notes are redeemable at the option of the Company, in whole or in part, on or after May 15, 2004 at prices of 105.187% and 104.5%, respectively, of the principal amount plus accrued interest. The redemption prices are reduced annually until May 15, 2007, after which time the 10 3/8% Discount Notes and the 9% Senior Notes are redeemable at par. Prior to May 15, 2002, the Company may redeem up to 35% of the aggregate principal amount of the 10 3/8% Discount Notes and the 9% Senior Notes, at prices of 110.375% and 109%, respectively, of the accreted value thereof, with the net cash proceeds from a public offering of the Company's common stock.

11 1/4% Senior Discount Notes due 2011 (the "11 1/4% Discount Notes") and 9 1/2% Senior Notes due 2011 (the "9 1/2% Senior Notes")

On July 27, 1999, the Company issued (1) $260,000,000 aggregate principal amount (at maturity) of its 11 1/4% Discount Notes for proceeds of $147,501,000 (net of original issue discount of $109,489,000 and after underwriting discounts of $3,010,000) and (2) $125,000,000 aggregate principal amount of its

9 1/2% Senior Notes for proceeds of $122,500,000 (after underwriting discounts of $2,500,000) (collectively, the "July 1999 Offerings"). The proceeds from the sale of these securities were used to pay the purchase price for the BellSouth DCS transaction (see Note 2), to fund the initial interest payments on the 9 1/2% Senior Notes and for general corporate purposes.

The 11 1/4% Discount Notes will not pay any interest until February 1, 2005, at which time semi-annual interest payments will commence and become due on each February 1 and August 1 thereafter. Semi-annual interest payments for the 9 1/2% Senior Notes are due on each February 1 and August 1, commencing on February 1, 2000. The maturity date of the 11 1/4% Discount Notes and the 9 1/2% Senior Notes is August 1, 2011. The 11 1/4% Discount Notes are net of unamortized discount of $84,315,000 and $63,995,000 at December 31, 2000 and 2001, respectively.

The 11 1/4% Discount Notes and the 9 1/2% Senior Notes are redeemable at the option of the Company, in whole or in part, on or after August 1, 2004 at prices of 105.625% and 104.75%, respectively, of the principal amount plus accrued interest. The redemption prices are reduced annually until August 1, 2007, after which time the 11 1/4% Discount Notes and the 9 1/2% Senior Notes are redeemable at par. Prior to August 1, 2002, the Company may redeem up to 35% of the aggregate principal amount of the 11 1/4% Discount Notes and the 9 1/2% Senior Notes, at prices of 111.25% and 109.5%, respectively, of the accreted value thereof, with the net cash proceeds from a public offering of the Company's common stock.

Term Loans due 2011

On April 3, 2000, the Company borrowed $400,000,000 under a term loan agreement with a group of lenders (the "Term Loans"). The net proceeds from this borrowing, which amounted to $395,875,000, were used to fund a portion of the cash contribution for the towers at Crown Castle GT (See Note 2). The Term Loans were repaid in June 2000 with proceeds from the sale of the Company's 10 3/4% Senior Notes.

10 3/4% Senior Notes due 2011 (the "10 3/4% Senior Notes")

On June 21, 2000, the Company issued $500,000,000 aggregate principal amount of its 10 3/4% Senior Notes for proceeds of $483,674,000 (after underwriting discounts of $16,326,000). A portion of the proceeds from the sale of these securities were used to repay the Term Loans (as discussed above), and the remaining proceeds are being used to fund the initial interest payments on the 10 3/4% Senior Notes and for general corporate purposes. Semi-annual interest payments for the 10 3/4% Senior Notes are due on each February 1 and August 1, commencing on February 1, 2001. The maturity date of the 10 3/4% Senior Notes is August 1, 2011.

The 10 3/4% Senior Notes are redeemable at the option of the Company, in whole or in part, on or after August 1, 2005 at a price of 105.375% of the principal amount plus accrued interest. The redemption price is reduced annually until August 1, 2008, after which time the 10 3/4% Senior Notes are redeemable at par. Prior to August 1, 2003, the Company may redeem up to 35% of the aggregate principal amount of the 10 3/4% Senior Notes, at a price of 110.75% of the principal amount thereof, with the net cash proceeds from a public offering of the Company's common stock.

9 3/8% Senior Notes due 2011 (the "9 3/8% Senior Notes")

On May 10, 2001, the Company issued $450,000,000 aggregate principal amount of its 9 3/8% Senior Notes for proceeds of $441,000,000 (after underwriting discounts of $9,000,000). The proceeds from the sale of these securities will be used to fund the initial interest payments on the 9 3/8% Senior Notes and for general corporate purposes. Semi-annual interest payments for the 9 3/8% Senior Notes are due on each February 1 and August 1, commencing on August 1, 2001. The maturity date of the 9 3/8% Senior Notes is August 1, 2011.

The 9 3/8% Senior Notes are redeemable at the option of the Company, in whole or in part, on or after August 1, 2006 at a price of 104.688% of the principal amount plus accrued interest. The redemption price is reduced annually until August 1, 2009, after which time the 9 3/8% Senior Notes are redeemable at par. Prior to August 1, 2004, the Company may redeem up to 35% of the aggregate principal amount of the 9 3/8% Senior Notes, at a price of 109.375% of the principal amount thereof, with the net cash proceeds from a public offering of the Company's common stock.

Structural Subordination of the Debt Securities

The 10 5/8% Discount Notes, the 10 3/8% Discount Notes, the 9% Senior Notes, the 11 1/4% Discount Notes, the 9 1/2% Senior Notes, the 10 3/4% Senior Notes and the 9 3/8% Senior Notes (collectively, the "Debt Securities") are senior indebtedness of the Company; however, they are unsecured and effectively subordinate to the liabilities of the Company's subsidiaries, which include outstanding borrowings under the 2000 Credit Facility, the CCUK Credit Facility, the Crown Atlantic Credit Facility and the CCUK Bonds. The indentures governing the Debt Securities (the "Indentures") place restrictions on the Company's ability to, among other things, pay dividends and make capital distributions, make investments, incur additional debt and liens, issue additional preferred stock, dispose of assets and undertake transactions with affiliates. As of December 31, 2001, the Company was effectively precluded from paying dividends on its capital stock under the terms of the Indentures.

Reporting Requirements Under the Indentures Governing the Company's Debt Securities and the Certificate of Designations Governing the Company's 12 3/4% Senior Exchangeable Preferred Stock (the "Certificate")

The following information (as such capitalized terms are defined in the Indentures and the Certificate) is presented solely as a requirement of the Indentures and the Certificate; such information is not intended as an alternative measure of financial position, operating results or cash flow from operations (as determined in accordance with generally accepted accounting principles). Furthermore, the Company's measure of the following information may not be comparable to similarly titled measures of other companies.

The Company has designated CCUK, Crown Atlantic and certain investment subsidiaries as Unrestricted Subsidiaries. Summarized financial information for (1) the Company and its Restricted Subsidiaries and (2) the Company's Unrestricted Subsidiaries is as follows:

	December 31, 2001			
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidation Eliminations	Consolidated Total
	(In thousands of dollars)			
Cash and cash equivalents................	$ 233,027	$ 571,575	$ --	$ 804,602
Other current assets....................	291,976	119,483	--	411,459
Property and equipment, net.............	3,354,557	1,490,355	--	4,844,912
Investments.............................	128,500	--	--	128,500
Investments in Unrestricted Subsidiaries.	2,079,694	--	(2,079,694)	--
Goodwill and other intangible assets, net	178,540	872,891	--	1,051,431
Other assets, net.......................	117,277	17,277	--	134,554
	$6,383,571	$3,071,581	$(2,079,694)	$7,375,458
Current liabilities.....................	$ 239,039	$ 172,414	$ --	$ 411,453
Long-term debt, less current maturities..	2,773,646	620,365	--	3,394,011
Other liabilities.......................	34,564	122,985	--	157,549
Minority interests......................	92,813	76,123	--	168,936
Redeemable preferred stock..............	878,861	--	--	878,861
Stockholders' equity....................	2,364,648	2,079,694	(2,079,694)	2,364,648
	$6,383,571	$3,071,581	$(2,079,694)	$7,375,458

	Three Months Ended December 31, 2001 (Unaudited)			Year Ended December 31	
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total	Company and Restricted Subsidiaries	Unrestricted Subsidiaries
	(In thousands of dollars)				
Net revenues..................	$142,934	$ 95,252	$ 238,186	$ 543,777	$355,174
Costs of operations (exclusive of depreciation and amortization)...............	74,535	47,300	121,835	288,705	178,528
General and administrative....	20,958	3,763	24,721	83,005	19,534
Corporate development.........	1,945	502	2,447	10,502	1,835
Restructuring charges.........	164	--	164	16,608	2,808
Asset write-down charges......	799	8,113	8,912	12,257	12,665
Non-cash general and administrative compensation charges.....................	872	516	1,388	3,488	2,624
Depreciation and amortization...............	61,522	39,597	101,119	190,761	137,730
Operating income (loss).......	(17,861)	(4,539)	(22,400)	(61,549)	(550)
Interest and other income					

(expense)..................	(5,726)	8,100	2,374	(2,333)	10,881
Interest expense and amortization of deferred financing costs............	(67,454)	(11,069)	(78,523)	(250,115)	(47,329)
Provision for income taxes....	(465)	(4,226)	(4,691)	(465)	(16,013)
Minority interests...........	430	(239)	191	2,833	(1,527)
Net loss.....................	$(91,076)	$(11,973)	$(103,049)	$(311,629)	$(54,538)

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Tower Cash Flow and Adjusted Consolidated Cash Flow for the Company and its Restricted Subsidiaries is as follows under (1) the indenture governing the 10 5/8% Discount Notes and the Certificate (the "1997 and 1998 Securities") and (2) the indentures governing the 10 3/8% Discount Notes, the 9% Senior Notes, the 11 1/4% Discount Notes, the 9 1/2% Senior Notes, the 10 3/4% Senior Notes and the 9 3/8% Senior Notes (the "1999, 2000 and 2001 Securities"):

	1997 and 1998 Securities	1999, and Secur
	(In thousands of d (Unaudited)	
Tower Cash Flow, for the three months ended December 31, 2001................	$ 44,603	$ 44
Consolidated Cash Flow, for the twelve months ended December 31, 2001........	$ 161,565	$ 172
Less: Tower Cash Flow, for the twelve months ended December 31, 2001.........	(152,188)	(152
Plus: four times Tower Cash Flow, for the three months ended December 31, 2001	178,412	178
Adjusted Consolidated Cash Flow, for the twelve months ended December 31, 2001	$ 187,789	$ 198

Maturities

Scheduled maturities of long-term debt outstanding at December 31, 2001 are as follows: years ending December 31, 2002--$29,086,000; 2003--$43,336,000; 2004--$134,711,000; 2005--$200,336,000; 2006--$282,081,000; thereafter--$2,930,288,000.

Restricted Net Assets of Subsidiaries

Under the terms of the 2000 Credit Facility, the CCUK Credit Facility, the Crown Atlantic Credit Facility and the CCUK Bonds, the Company's subsidiaries are limited in the amount of dividends which can be paid to the Company. Under the 2000 Credit Facility, the amount of such dividends is generally limited to (1) $17,500,000 per year; (2) an amount to pay income taxes attributable to CCIC and the borrowers under the 2000 Credit Facility; and (3) an amount to pay interest on certain of CCIC's indebtedness. CCUK and Crown Atlantic are

effectively precluded from paying dividends. The restricted net assets of the Company's subsidiaries totaled approximately $3,601,630,000 at December 31, 2001.

Interest Rate Swap Agreements

In April 1999, the Company entered into an interest rate swap agreement in connection with amounts borrowed under the Crown Atlantic Credit Facility. This interest rate swap agreement has an initial notional amount of $100,000,000, decreasing on a quarterly basis beginning September 30, 2003 until the termination of the agreement on March 31, 2006. The Company pays a fixed rate of 5.79% on the notional amount and receives a floating rate based on LIBOR. This agreement effectively changes the interest rate on a portion of the borrowings under the Crown Atlantic Credit Facility from a floating rate to a fixed rate of 5.79% plus the applicable margin.

In December 2000, the Company entered into an additional interest rate swap agreement in connection with amounts borrowed under the Crown Atlantic Credit Facility. This interest rate swap agreement has a notional amount of $50,000,000 and terminates on December 31, 2003. The Company pays a fixed rate of 5.89% on the notional amount and receives a floating rate based on LIBOR. This agreement effectively changes the interest rate on a portion of the borrowings under the Crown Atlantic Credit Facility from a floating rate to a fixed rate of 5.89% plus the applicable margin.

The Company does not believe there is any significant exposure to credit risk from these interest rate swap agreements due to the creditworthiness of the counterparty. In the event of nonperformance by the counterparty, the Company's loss would be limited to any unfavorable interest rate differential.

CCUK Letter of Credit

In April 2001, CCUK issued a letter of credit to one of its customers in connection with a site development agreement. The letter of credit was issued through one of CCUSA's lenders in the amount of (Pounds)100,000,000 (approximately $145,430,000) and expires on April 16, 2002.

5. Income Taxes

Income (loss) before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle by geographic area is as follows:

	Years Ended December 31,		
	1999	2000	2001
	(In thousands of dollars)		
Domestic....................................	$(93,578)	$(186,551)	$(275,329)

Foreign	2,262	(15,773)	(75,666)
	$(91,316)	$(202,324)	$(350,995)

The provision for income taxes consists of the following:

	Years Ended December 31,		
	1999	2000	2001
	(In thousands of dollars)		
Current:			
State	$ 55	$ 225	$ 33
Foreign	220	21	459
	275	246	492
Deferred:			
Foreign	--	--	15,986
	$ 275	$ 246	$16,478

A reconciliation between the provision for income taxes and the amount computed by applying the federal statutory income tax rate to the loss before income taxes is as follows:

	Years Ended December 31,		
	1999	2000	2001
	(In thousands of dollars)		
Benefit for income taxes at statutory rate	$(31,047)	$ (71,337)	$(122,849)
Amortization of intangible assets	7,321	12,808	15,606
Depreciation on basis differences in joint ventures	1,012	1,131	1,116
Stock-based compensation	477	468	973
Expenses for which no federal tax benefit was recognized	186	238	115
State taxes, net of federal tax benefit	36	146	21
Losses for which no tax benefit was recognized	22,265	55,190	118,628
Other	25	1,602	2,868
	$ 275	$ 246	$ 16,478

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The components of the net deferred income tax assets and liabilities are as follows:

	December 31, 2000	December 31, 2001
	(In thousands of dollars)	
Deferred income tax liabilities:		
Property and equipment	$ 49,767	$ 124,723
Basis differences in joint ventures	222	4,548
Other	66	54
Total deferred income tax liabilities	50,055	129,325
Deferred income tax assets:		
Net operating loss carryforwards	138,877	324,220
Foreign losses	4,096	12,163
Receivables allowance	5,932	6,280
Accrued liabilities	472	5,145
Intangible assets	692	3,233
Puerto Rico losses	147	408
Noncompete agreement	193	164
Other	54	663
Valuation allowances	(100,408)	(238,937)
Total deferred income tax assets, net	50,055	113,339
Net deferred income tax liabilities	$ --	$ 15,986

Valuation allowances of $100,408,000 and $238,937,000 were recognized to offset net deferred income tax assets as of December 31, 2000 and 2001, respectively. If the benefits related to the valuation allowance are recognized in the future, such benefits would be allocated as follows in the Company's consolidated financial statements:

Consolidated statement of operations	$214,507,000
Additional paid-in capital	24,430,000
	$238,937,000

At December 31, 2001, the Company had net operating loss carryforwards of approximately $926,343,000 which are available to offset future federal taxable income. These loss carryforwards will expire in 2010 through 2021. The utilization of the loss carryforwards is subject to certain limitations.

6. Minority Interests

Minority interests represent the minority shareholder's 20% interest in CCUK (prior to July 2000), the minority partner's 43.1% interest in Crown Atlantic, the minority partner's 17.8% interest in Crown Castle GT and the minority shareholder's 22.4% interest in CCAL.

7. Redeemable Preferred Stock

Redeemable preferred stock ($.01 par value, 20,000,000 shares authorized) consists of the following:

	December 31,	
	2000	
	(In thousands	
12 3/4% Senior Exchangeable Preferred Stock; shares issued: December 31, 2000--257,067 and December 31, 2001--291,444 (stated at mandatory redemption and aggregate liquidation value)........................	$258,433	$
8 1/4% Cumulative Convertible Redeemable Preferred Stock; shares issued: 200,000 (stated net of unamortized value of warrants; mandatory redemption and aggregate liquidation value of $200,000)....................................	195,383	
6.25% Convertible Preferred Stock; shares issued: 8,050,000 (stated net of unamortized issuance costs; mandatory redemption and aggregate liquidation value of $402,500)..................................	388,902	
	$842,718	$

Exchangeable Preferred Stock

The Company has issued 200,000 shares of its 12 3/4% Senior Exchangeable Preferred Stock due 2010 (the "Exchangeable Preferred Stock") at a price of $1,000 per share (the liquidation preference per share). The holders of the Exchangeable Preferred Stock are entitled to receive cumulative dividends at the rate of 12 3/4% per share, compounded quarterly on each March 15, June 15, September 15 and December 15 of each year, beginning on March 15, 1999. On or before December 15, 2003, the Company has the option to pay dividends in cash or in additional shares of Exchangeable Preferred Stock. After December 15, 2003, dividends are payable only in cash. For the years ended December 31, 2000 and 2001, dividends were paid in additional shares of Exchangeable Preferred Stock.

The Company is required to redeem all outstanding shares of Exchangeable Preferred Stock on December 15, 2010 at a price equal to the liquidation preference plus accumulated and unpaid dividends. On or after December 15, 2003, the shares are redeemable at the option of the Company, in whole or in

part, at a price of 106.375% of the liquidation preference. The redemption price is reduced on an annual basis until December 15, 2007, at which time the shares are redeemable at the liquidation preference. The shares of Exchangeable Preferred Stock are exchangeable, at the option of the Company, in whole but not in part, for 12 3/4% Senior Subordinated Exchange Debentures due 2010.

The Company's obligations with respect to the Exchangeable Preferred Stock are subordinate to all indebtedness of the Company (including the Debt Securities), and are effectively subordinate to all debt and liabilities of the Company's subsidiaries (including the 2000 Credit Facility, the CCUK Credit Facility, the Crown Atlantic Credit Facility and the CCUK Bonds). The certificate of designations governing the Exchangeable Preferred Stock places restrictions on the Company's ability to, among other things, pay dividends and make capital distributions, make investments, incur additional debt and liens, issue additional preferred stock, dispose of assets and undertake transactions with affiliates.

8 1/4% Convertible Preferred Stock

On November 19, 1999, the Company issued 200,000 shares of its 8 1/4% Cumulative Convertible Redeemable Preferred Stock (the "8 1/4% Convertible Preferred Stock") at a price of $1,000 per share (the liquidation preference per share) to General Electric Capital Corporation ("GECC"). The Company received net

proceeds of approximately $191,500,000 (after structuring and underwriting fees of $8,500,000 but before other expenses of the transaction). The net proceeds were used to pay a portion of the purchase price for the GTE joint venture (see Note 2).

GECC is entitled to receive cumulative dividends at the rate of 8 1/4% per annum payable on March 15, June 15, September 15 and December 15 of each year, beginning on December 15, 1999. The Company has the option to pay dividends in cash or in shares of its common stock having a current market value equal to the stated dividend amount. For the years ended December 31, 2000 and 2001, dividends were paid with 579,000 and 1,400,000 shares of common stock, respectively. GECC also received warrants to purchase 1,000,000 shares of the Company's common stock at an exercise price of $26.875 per share. The warrants will be exercisable, in whole or in part, at any time for a period of five years following the issue date.

The Company is required to redeem all outstanding shares of the 8 1/4% Convertible Preferred Stock on March 31, 2012 at a price equal to the liquidation preference plus accumulated and unpaid dividends. On or after October 1, 2002, the shares are redeemable at the option of the Company, in whole or in part, at a price of 104.125% of the liquidation preference. The redemption price is reduced on an annual basis until October 1, 2005, at which time the shares are redeemable at the liquidation preference. The shares of 8 1/4% Convertible Preferred Stock are convertible, at the option of GECC, in whole or in part at any time, into shares of the Company's common stock at a conversion price of $26.875 per share of common stock.

The Company's obligations with respect to the 8 1/4% Convertible Preferred

Stock are subordinate to all indebtedness and the Exchangeable Preferred Stock of the Company, and are effectively subordinate to all debt and liabilities of the Company's subsidiaries. The certificate of designations governing the Convertible Preferred Stock places restrictions on the Company similar to those imposed by the Company's Debt Securities and the Exchangeable Preferred Stock.

6.25% Convertible Preferred Stock

On July 27, 2000, the Company sold shares of its common stock and preferred stock in concurrent underwritten public offerings (the "July 2000 Offerings"). The Company had granted the underwriters for the July 2000 Offerings over-allotment options to purchase additional shares in both offerings. On August 1, 2000, the over-allotment option for the preferred stock offering was exercised in full. As a result, the Company sold a total of 8,050,000 shares of its 6.25% Convertible Preferred Stock at a price of $50.00 per share and received proceeds of $388,412,000 (after underwriting discounts of $14,088,000). The proceeds from the July 2000 Offerings will be used for general corporate purposes. See Note 8.

The holders of the 6.25% Convertible Preferred Stock are entitled to receive cumulative dividends at the rate of 6.25% per annum payable on February 15, May 15, August 15 and November 15 of each year, beginning on November 15, 2000. The Company has the option to pay dividends in cash or in shares of its common stock (valued at 95% of the current market value of the common stock, as defined). For the years ended December 31, 2000 and 2001, dividends were paid with 281,968 and 1,781,764 shares of common stock, respectively. The Company is required to redeem all outstanding shares of the 6.25% Convertible Preferred Stock on August 15, 2012 at a price equal to the liquidation preference plus accumulated and unpaid dividends.

The shares of 6.25% Convertible Preferred Stock are convertible, at the option of the holder, in whole or in part at any time, into shares of the Company's common stock at a conversion price of $36.875 per share of common stock. Beginning on August 15, 2003, under certain circumstances, the Company will have the right to convert the 6.25% Convertible Preferred Stock, in whole or in part, into shares of the Company's common stock at the same conversion price.

The Company's obligations with respect to the 6.25% Convertible Preferred Stock are subordinate to all indebtedness and the Exchangeable Preferred Stock of the Company, and are effectively subordinate to all debt and liabilities of the Company's subsidiaries. The 6.25% Convertible Preferred Stock ranks in parity with the 8 1/4% Convertible Preferred Stock.

8. Stockholders' Equity

Common Stock

On May 12, 1999, the Company sold shares of its common stock and debt securities in concurrent underwritten public offerings (collectively, the "May Offerings") (see Note 4). The Company sold 21,000,000 shares of its common stock at a price of $17.50 per share and received proceeds of $352,800,000

(after underwriting discounts of $14,700,000). The Company had granted the underwriters for the May Offerings an over-allotment option to purchase an additional 3,150,000 shares of the Company's common stock. On May 13, 1999, the underwriters exercised this over-allotment option in full. As a result, the Company received additional proceeds of $52,920,000 (after underwriting discounts of $2,205,000). The proceeds from the May Offerings were used to pay the remaining purchase price for the BellSouth and Powertel transactions, to fund the initial interest payments on the 9% Senior Notes and for general corporate purposes.

On June 15, 1999 the Company sold shares of its common stock to a subsidiary of TdF pursuant to TdF's preemptive rights related to two recent acquisitions. The Company sold 5,395,539 shares at $12.63 per share and 125,066 shares at $13.00 per share. The aggregate proceeds of approximately $69,772,000 were used for general corporate purposes.

On July 20, 1999, the Company sold shares of its common stock to a subsidiary of TdF pursuant to TdF's preemptive rights related to the May Offerings. The Company sold 8,351,791 shares at $16.80 per share. The aggregate proceeds of approximately $140,310,000 were used for general corporate purposes.

On July 5, 2000, TdF and an affiliate of TdF sold their remaining interests in the Company to a third party. In connection with this disposition, the Company issued 17,443,500 shares of its common stock in exchange for TdF's 20% interest in CCUK (see Note 2).

On July 27, 2000, the Company sold shares of its common stock in the July 2000 Offerings (see Note 7). On August 1, 2000, the over-allotment option for the common stock offering was partially exercised. As a result, the Company sold a total of 12,084,200 shares of its common stock at a price of $29.50 per share and received proceeds of $342,225,000 (after underwriting discounts of $14,259,000).

On January 11, 2001, the Company sold shares of its common stock in an underwritten public offering. The Company had granted the underwriters an over-allotment option to purchase additional shares in the offering. On January 12, 2001, the over-allotment option was partially exercised. As a result, the Company sold a total of 13,445,200 shares of its common stock at a price of $26.25 per share and received proceeds of $342,853,000 (after underwriting discounts of $10,084,000). The proceeds from this offering will be used for general corporate purposes.

Class A Common Stock

All of the outstanding shares of the Company's Class A Common Stock were held by an affiliate of TdF. Each share of Class A Common Stock was convertible, at the option of its holder at any time, into one share of Common Stock. The holder of the Class A Common Stock was entitled to one vote per share on all matters presented to a vote of the Company's shareholders, except with respect to the election of directors. The holder of

the Class A Common Stock, voting as a separate class, had the right to elect up to two members of the Company's Board of Directors. The shares of Class A

Common Stock also provided certain governance and anti-dilutive rights.

In June 2000, the outstanding shares of the Company's Class A Common Stock held by an affiliate of TdF were converted into 11,340,000 shares of the Company's Common Stock in connection with the sale of a portion of TdF's shares to a third party. Upon conversion of the Class A Common Stock, France Telecom relinquished its governance rights with respect to the Company and its subsidiaries.

Compensation Charges Related to Stock Option Grants and Acquisitions

The Company is recognizing non-cash general and administrative compensation charges related to certain stock options granted to employees and executives prior to its initial public offering of common stock (the "IPO"). Such charges amount to approximately $1,360,000 per year, and will be recognized through the second quarter of 2003.

In July 2000, the Company issued (1) 199,473 shares of its common stock and (2) options to purchase 17,577 shares of its common stock with an exercise price of $.01 per share in connection with an acquisition by CCUK. Such shares and options were deemed to be compensation to the former shareholders of the acquired company (who remained employed by the Company). As a result, CCUK will recognize non-cash general and administrative compensation charges of approximately $8,380,000 over five years.

In September 2000, the Company issued 336,600 shares of its common stock in connection with an acquisition by CCUSA. Of such shares, 170,710 were deemed to be compensation to the former shareholders of the acquired company (who remained employed by the Company). As a result, CCUSA will recognize non-cash general and administrative compensation charges of approximately $5,889,000 over four years.

Stock Options

In 1995, the Company adopted the Crown Castle International Corp. 1995 Stock Option Plan (as amended, the "1995 Stock Option Plan"). Up to 28,000,000 shares of the Company's common stock have been reserved for awards granted to certain employees, consultants and non-employee directors of the Company and its subsidiaries or affiliates. These options generally vest over periods of up to five years from the date of grant (as determined by the Company's Board of Directors) and have a maximum term of 10 years from the date of grant.

Upon consummation of a share exchange agreement with CCUK's shareholders in 1998, the Company adopted each of the various CCUK stock option plans. All outstanding options to purchase shares of CCUK under such plans have been converted into options to purchase shares of the Company's common stock. Up to 4,392,451 shares of the Company's common stock were reserved for awards granted under the CCUK plans, and these options generally vest over periods of up to three years from the date of grant.

In 2001, the Company adopted the Crown Castle International Corp. 2001 Stock Incentive Plan (the "2001 Stock Incentive Plan"). Up to 8,000,000 shares of the Company's common stock have been reserved for awards granted to certain employees, consultants and non-employee directors of the Company and its subsidiaries or affiliates. These awards will vest over periods to be determined by the Company's Board of Directors, and will have a maximum term of 10 years from the date of the grant.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

A summary of awards granted under the various stock option plans is as follows for the years ended December 31, 1999, 2000 and 2001:

	1999		2000		20
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price	Number of Shares
Options outstanding at beginning of year	16,585,197	$ 7.06	19,226,076	$ 9.89	21,183,816
Options granted........................	4,661,649	18.68	4,878,783	28.48	7,269,509
Options exercised......................	(1,482,066)	5.82	(2,540,569)	5.16	(3,200,901
Options forfeited......................	(538,704)	9.17	(380,474)	22.62	(1,379,087
Options outstanding at end of year......	19,226,076	9.89	21,183,816	14.50	23,873,337
Options exercisable at end of year......	11,590,217	8.14	13,692,081	10.21	13,569,588

A summary of options outstanding as of December 31, 2001 is as follows:

Exercise Prices	Number of Options Outstanding	Weighted-Average Remaining Contractual Life	Number of Options Exercisable
$-0-to $1.60...	227,252	4.2 years	211,194
2.31 to 3.90...	1,089,686	5.1 years	1,089,686
4.01 to 5.97...	613,314	4.4 years	613,314
7.50 to 7.77...	3,660,250	6.4 years	3,253,981
8.50 to 10.00..	4,148,100	9.8 years	--
10.04 to 12.50.	459,500	8.5 years	163,500
13.00..........	2,725,000	6.7 years	2,725,000
13.40 to 17.63.	1,607,500	6.6 years	720,400
18.00 to 19.99.	1,897,539	7.3 years	1,563,939
20.06 to 22.56.	1,889,228	7.7 years	1,431,861
22.69 to 25.63.	2,186,203	8.5 years	495,085
26.19 to 29.50.	1,539,542	6.2 years	529,480
29.88 to 31.88.	1,376,547	8.2 years	636,040
32.09 to 39.75.	453,676	8.3 years	136,108
	23,873,337		13,569,588

The weighted-average fair value of options granted during the years ended

December 31, 1999, 2000 and 2001 was $6.76, $11.39, and $4.54, respectively. The fair value of each option was estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted-average assumptions about the options:

	Years Ended December 31,		
	1999	2000	2001
Risk-free interest rate	5.41%	6.37%	4.22%
Expected life..........	4.9 years	5.0 years	4.5 years
Expected volatility....	30%	30%	30%
Expected dividend yield	0%	0%	0%

In 2000, CCAL adopted the Crown Castle Australia Holdings Pty Ltd. Director and Employee Share Option Scheme (the "CCAL Share Option Scheme"). Under this plan, CCAL may award options for the purchase of CCAL shares to its employees and directors. These options generally vest over periods of up to five years from the date of grant (as determined by CCAL's Board of Directors) and have a maximum term of seven years from the date of grant. In 2000 and 2001, CCAL granted 3,218,000 and 2,029,062 options, respectively, with an exercise price of Australian $1.00 per share (approximately $0.51). Options forfeited during 2001 amounted to 738,000. At December 31, 2001, there were 4,509,062 options outstanding, of which 680,000 were exercisable. The estimated fair value of options granted was approximately $0.14 and $0.17 per share in 2000 and 2001, respectively, based on the Black-Scholes option pricing model using the following weighted-average assumptions: (1) a risk-free interest rate of 5.88% and 4.49% in 2000 and 2001, respectively, (2) an expected life of 5.0 years and 4.7 years in 2000 and 2001, respectively, (3) an expected volatility of 30% and (4) an expected dividend yield of 0%.

The exercise prices for the substantial portion of the options granted during the years ended December 31, 1999, 2000 and 2001 were equal to or in excess of the estimated fair value of the Company's common stock at the date of grant. As such, no compensation cost was recognized for the substantial portion of the stock options granted during those years (see Note 1 and "Compensation Charges Related to Stock Option Grants and Acquisitions"). If compensation cost had been recognized for stock options based on their fair value at the date of grant, the Company's pro forma net loss for the years ended December 31, 1999, 2000 and 2001 would have been $113,633,000 ($1.08 per share), $226,997,000 ($1.60 per share) and $395,916,000 ($2.22 per share), respectively. The pro forma effect of stock options on the Company's net loss for those years may not be representative of the pro forma effect for future years due to the impact of vesting and potential future awards.

Shares Reserved For Issuance

At December 31, 2001, the Company had the following shares reserved for

future issuance:

Common Stock:	
Convertible Preferred Stock...	18,357,114
Stock option plans............	32,589,140
Warrants......................	1,639,990
	52,586,244

9. Employee Benefit Plans

The Company and its subsidiaries have various defined contribution savings plans covering substantially all employees. Employees may elect to contribute a portion of their eligible compensation, subject to limits imposed by the various plans. Certain of the plans provide for partial matching of such contributions. The cost to the Company for these plans amounted to $836,000, $1,951,000 and $3,678,000 for the years ended December 31, 1999, 2000 and 2001, respectively.

CCUK has a defined benefit plan which covers all of its employees hired on or before March 1, 1997. Employees hired after that date are not eligible to participate in this plan. A summary of information concerning the plan is as follows:

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	Years Ended December 31,	
	2000	2001
	(In thousands of dollars)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year.	$18,169	$21,505
Service cost....................................	2,835	2,621
Interest cost...................................	1,122	1,267
Participant contributions.......................	940	864
Actuarial (gain) loss...........................	--	3,327
Benefit payments................................	(152)	(101)
Effect of exchange rate changes.................	(1,409)	(513)
Projected benefit obligation at end of year.......	21,505	28,970
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year....	22,449	23,599

Actual return on plan assets	(728)	(3,067)
Employer contributions	2,789	2,592
Participant contributions	940	864
Benefit payments	(152)	(101)
Effect of exchange rate changes	(1,699)	(647)
Fair value of plan assets at end of year	23,599	23,240
Funded status:		
Funded status at end of year	2,094	(5,730)
Unrecognized actuarial (gain) loss	(269)	7,911
Prepaid pension cost	$ 1,825	$ 2,181

	Years Ended December 31,		
	1999	2000	2001
	(In thousands of dollars)		
Components of net periodic pension cost:			
Service cost	$ 3,802	$ 3,032	$ 2,808
Interest cost	906	1,137	1,267
Expected return on plan assets	(1,116)	(1,608)	(1,713)
Amortization of actuarial (gain) loss	--	(45)	--
Net periodic pension cost	$ 3,592	$ 2,516	$ 2,362
Assumptions used:			
Discount rate	5.00%	6.00%	5.75%
Expected rate of return on plan assets	6.00%	7.00%	7.00%
Rate of increase in compensation levels	3.50%	4.00%	3.75%

10. Related Party Transactions

Included in other receivables at December 31, 2000 and 2001 are amounts due from employees of the Company totaling $342,000 and $416,000, respectively.

For the years ended December 31, 1999, 2000 and 2001, Crown Atlantic had revenues from Verizon Communications of $29,113,000, $44,053,000 and $43,988,000, respectively. For the years ended December 31, 2000 and 2001,

Crown Castle GT had revenues from Verizon Communications of $46,163,000 and $61,793,000, respectively. Verizon Communications is the Company's joint venture partner in both Crown Atlantic and Crown Castle GT (see Note 2).

11. Commitments and Contingencies

At December 31, 2001, minimum rental commitments under operating leases are as follows: years ending December 31, 2002--$118,372,000; 2003--$103,836,000; 2004--$95,364,000; 2005--$87,091,000; 2006--$76,078,000; thereafter--$393,372,000. Rental expense for operating leases was $47,300,000, $92,101,000 and $96,113,000 for the years ended December 31, 1999, 2000 and 2001, respectively.

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

12. Operating Segments and Concentrations of Credit Risk

Operating Segments

The Company's reportable operating segments for 2000 and 2001 are (1) the domestic operations other than Crown Atlantic ("CCUSA"), (2) the Australian operations of CCAL for periods subsequent to the purchase date (see Note 2), (3) the United Kingdom operations of CCUK, and (4) the operations of Crown Atlantic. Financial results for the Company are reported to management and the Board of Directors in this manner, and much of the Company's current debt financing is structured along these geographic and organizational lines. See Note 1 for a description of the primary revenue sources from these segments.

The measurement of profit or loss currently used to evaluate the results of operations for the Company and its operating segments is earnings before interest, taxes, depreciation and amortization, as adjusted ("Adjusted EBITDA"). The Company defines Adjusted EBITDA as operating income (loss) plus depreciation and amortization, non-cash general and administrative compensation charges, asset write-down charges and restructuring charges. Adjusted EBITDA is not intended as an alternative measure of operating results or cash flow from operations (as determined in accordance with generally accepted accounting principles), and the Company's measure of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. There are no significant revenues resulting from transactions between the Company's operating segments. Total assets for the Company's operating segments are determined based on the separate consolidated balance sheets for CCUSA, CCAL, CCUK and Crown Atlantic. The results of operations and financial position for CCUK and CCAL reflect appropriate adjustments for their presentation in accordance with generally accepted accounting principles in the United States. The financial results for the Company's operating segments are as follows:

Year Ended December 31, 2001

(In thousands of dollars)

	CCUSA	CCAL	CCUK	Crown Atlantic	Co Of
Net revenues:					
Site rental and broadcast transmission	$ 270,113	$ 18,341	$ 205,523	$ 81,984	$
Network services and other	253,674	1,649	32,193	35,474	
	523,787	19,990	237,716	117,458	
Costs of operations (exclusive of depreciation and amortization)	280,519	8,186	124,329	54,199	
General and administrative	61,108	6,255	11,365	8,169	
Corporate development	--	--	48	--	
Adjusted EBITDA	182,160	5,549	101,974	55,090	
Restructuring charges	7,142	--	1,839	969	
Asset write-down charges	6,501	--	11,898	767	
Non-cash general and administrative compensation charges	2,127	--	2,624	--	
Depreciation and amortization	177,999	11,091	93,453	44,277	
Operating income (loss)	(11,609)	(5,542)	(7,840)	9,077	
Interest and other income (expense)	1,378	403	5,373	309	
Interest expense and amortization of deferred financing costs	(53,293)	(2,442)	(26,678)	(20,651)	(
Provision for income taxes	(33)	(432)	(16,013)	--	
Minority interests	(316)	3,149	--	(1,527)	
Net loss	$ (63,873)	$ (4,864)	$ (45,158)	$(12,792)	$(
Capital expenditures	$ 363,825	$ 2,283	$ 218,971	$ 94,194	$
Total assets (at year end)	$3,534,495	$257,492	$1,793,746	$886,126	$

	Year Ended December 31, 2000				
	CCUSA	CCAL	CCUK	Crown Atlantic	Co Of
	(In thousands of dollars)				
Net revenues:					
Site rental and broadcast transmission....	$ 183,475	$ 6,810	$ 192,211	$ 63,543	$
Network services and other................	145,694	--	25,463	31,936	
	329,169	6,810	217,674	95,479	
Costs of operations (exclusive of depreciation and amortization)...........................	159,827	3,578	106,448	44,698	
General and administrative....................	49,731	4,444	8,072	8,446	
Corporate development.........................	--	--	783	--	
Adjusted EBITDA...............................	119,611	(1,212)	102,371	42,335	
Non-cash general and administrative compensation charges.........................	792	--	974	--	
Depreciation and amortization.................	121,667	5,219	77,190	33,402	
Operating income (loss).......................	(2,848)	(6,431)	24,207	8,933	
Interest and other income (expense)...........	4,183	185	322	914	
Interest expense and amortization of deferred financing costs.............................	(42,981)	(135)	(31,963)	(17,884)	(
Provision for income taxes....................	(97)	--	(21)	(128)	
Minority interests............................	553	3,280	(2,333)	(2,221)	
Extraordinary item............................	(1,495)	--	--	--	
Net loss......................................	$ (42,685)	$ (3,101)	$ (9,788)	$(10,386)	$(
Capital expenditures..........................	$ 422,360	$ 1,708	$ 102,372	$ 99,127	$
Total assets (at year end)....................	$3,310,475	$151,437	$1,559,558	$822,365	$

	Year Ended December 31,			
	CCUSA	CCUK	Crown Atlantic	Co O an
	(In thousands of dolla			
Net revenues:				
Site rental and broadcast transmission..................	$ 58,293	$171,981	$ 37,620	$
Network services and other..............................	44,413	21,713	10,268	
	102,706	193,694	47,888	
Costs of operations (exclusive of depreciation and amortization)..	41,648	93,058	20,953	
General and administrative.................................	27,988	5,625	5,146	
Corporate development......................................	--	819	--	

Adjusted EBITDA	33,070	94,192	21,789	
Restructuring charges	5,645	--	--	
Non-cash general and administrative compensation charges	67	769	--	
Depreciation and amortization	41,174	63,597	24,155	
Operating income (loss)	(13,816)	29,826	(2,366)	(
Interest and other income (expense)	(155)	377	4,577	
Interest expense and amortization of deferred financing costs	(4,119)	(28,334)	(12,233)	(
Provision for income taxes	(56)	--	--	
Minority interests	--	(3,835)	1,079	
Cumulative effect of change in accounting principle for costs of start-up activities	(2,014)	--	--	
Net loss	$(20,160)	$ (1,966)	$ (8,943)	$(
Capital expenditures	$118,961	$150,562	$ 23,287	$

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Geographic Information

A summary of net revenues by country, based on the location of the Company's subsidiary, is as follows:

	Years Ended December 31,		
	1999	2000	2001
	(In thousands of dollars)		
United States	$147,679	$419,392	$632,779
Puerto Rico	2,915	5,256	8,466
Total domestic operations	150,594	424,648	641,245
Australia	--	6,810	19,990
United Kingdom	193,655	217,570	237,616
Other foreign countries	1,510	137	100
Total for all foreign countries	195,165	224,517	257,706
	$345,759	$649,165	$898,951

A summary of long-lived assets by country of location is as follows:

December 31, 2000

	United States and Puerto Rico	Australia	United Kingdom	Other Foreign Countries	Total Foreign Countries	Consolid Total
	(In thousands of dollars)					
Property and equipment, net.	$3,631,125	$126,584	$ 544,376	$ 952	$ 671,912	$4,303,0
Other long-lived assets, net	474,632	10,141	870,414	9,483	890,038	1,364,6
	$4,105,757	$136,725	$1,414,790	$10,435	$1,561,950	$5,667,7

December 31, 2001

	United States and Puerto Rico	Australia	United Kingdom	Other Foreign Countries	Total Foreign Countries	Consolid Total
	(In thousands of dollars)					
Property and equipment, net.	$3,909,100	$231,261	$ 704,551	$ --	$ 935,812	$4,844,9
Other long-lived assets, net	484,269	957	822,304	6,955	830,216	1,314,4
	$4,393,369	$232,218	$1,526,855	$6,955	$1,766,028	$6,159,3

Major Customers

For the year ended December 31, 1999, CCUSA had revenues from a single customer amounting to $16,872,000. During 2000, a merger took place between two customers of CCUSA and Crown Atlantic; revenues from these two customers aggregated $99,070,000 and $128,493,000 for the years ended December 31, 2000 and 2001, respectively. For the years ended December 31, 1999, 2000, and 2001, consolidated net revenues include $97,520,000, $96,083,000 and $93,698,000, respectively, from a single customer of CCUK.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, investments and trade receivables. The Company mitigates its risk with respect to cash and cash equivalents by maintaining such deposits at high credit quality financial institutions and monitoring the credit ratings of those institutions.

The Company derives the largest portion of its revenues from customers in the wireless telecommunications industry. In addition, the Company has concentrations of operations in certain geographic areas (including the United Kingdom and various regions in the United States). The Company mitigates its concentrations of credit risk with respect to trade receivables by actively monitoring the creditworthiness of its customers.

13. Restructuring Charges and Asset Write-Down Charges

In connection with the formation of Crown Atlantic (see Note 2), the Company completed a restructuring of its United States operations during the first quarter of 1999. The objective of this restructuring was to transition from a centralized organization to a regionally-based organization in the United States. Coincident with the restructuring, the Company incurred one-time charges of $1,814,000 related to severance payments for staff reductions, as well as costs related to non-cancelable leases of excess office space. At December 31, 2000 and 2001, other accrued liabilities includes $171,000 and $-0-, respectively, related to these charges.

The Company completed a restructuring of the operations of its subsidiary, TeleStructures, Inc., in December 1999. The objective of this restructuring was to reduce the size of the TeleStructures, Inc. staff to a level which could be justified by its operating volume. In connection with this restructuring, the Company incurred one-time charges totaling $3,831,000 related to severance payments for the staff reductions, the recognition of an impairment loss for the remaining goodwill from the acquisition and other related costs. At December 31, 2000 and 2001, other accrued liabilities includes $317,000 and $-0-, respectively, related to these charges.

In July 2001, the Company announced a restructuring of its business in order to increase operational efficiency and better align costs with anticipated revenues. As part of the restructuring, the Company reduced its global staff by approximately 312 full-time employees, closed five offices in the United States and closed its development offices in Brazil and Europe. The actions taken for the restructuring were substantially completed as of the end of 2001. In connection with the restructuring, the Company recorded non-recurring cash charges of $19,416,000 during 2001 related to employee severance payments and costs of office closures. At December 31, 2001, other accrued liabilities includes $6,591,000 related to these charges. A summary of the restructuring charges by operating segment is as follows:

	Year Ended December 31, 2001				
	CCUSA	CCUK	Crown Atlantic	Corporate Office and Other	Consolidated Total
	(In thousands of dollars)				
Amounts charged to expense:					
Employee severance................	$ 2,672	$ 1,839	$ 665	$ 8,730	$ 13,906
Costs of office closures and other	4,470	--	304	736	5,510
Total restructuring charges.....	7,142	1,839	969	9,466	19,416
Amounts paid:					
Employee severance................	(1,546)	(1,482)	(435)	(5,162)	(8,625)

Costs of office closures and other	(3,395)	--	(69)	(736)	(4,200)
	(4,941)	(1,482)	(504)	(5,898)	(12,825)
Amounts accrued at end of year:					
Employee severance................	1,126	357	230	3,568	5,281
Costs of office closures and other	1,075	--	235	--	1,310
	$ 2,201	$ 357	$ 465	$ 3,568	$ 6,591

The Company has recorded asset write-down charges of $24,922,000 during 2001 in connection with the restructuring of its business announced in July 2001. Such non-cash charges related to the write-down of certain inventories, property and equipment, and other assets that were deemed to have no value as a result of the restructuring. A summary of the asset write-down charges by operating segment is as follows:

	Year Ended December 31, 2001				
	CCUSA	CCUK	Crown Atlantic	Corporate Office and Other	Consolidated Total
	(In thousands of dollars)				
Inventories...........	$ --	$11,898	$ --	$ --	$11,898
Property and equipment	6,501	--	767	1,226	8,494
Other assets..........	--	--	--	4,530	4,530
	$6,501	$11,898	$ 767	$5,756	$24,922

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

14. Quarterly Financial Information (Unaudited)

Summary quarterly financial information for the years ended December 31, 2000 and 2001 is as follows:

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In thousands of dollars, except per share amounts)			
2000:				
Net revenues..........................	$124,244	$148,359	$ 174,589	$ 201,973
Operating income (loss)................	5,549	1,175	2,391	(3,906
Loss before extraordinary item.........	(32,060)	(59,230)	(52,965)	(59,036
Extraordinary item....................	(1,495)	--	--	--
Net loss..............................	(33,555)	(59,230)	(52,965)	(59,036
Per common share--basic and diluted:...				
Loss before extraordinary item.....	(0.27)	(0.43)	(0.36)	(0.40
Extraordinary item................	(0.01)	--	--	--
Net loss..........................	(0.28)	(0.43)	(0.36)	(0.40
2001:				
Net revenues..........................	$212,953	$229,416	$ 218,396	$ 238,186
Operating income (loss)................	(5,076)	(16,321)	(18,302)	(22,400
Net loss..............................	(68,055)	(84,733)	(110,330)	(103,049
Per common share--basic and diluted:...				
Net loss..........................	(0.41)	(0.49)	(0.60)	(0.57

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K/A-1 to be signed on its behalf by the undersigned, thereunto duly authorized, on this 12th day of August, 2002.

CROWN CASTLE INTERNATIONAL CORP.

By: /s/ W. BENJAMIN MORELAND

W. Benjamin Moreland
Senior Vice President, Chief
Financial Officer and Treasurer

POWER OF ATTORNEY

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K/A-1 has been signed below by the following persons in the capacities indicated below on this 12th day of August, 2002.

Signature	Title
/s/ JOHN P. KELLY John P. Kelly	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ W. BENJAMIN MORELAND W. Benjamin Moreland	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ WESLEY D. CUNNINGHAM Wesley D. Cunningham	Senior Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
Carl Ferenbach	Director
/s/ RANDALL A. HACK Randall A. Hack	Director
/s/ DALE N. HATFIELD Dale N. Hatfield	Director

Signature	Title
/s/ LEE W. HOGAN Lee W. Hogan	Director
/s/ EDWARD C. HUTCHESON, JR. Edward C. Hutcheson, Jr.	Director
/s/ J. LANDIS MARTIN J. Landis Martin	Chairman of the Board

/s/ ROBERT F. MCKENZIE — Director

Robert F. McKenzie

/s/ WILLIAM D. STRITTMATTER — Director

William D. Strittmatter

Certification Pursuant to

18 U.S.C. Section 1350

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K/A of Crown Castle International Corp., a Delaware Corporation (the "Company"), for the period ending December 31, 2001 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

1) the Report complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of December 31, 2001 (the last date of the period covered by the Report).

/s/ JOHN P. KELLY

John P. Kelly
President and Chief Executive Officer
August 12, 2002

/s/ W. BENJAMIN MORELAND

W. Benjamin Moreland
Senior vice President, Chief Financial Officer and Treasurer
August 12, 2002