CROWN CASTLE INTERNATIONAL CORP
Form 10-K
February 26, 2009

Table of Contents

Index to Financial Statements

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2008

or

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

For the transition period from ______ to ______

Commission File Number 001-16441

CROWN CASTLE INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware		**76-0470458**
(State or other jurisdiction		**(I.R.S. Employer**
of incorporation or organization)		**Identification No.)**
1220 Augusta Drive, **Suite 500,** **Houston, Texas**		**77057-2261**
(Address of principal executive offices)		**(Zip Code)**

(713) 570-3000

(Registrant s telephone number, including area code)

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definitions of a large accelerated filer, accelerated filer and smaller reporting company in rule 12B-2 of the Exchange Act. Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $10.6 billion as of June 30, 2008, the last business day of the registrant s most recently completed second fiscal quarter, based on the New York Stock Exchange closing price on that day of $38.73 per share.

Applicable Only to Corporate Registrants

As of February 17, 2009, there were 288,665,752 shares of Common Stock outstanding.

Documents Incorporated by Reference

The information required to be furnished pursuant to Part III of this Form 10-K will be set forth in, and incorporated by reference from, the registrant s definitive proxy statement for the annual meeting of stockholders (the 2009 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, 2008.

Table of Contents

Index to Financial Statements

CROWN CASTLE INTERNATIONAL CORP.

TABLE OF CONTENTS

		Page
	PART I	
Item 1.	Business	1
Item 1A.	Risk Factors	8
Item 1B.	Unresolved Staff Comments	14
Item 2.	Properties	14
Item 3.	Legal Proceedings	15
Item 4.	Submissions of Matters to a Vote of Security Holders	15
	PART II	
Item 5.	Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	16
Item 6.	Selected Financial Data	18
Item 7.	Management s Discussion and Analysis of Financial Condition and Results of Operations	20
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	40
Item 8.	Financial Statements and Supplementary Data	43
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	87
Item 9A.	Controls and Procedures	87
Item 9B.	Other Information	90
	PART III	
Item 10.	Directors and Executive Officers of the Registrant	90
Item 11.	Executive Compensation	90
Item 12.	Security Ownership of Certain Beneficial Owners and Management	90
Item 13.	Certain Relationships and Related Transactions	90
Item 14.	Principal Accountant Fees and Services	90
	PART IV	
Item 15.	Exhibits, Financial Statement Schedules	91
Signatures		98

Cautionary Language Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements that are based on our management s expectations as of the filing date of this report with the Securities and Exchange Commission (SEC). Statements that are not historical facts are hereby identified as forward-looking statements. In addition, words such as estimate, anticipate, project, plan, intend, believe, expect, likely, predicted, and similar ex intended to identify forward-looking statements. Such statements include plans, projections and estimates contained in *Item 1. Business, Item 3. Legal Proceedings, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations* (MD&A) and *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* herein.

Such forward-looking statements are subject to certain risks, uncertainties and assumptions, including prevailing market conditions, the risk factors described under *Item 1A. Risk Factors* herein and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected.

Table of Contents

Index to Financial Statements

Unless this Form 10-K indicates otherwise or the context otherwise requires, the terms we, our, our company, the company or us as used in Form 10-K refer to Crown Castle International Corp. (CCIC), a Delaware corporation organized on April 20, 1995, and its subsidiaries. Unless this Form 10-K indicates otherwise or the context otherwise requires, Global Signal refers to the former Global Signal Inc. and its subsidiaries which merged into a subsidiary of ours in January 2007 (Global Signal Merger). Unless this Form 10-K indicates otherwise or the context otherwise requires, the terms CCUSA and in the U.S. refer to our CCUSA segment.

PART I

Item 1. ***Business***

Overview

We own, operate and lease towers and other communication structures, including certain rooftop installations (collectively, towers), for wireless communications. Our core business is renting space on our towers via long-term contracts in various forms, including license, sublease and lease agreements. Generally, our towers can accommodate multiple customers (co-location) for antennas and other equipment necessary for the transmission of wireless signals for mobile telephones and other devices. Revenues derived from this site rental business represented 92% of our 2008 consolidated revenues.

Information concerning our tower portfolio as of December 31, 2008 is as follows:

- We owned, leased or managed approximately 24,100 towers.
- We have approximately 22,300 towers in the United States (U.S.), approximately 1,600 towers in Australia, and the remainder of our towers are located in Puerto Rico and Canada.
- Our customers include many of the world s major wireless communications companies. In the U.S., Sprint Nextel, AT&T, Verizon Wireless (inclusive of Alltel) and T-Mobile accounted for 76% and 72% of our 2008 CCUSA and consolidated revenues, respectively. In Australia, our customers include Vodafone, Optus, Telstra and Hutchison.
- Approximately 54% and 71% of our towers in the U.S. and Puerto Rico were located in the 50 and 100 largest basic trading areas, or BTAs , respectively. Through our Australia tower portfolio, we have a strategic presence in each of Australia s major metropolitan areas, including Sydney, Melbourne, Brisbane, Adelaide and Perth.
- We owned in fee or had perpetual or long-term easements in the land and other properties (collectively land) on which approximately 5,500 of our towers reside, and we leased, subleased or licensed the land on which approximately 17,900 of our towers reside. In addition, we managed approximately 700 towers owned by third parties where we had the right to market space on the tower or where we had sublease agreements with the tower owner.

Our site rental revenues typically result from long-term contracts with (1) initial terms of five to fifteen years, (2) multiple renewal periods at the option of the tenant of five to ten years each, and (3) contractual escalators of the rental price. As a result, the vast majority of our site rental revenues is of a recurring nature and has been contracted for in a prior year. We seek to increase our site rental revenues by adding more tenants on our towers, which we expect to result in significant incremental cash flow due to our relatively fixed tower operating costs.

To a much lesser extent, we also provide certain network services relating to our towers, including antenna installations and subsequent augmentation, network design and site selection, site acquisition, site development and other services.

Table of Contents

Index to Financial Statements

Strategy

Our strategy is to increase long-term stockholder value by translating anticipated future growth in our core site rental business into growth of our results of operations on a per share basis. We believe our strategy is consistent with our mission to deliver the highest level of service to our customers at all times striving to be their critical partner as we assist them in growing efficient, ubiquitous wireless networks. The key elements of our strategy are to:

- *Organically grow the revenues and cash flows from our towers.* We seek to maximize the site rental revenues of our towers by co-locating additional tenants on our towers as wireless carriers deploy and improve their wireless networks. We seek to maximize additional tenant co-locations through our focus on customer service and deployment speed and by leveraging our web-based proprietary tools. Due to the relatively fixed nature of the costs to operate our towers (which tend to increase at approximately the rate of inflation), we expect the increased revenues from additional co-locations and contracted escalators to result in significant incremental site rental gross margin and growth in our operating cash flows. We believe there is considerable additional future demand for our existing towers based on their location (significant presence in 91 of the top 100 BTAs in the U.S. and Puerto Rico) and the anticipated growth in the wireless communications industry.

- *Allocate capital efficiently.* We seek to allocate the cash produced by our operations in a manner that will enhance per share operating results. Given the current conditions in the credit markets, we currently expect to use the majority of our cash to purchase or repay our debt and severely limit our other discretionary investments. Historically, we have invested our available cash in discretionary investments such as those shown below (in no particular order), which we expect to resume in the future depending upon the then state of the credit environment and availability of liquidity in the capital markets:

  - purchase shares of our own common stock (common stock) from time to time;

  - enter into acquisitions of tower businesses;

  - selectively construct or acquire towers and distributed antenna systems;

  - acquire land under towers;

  - make improvements and structural enhancements to our existing towers; and

  - purchase or redeem our debt or preferred stock.

Our long-term strategy is based on our belief that opportunities will be created by the expected continuation of growth in the wireless communications industry, which depends on the demand for wireless telephony and data services by consumers. Thus far, the wireless communications industry has not been impacted by the recent slowing economy to any significant degree. The following is a discussion of certain growth trends in the wireless communications industry:

- We expect wireless carriers will continue their focus on improving network quality by adding additional antennas for the transmission of their services in an effort to improve customer retention and satisfaction.

Consumers are increasing their use of wireless voice and data services. According to a Cellular Telecommunications & Internet Association (CTIA) U.S. wireless industry survey and other published reports:

Minutes of use exceeded 1.1 trillion for the first half of 2008, which represents a year-over-year increase of 11%.

Wireless data service revenues were nearly $15 billion for the first half of 2008, which represents a year-over-year increase of 40%.

Wireless users totaled 262 million as of June 30, 2008, which represents a year-over-year increase of nearly 20 million subscribers, or 8%.

The percentage of U.S. households with no wireline communications and only wireless communications increased to approximately 18% as of June 30, 2008.

Wireless penetration in the U.S. increased to 87% as of June 30, 2008.

Our customers have introduced, and we believe they plan to continue to deploy, next generation wireless technologies, including third generation (3G) and wireless data technology, such as email, internet and mobile video. We expect these next generation technologies and others, such as fourth generation (4G) technology (including long-term evolution), to translate into additional demand for tower space.

We have seen and anticipate there could be other new entrants into the wireless communications industry that should deploy regional or national wireless networks for voice and data services.

Table of Contents

Index to Financial Statements

The Federal Communications Commission (FCC) auctioned spectrum licenses in the Advanced Wireless Services Auction No. 66 during the third quarter of 2006 and the 700 MHz Band Auction No. 73 in March 2008. We expect that these spectrum auctions and future auctions should enable next generation networks and possibly enable one or more new entrants into the wireless communications industry.

Many countries outside of the U.S. have wireless penetration rates approaching or exceeding 100% and have wireless networks faster and even more robust than the U.S. This wireless activity outside of the U.S. may be a leading indicator for U.S. wireless communications. See also *Item 1. The Company CCAL.*

2008 Highlights and Recent Developments

See *Item 7. MD&A* and our consolidated financial statements for a discussion of developments and activities occurring in 2008 and the beginning of 2009, including the issuance of our 9% senior notes in January 2009 and the challenging credit markets.

The Company

We operate our business primarily in the U.S. (including Puerto Rico) and Australia, with nominal operations in Canada and the United Kingdom (U.K.). We conduct our operations principally through subsidiaries of Crown Castle Operating Company (CCOC), including (1) certain subsidiaries which operate our tower portfolios in the U.S., Puerto Rico and Canada (collectively referred to as CCUSA) and (2) a 77.6% owned subsidiary that operates our Australia tower portfolio (referred to as CCAL). For more information about our operating segments, as well as financial information about the geographic areas in which we operate, see note 18 to our consolidated financial statements and *Item 7. MD&A*.

CCUSA

Overview. The core business of CCUSA is the renting of antenna space on our towers predominately to wireless carriers under long-term contracts. Supporting our competitive position in the site rental business, we offer our tenants certain network services relating to our towers, including antenna installations and other services. At December 31, 2008, CCUSA owned, leased or managed approximately 22,500 towers. Although we own, lease or manage approximately 200 towers located in Puerto Rico and Canada that are included in CCUSA, our towers are predominately located in the U.S., with concentrations in the 50 and 100 largest BTAs.

Most of our CCUSA towers were acquired through transactions consummated within the past nine years, including through the transactions summarized below:

Acquisition	Transaction Closing Dates	Current No. of Towers	Primary Tower Locations
Global Signal[a]	2007	10,684	Southeastern, Southwestern, Midwestern, Pacific Coast and Northeastern U.S.
Mountain Union Telecom, LLC	2006	480	Puerto Rico and Southern U.S.
Trintel Communications Inc.	2005	467	Midwestern U.S.
GTE Wireless[d]	2000(b)	2,870	Eastern, Midwestern, Southwestern and Pacific Coast U.S.
Bell South Mobility(e) and Bell South DCS[e]	1999 2000(c)	3,035	Southeastern and Midwestern U.S.
Bell Atlantic Mobile[d]	1999	2,014	Eastern, Southwestern U.S.
Powertel[f]	1999	674	Southeastern U.S.

(a)

6,553 towers were originally acquired by Global Signal from Sprint (a predecessor of Sprint Nextel). See *Item 7. MD&A General Overview Acquisition of Global Signal* and note 2 to our consolidated financial statements for a discussion of the Global Signal Merger.

(b) The towers from GTE Wireless were acquired in multiple closings from January 2000 through September 2000.
(c) The towers from Bell South Mobility and Bell South DCS were acquired in multiple closings from June 1999 through December 2000.
(d) Now part of Verizon Wireless.
(e) Now part of AT&T.
(f) Now part of T-Mobile.

Table of Contents

Index to Financial Statements

Site Rental. CCUSA rents space on its towers for antennas and other equipment and leases access to our distributed antenna systems for the transmission of a variety of wireless signals predominately related to wireless voice and data transmission.

We generally receive monthly rental payments from tenants, payable under site leases. Over the last several years, our new leases have generally had initial terms of seven to fifteen years (with three or four optional renewal periods of five years each) and provide for annual price increases based upon a consumer price index, a fixed percentage or a combination thereof. The lease agreements with our tenants relating to tower network acquisitions generally have an original term of ten years, with multiple renewal options at the option of the tenant, each typically ranging from five to ten years. We have existing master lease agreements with most wireless carriers, including Sprint Nextel, AT&T, Verizon Wireless, and T-Mobile, which provide certain terms (including economic terms) that govern leases on our towers entered into by such parties during the term of their master lease agreements.

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

The operating expenditures of our site rental business consist predominately of ground lease expense, property taxes, repairs and maintenance, employee compensation and related benefit costs, and utilities, which tend to escalate at approximately the rate of inflation. As a result of the relative fixed nature of these expenditures, the co-location of additional tenants is achieved at a low incremental cost resulting in high incremental cash flows.

Network Services. We also provide network services, on a limited basis, primarily relating to our towers for our tenants. Our service offerings consist of antenna installations and subsequent augmentation, network design and site selection, site acquisition, site development and other services. We have the capability and expertise to install, with the assistance of our network of subcontractors, equipment and antenna systems for our customers. These activities are typically non-recurring and highly competitive, with a number of local competitors in most markets. We typically bill for our antenna installation services on a fixed price basis. Network services revenues are received primarily from wireless communications companies or their agents.

Customers. In both the site rental and network services businesses, we work with a number of customers. We work extensively with large national wireless carriers such as Sprint Nextel, AT&T, Verizon Wireless, and T-Mobile. Approximately 48% of 2008 CCUSA site rental revenues are with customers (or their parent companies) who are rated investment grade including AT&T, Verizon Wireless (a joint venture of Verizon Communications and Vodafone) and T-Mobile (a subsidiary of Deutsche Telecom). In addition to the four largest customers, our 2008 net revenues and new tenant additions were derived from second tier and emerging wireless customers, such as those offering flat rate calling plans and wireless data technologies. The following table summarizes the net revenues from our four largest customers expressed as a percentage of CCUSA s and our consolidated revenues for 2008. See *Item 1A. Risk Factors.*

Customer	% of 2008 CCUSA Net Revenues	% of 2008 Consolidated Net Revenues
Sprint Nextel	25%	23%
AT&T	20%	19%
Verizon Wireless (a)	18%	18%
T-Mobile	13%	12%
Total	76%	72%

(a) Inclusive of Alltel as a result of the merger that occurred in January 2009.

Sales and Marketing. The CCUSA sales organization markets our towers within the wireless communications industry with the objective of renting space on existing towers and on new towers prior to construction. We seek to become the critical partner and preferred independent

tower provider for our customers and increase customer satisfaction relative to our peers.

Table of Contents

Index to Financial Statements

We use public and proprietary databases to develop targeted marketing programs focused on carrier network build-outs, modifications, site additions, new tower builds, distributed antenna systems and network services. Information about carriers existing location of antenna space, leases, marketing strategies, capital spend plans, deployment status, and actual wireless carrier signal strength measurements taken in the field is analyzed to match specific towers in our portfolios with potential new site demand. We have developed a patented web-based tool that stores key tower information above and beyond normal property management information, including data on actual customer signal strength, demographics, site readiness and competitive structures. In addition, the web-based tool assists us in estimating potential demand for our towers with greater speed and accuracy. Through these and other tools we have developed, we seek to have proactive discussions with our customers regarding their wireless infrastructure deployment plans and the timing and location of their demand for our towers.

A team of national account directors maintains our relationships with our largest customers. These directors work to develop new tower leasing opportunities, network services contracts and site management opportunities, as well as to ensure that customers tower needs are efficiently translated into new leases on our towers. Sales personnel in our area offices develop and maintain local relationships with carriers that are expanding their networks, entering new markets, bringing new technologies to market or requiring maintenance or add-on business. In addition to our full-time sales and marketing staff, a number of senior managers and officers spend a significant portion of their time on sales and marketing activities and call on existing and prospective customers.

Competition. CCUSA competes with (1) other independent tower owners which also provide site rental and network services; (2) wireless carriers which build, own and operate their own tower networks and lease space to other wireless communication companies, and (3) owners of alternative facilities including rooftops, broadcast towers, distributed antenna systems, utility poles, and outdoor advertisers. Wireless carriers that own and operate their own tower networks generally are substantially larger and have greater financial resources than we have. We believe that tower location and capacity, deployment speed, quality of service and price have been and will continue to be the most significant competitive factors affecting the leasing of a tower.

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

Competitors in the network services business include site acquisition consultants, zoning consultants, real estate firms, right-of-way consulting firms, construction companies, tower owners and managers, radio frequency engineering consultants, telecommunications equipment vendors who can provide turnkey site development services through multiple subcontractors, and our customers internal staffs. We believe that carriers base their decisions on the outsourcing of network services on criteria such as a company s experience, track record, local reputation, price and time for completion of a project.

CCAL

Our primary business in Australia is the renting of antenna space on towers to our customers. CCAL is owned 77.6% by us and 22.4% by Permanent Nominees (Aust) Ltd, acting on behalf of a group of professional and private investors led by Todd Capital Limited. CCAL is the largest independent tower operator in Australia. As of December 31, 2008, CCAL had approximately 1,600 towers, with a strategic presence in each of Australia s major metropolitan areas, including Sydney, Melbourne, Brisbane, Adelaide and Perth. The vast majority of CCAL s towers were acquired from Optus (in 2000) and Vodafone (in 2001). CCAL also provides a range of services including site maintenance and property management services for towers owned by third parties.

For 2008, CCAL comprised 6% of our consolidated net revenues. CCAL s principal customers are Vodafone, Optus, Telstra and Hutchison. For 2008, these four carriers accounted for approximately 95% of CCAL s revenues, with Vodafone and Optus accounting for 36% and 35%, respectively. In February 2009, Vodafone and Hutchison agreed to merge their Australian operations in a joint venture named VHA Pty Ltd. We are evaluating the impact this joint venture may have on CCAL; however, we currently do not believe it will have a material adverse impact.

Table of Contents

Index to Financial Statements

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

All four of the major carriers in Australia have deployed extensive 3G networks which provide high bandwidth wireless services that are generally more robust and faster than typically experienced in the U.S. In addition, the wireless penetration rate in Australia exceeds 100% (e.g., number of devices exceeds population). These 3G networks utilize a large number of our towers.

Employees

At February 17, 2009, we employed approximately 1,300 people worldwide. We are not a party to any collective bargaining agreements. We have not experienced any strikes or work stoppages, and management believes that our employee relations are satisfactory.

Regulatory Matters

To date, we have not incurred any material fines or penalties or experienced any material adverse effects to our business as a result of any domestic or international regulations. The summary below is based on regulations currently in effect, and such regulations are subject to review and modification by the applicable governmental authority from time to time. If we fail to comply with applicable laws and regulations, we may be fined or even lose our rights to conduct some of our business.

United States

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

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

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

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

Australia

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

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

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

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

Environmental Matters

To date, we have not incurred any material fines or penalties or experienced any material adverse effects to our business as a result of any domestic or international environmental regulations or matters. See *Item 1A. Risk Factors.*

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

Our operations are subject to federal, state and local laws and regulations relating to the management, use, storage, disposal, emission, and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. As an owner, lessee or operator of real property, we are subject to certain environmental laws that

Table of Contents

Index to Financial Statements

impose strict, joint-and-several liability for the cleanup of on-site or off-site contamination relating to existing or historical operations; and we could also be subject to personal injury or property damage claims relating to such contamination. We are potentially subject to environmental and cleanup liabilities in the U.S. (including Puerto Rico) and Australia.

As licensees and tower owners, we are also subject to regulations and guidelines that impose a variety of operational requirements relating to radio frequency emissions. As employers, we are subject to OSHA (and similar occupational health and safety legislation in Australia) and similar guidelines regarding employee protection from radio frequency exposure. The potential connection between radio frequency emissions and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years.

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

Item 1A. *Risk Factors*

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

We have a substantial amount of indebtedness, the majority, if not all, of which we anticipate refinancing or repaying within the next three years. In the event we do not repay or refinance such indebtedness, we could face substantial liquidity issues and might be required to issue equity securities or securities convertible into equity securities, or sell some of our assets to meet our debt payment obligations.

We have a substantial amount of indebtedness (approximately $6.8 billion as of February 17, 2009), and we anticipate refinancing the majority, if not all, of this indebtedness and our preferred stock within the next three years. If our tower revenue notes, which were issued by our U.S. tower subsidiaries that comprised substantially all of our tower business prior to the Global Signal Merger and had an aggregate outstanding principal amount of $3.45 billion as of December 31, 2008, are not repaid in full by their anticipated repayment dates (five years from their original issuances in 2005 and 2006), then the interest rates on those notes will increase substantially (by the greater of (1) an additional 5% per annum over their current rates or (2) the amount, if any, by which the sum of the following exceeds the note rate for a class of tower revenue notes: the yield to maturity on the applicable anticipated repayment date of the United States treasury security having a term closest to 10 years, plus 5%, plus the post-anticipated repayment date spread for such class of tower revenue notes) and monthly amortization payments will commence. If this occurs, then substantially all of the cash flows of those tower subsidiaries must be applied to repay principal of the tower revenue notes. As of February 17, 2009, our mortgage loans, which were issued by the Global Signal tower subsidiaries prior to the Global Signal Merger, in the aggregate principal amounts of $246.5 million and $1.46 billion, have contractual maturities in December 2009 and February 2011, respectively. If we fail to repay or refinance such mortgage loans when due, it would constitute an event of default under such mortgage loans, as well as some of our other indebtedness. We are also required to redeem all outstanding shares of our 6.25% convertible preferred stock in August 2012 for approximately $323.0 million, including accrued but unpaid dividends. There can be no assurances we will be able to effect these anticipated refinancings on commercially reasonable terms, or terms, including with respect to interest rates, as favorable as our current debt and preferred stock, or at all.

In early 2007, a crisis began in the subprime mortgage sector, as a result of rising delinquencies and credit quality deterioration, and the conditions in the general credit markets have continued to deteriorate with widening credit spreads and a lack of liquidity, including certain debt markets being unavailable. In addition to a lack of liquidity in the general credit markets, the current credit crisis has resulted in a widening of credit spreads in the marketplace in general and for us specifically. This crisis together with the global economic recession have adversely impacted our access to capital, and there can be no assurances that the global economic recession or the liquidity crisis will not worsen or negatively impact the availability and cost of debt financing, including with respect to any refinancings of the obligations described above.

If we are unable to refinance or renegotiate our debt, we cannot guarantee that we will be able to generate enough cash flows from operations or that we will be able to obtain enough capital to service our debt, pay our obligations under our convertible preferred stock or fund our planned capital expenditures. In such an event, we

Table of Contents

Index to Financial Statements

could face substantial liquidity issues and might be required to issue equity securities or securities convertible into equity securities, or sell some of our assets to meet our debt payment obligations. Failure to refinance indebtedness when required could result in a default under such indebtedness. Assuming we meet certain financial ratios, we have the ability under our debt instruments to incur additional indebtedness, and any additional indebtedness we incur could exacerbate the risks described above. See the risk factor below concerning our obligations relating to our interest rate swaps.

Our substantial level of indebtedness could adversely affect our ability to react to changes in our business, and the terms of our debt instruments limit our ability to take a number of actions that our management might otherwise believe to be in our best interests. In addition, if we fail to comply with our covenants, our debt could be accelerated.

As a result of our need to repay and refinance debt in the current difficult credit markets, demands on our cash resources are higher than they otherwise would be, which could negatively impact our business, results of operations and financial condition.

As a result of our substantial indebtedness:

- we may be more vulnerable to general adverse economic and industry conditions;
- we may find it more difficult to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements or to refinance our existing indebtedness;
- we are required to dedicate a substantial portion of our cash flows from operations (approximately $360.6 million of our total cash flows from operations for 2008) to the payment of principal and interest on our debt, reducing the available cash flow to fund other projects;
- we may have limited flexibility in planning for, or reacting to, changes in our business and in the industry;
- we may have a competitive disadvantage relative to other companies in our industry with less debt;
- we may be required to issue equity securities or securities convertible into equity or sell some of our assets, possibly on unfavorable terms, in order to meet payment obligations; and
- we may be limited in our ability to take advantage of strategic business opportunities, including tower development and mergers and acquisitions.

Currently we have debt instruments in place that limit in certain circumstances our ability to incur indebtedness, pay dividends, create liens, sell assets and engage in certain mergers and acquisitions. Our subsidiaries, under their debt instruments, are also required to maintain specific financial ratios. Our ability to comply with the financial ratio covenants under these instruments and to satisfy our debt obligations will depend on our future operating performance. If we fail to comply with the debt restrictions, we will be in default under those instruments, which in some cases would cause the maturity of substantially all of our long-term indebtedness to be accelerated. If our subsidiaries that issued the tower revenue notes and mortgage loans were to default on the debt, the trustee could seek to foreclose upon or otherwise convert the ownership of the securitized towers, in which case we could lose the towers and the revenues associated with the towers.

CCIC and CCOC are holding companies and conduct all of their operations through their subsidiaries. Accordingly, CCIC s and CCOC s source of cash to pay interest and principal on their outstanding indebtedness and preferred stock is distributions relating to their ownership interests in their subsidiaries from the net earnings and cash flow generated by such subsidiaries or from proceeds of debt or equity offerings. Earnings and

cash flow generated by their subsidiaries are first applied by such subsidiaries in conducting their operations, including the service of their respective debt obligations after which any excess cash flow generally may be paid to a holding company. However, their subsidiaries are legally distinct from the holding companies and, unless they guarantee such debt, have no obligation to pay amounts due on their debt or to make funds available to us for such payment.

Our interest rate swaps are currently in a substantial liability position and will need to be cash settled within the next three years, which could adversely affect our financial condition.

We have used interest rate swaps to hedge our interest rate risk related to variability in LIBOR, which could adversely affect our financial condition. As a result of our interest rate swaps we would not benefit from the recent declines in LIBOR if the declines remain when we will need to cash settle these obligations, generally on the anticipated issuance date of the forecasted transaction. As of February 17, 2009, our outstanding forward-starting interest rate swaps had a combined notional amount of $5.3 billion; and the liability on a settlement basis totaled

Table of Contents

Index to Financial Statements

$503.1 million on a settlement basis. In addition as of February 17, 2009, we have two interest rate swaps, with a combined notional amount of $625.0 million that will be settled in 2009 and would currently result in total payments by us of $17.4 million. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* for the cash obligations by year of maturity, based on current interest rates and the yield curve in effect as of December 31, 2008, required to settle the forward-starting interest rate swaps.

Our business depends on the demand for wireless communications and towers, and we may be adversely affected by any slowdown in such demand.

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

- consumer demand for wireless services;
- availability and capacity of our towers and the land under those towers;
- location of our towers and alternative towers;
- financial condition of our customers, including their availability and cost of capital;
- willingness of our customers to maintain or increase their capital expenditures;
- increased use of network sharing, roaming, joint development, or resale agreements by our customers;
- mergers or consolidations among our customers;
- governmental regulations, including local and state restrictions on the proliferation of towers;
- cost of constructing towers;
- technological changes, including those affecting (1) the number or type of towers or other communications sites needed to provide wireless communications services to a given geographic area and (2) the obsolescence of certain existing wireless networks; and
- our ability to efficiently satisfy our customers service requirements.

A slowdown in demand for wireless communications or our towers may negatively impact our revenues or otherwise have a material adverse effect on us.

A substantial portion of our revenues is derived from a small number of customers, and the loss, consolidation or financial instability of, or network sharing among, any of our limited number of customers may materially decrease revenues.

For 2008, approximately 72% of our consolidated revenues was derived from Sprint Nextel, AT&T, Verizon Wireless and T-Mobile, which represented 23%, 19%, 18% and 12%, respectively, of our consolidated net revenues. The loss of any one of our large customers as a result of bankruptcy, insolvency, consolidation, merger with other customers of ours or otherwise may materially decrease our revenues and have other adverse effects on our business. We cannot guarantee that the leases (including management agreements) with our major wireless carriers will not be terminated or that these carriers will renew such agreements. See also *Item 1. Business The Company*.

Consolidation among our customers may result in duplicate or overlapping parts of networks, which may result in a reduction of sites and have a negative effect on revenues and cash flows.

Consolidation among our customers will likely result in duplicate or overlapping parts of networks, which may result in a reduction of cell sites and impact revenues from our towers. In addition, consolidation may result in a reduction in such customers future capital expenditures in the aggregate because their expansion plans may be similar. In the last several years, certain of our larger carrier customers have merged, including Cingular Wireless (now known as AT&T) with AT&T Wireless in October 2004 and Sprint with Nextel in August 2005. Any industry consolidation could decrease the demand for our towers, which in turn may result in a reduction in our revenues and cash flows.

Sales or issuances of a substantial number of shares of our common stock may adversely affect the market price of our common stock.

Future sales or issuances of a substantial number of shares of common stock or other equity related securities may adversely affect the market price of our common stock. As of February 17, 2009, we had 288.7 million shares

Table of Contents

Index to Financial Statements

of common stock outstanding. In addition, we reserved (1) 15.6 million shares of common stock for future issuance under our various stock compensation plans and (2) 8.6 million shares of common stock for the conversion of our outstanding convertible preferred stock. If conditions in the credit markets do not improve, we may face liquidity issues and might be required to issue equity securities or securities convertible into equity securities which may cause the price of our common stock to decline significantly.

In addition, a small number of stockholders own a significant percentage of our outstanding common stock. If any one of these stockholders, or any group of our stockholders, sells a large quantity of shares of our common stock, or the public market perceives that existing stockholders might sell a large quantity of shares of our common stock, the market price of our common stock may significantly decline.

A wireless communications industry slowdown may materially and adversely affect our business (including reducing demand for our towers and network services) and the business of our customers.

In past years, the wireless communications industry has periodically experienced significant general slowdowns which negatively affected the factors described in these risk factors, influencing demand for tower space and network services. Similar slowdowns in the future may reduce consumer demand for wireless services or negatively impact the debt and equity markets, thereby causing carriers to delay or abandon implementation of new systems and technologies. The global economic recession is predicted by many to continue and perhaps worsen during 2009. There can be no assurances that such a difficult economic environment will not adversely impact the wireless communications industry, which may materially and adversely affect our business, including by reducing demand for our towers and network services. A wireless communications industry slowdown may result in the write-off of some or all of our goodwill and our inability to utilize our net operating loss carryforwards.

As a result of competition in our industry, including from some competitors with significantly more resources or less debt than we have, we may find it more difficult to achieve favorable rental rates on our towers.

We face competition for site rental customers from various sources, including:

- other independent tower owners;
- wireless carriers that own and operate their own towers and lease antenna space to other wireless communication companies;
- alternative facilities including rooftops, distributed antenna systems, broadcast towers and utility poles; and
- new alternative deployment methods.

Wireless carriers that own and operate their own tower portfolios are generally substantially larger and have greater financial resources than we have. Competition for tenants on towers may adversely affect rental rates and revenues.

New technologies may significantly reduce demand for our towers and negatively impact our revenues.

Improvements in the efficiency of wireless networks could reduce the demand for our towers. For example, signal combining technologies that permit one antenna to service multiple frequencies and, thereby, multiple customers, may reduce the need for our towers. In addition, other technologies, such as wireless mesh networks, voice-over-Wi-Fi, femtocells, satellite transmission systems (such as low earth orbiting), and distributed antenna systems, may, in the future, serve as substitutes for or alternatives to leasing that might otherwise be anticipated or expected on our towers had such technologies not existed. Any significant reduction in tower leasing demand resulting from the previously mentioned technologies or other technologies may negatively impact our revenues or otherwise have a material adverse effect on us.

New wireless technologies may not deploy or be adopted by customers as rapidly or in the manner projected.

There can be no assurances that 3G, 4G, wireless data services such as e-mail, internet and mobile video, or other new wireless technologies will be introduced or deployed as rapidly or in the manner projected by the wireless or broadcast industries. In addition, demand and customer adoption rates for such new technologies may be lower or slower than anticipated for numerous reasons. As a result, growth opportunities and demand for our towers as a result of such technologies may not be realized at the times or to the extent anticipated.

Table of Contents

Index to Financial Statements

If we fail to retain rights to the land under our towers, our business may be adversely affected.

Our real property interests relating to the land on which our towers reside consist primarily of leasehold and sub-leasehold interests, fee interests, easements, licenses and rights-of-way. A loss of these interests may interfere with our ability to conduct our business and generate revenues. For various reasons, we may not always have the ability to access, analyze and verify all information regarding titles and other issues prior to completing an acquisition of towers. Further, we may not be able to renew ground leases on commercially viable terms. Our ability to retain rights to the land on which our towers reside depends on our ability to renegotiate and extend the terms of the ground leases, subleases and licenses relating to the land on which our towers reside or purchase the land on which such towers reside. Approximately 11% of our towers are on land where our property interests in such land have a final expiration date of less than ten years. Our inability to retain rights to the land on which our towers reside may have a material adverse effect on us.

If we are unable to raise capital in the future when needed, we may not be able to fund future growth opportunities.

We may need additional sources of debt or equity capital in the future to fund growth opportunities, including other alternatives to funding discretionary capital expenditures given the global economic recession and current capital constraints. Additional financing may be unavailable, may be prohibitively expensive, or may be restricted by the terms of our outstanding indebtedness. Additional sales of equity securities would dilute our existing stockholders. If we are unable to raise capital when our needs arise, we may not be able to fund future growth opportunities.

Our lease relating to our Spectrum has certain risk factors different from our core tower business, including that the Spectrum lease may not be renewed or continued, that the option to acquire the Spectrum license may not be exercised, and that the Spectrum may not be deployed, which may result in the revenues derived from the Spectrum being less than those that may otherwise have been anticipated.

We entered into a lease as lessor relating to the Spectrum rights we acquired in 2003 pursuant to an FCC license. Our Spectrum lease has an initial term for a $13 million annual lease fee beginning July 23, 2007 until October 1, 2013. Upon the expiration of the initial term of the lease, the lessee will have the right to acquire the Spectrum for $130 million (with a consumer price index adjustment from July 2007) or to renew the lease for a period of up to ten years on the same terms, subject to the annual lease fee increasing to $14.3 million. The lessee s right to renew the lease or acquire the Spectrum following the initial term is subject to FCC license renewal and approval, which may not be obtained. In the event that the lessee defaults on the Spectrum lease, that the option to acquire the Spectrum license or renew the Spectrum lease is not exercised, or that the Spectrum is not deployed, the revenues derived from the Spectrum may be substantially less than anticipated.

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

A variety of federal, state, local and foreign laws and regulations apply to our business. Failure to comply with applicable requirements may lead to civil penalties or require us to assume indemnification obligations or breach contractual provisions. We cannot guarantee that existing or future laws or regulations, including state and local tax laws, will not adversely affect our business, increase delays or result in additional costs. These factors may have a material adverse effect on us.

Our network services business has historically experienced significant volatility in demand, which reduces the predictability of our results.

The operating results of our network services business for any particular period may vary significantly and should not necessarily be considered indicative of longer-term results for this activity. In the foreseeable future, network services revenues may decline as a percentage of our total revenues due to our focus on our core rental business, increased competition or other factors. The global economic recession is predicted by many to continue and perhaps worsen during 2009. There can be no assurances that such a difficult economic environment will not adversely impact our network services business.

Table of Contents

Index to Financial Statements

If radio frequency emissions from wireless handsets or equipment on our towers are demonstrated to cause negative health effects, potential future claims could adversely affect our operations, costs and revenues.

The potential connection between radio frequency emissions and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. We cannot guarantee that claims relating to radio frequency emissions will not arise in the future or that the results of such studies will not be adverse to us.

Public perception of possible health risks associated with cellular and other wireless communications may slow or diminish the growth of wireless companies, which may in turn slow or diminish our growth. In particular, negative public perception of, and regulations regarding, these perceived health risks may slow or diminish the market acceptance of wireless communications services. If a connection between radio emissions and possible negative health effects were established, our operations, costs and revenues may be materially and adversely affected. We currently do not maintain any significant insurance with respect to these matters.

Certain provisions of our certificate of incorporation, by-laws and operative agreements and domestic and international competition laws may make it more difficult for a third party to acquire control of us or for us to acquire control of a third party, even if such a change in control would be beneficial to our stockholders.

We have a number of anti-takeover devices in place that will hinder takeover attempts and may reduce the market value of our common stock. Our anti-takeover provisions include:

- a staggered board of directors;
- the authority of the board of directors to issue preferred stock without approval of the holders of our common stock; and
- advance notice requirements for director nominations and actions to be taken at annual meetings.

Our by-laws permit special meetings of the stockholders to be called only upon the request of our Chief Executive Officer or a majority of the board of directors, and deny stockholders the ability to call such meetings. Such provisions, as well as the provisions of Section 203 of the Delaware General Corporation Law, may impede a merger, consolidation, takeover or other business combination or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

In addition, domestic and international competition laws may prevent or discourage us from acquiring towers or tower networks in certain geographical areas or impede a merger, consolidation, takeover or other business combination or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We are exposed to counterparty risk through our interest rate swaps and a counterparty default could adversely affect our financial condition.

As a consequence of the global financial crisis, the credit worthiness of certain of our contracted counterparties (particularly financial institutions) has deteriorated; and therefore, we are exposed to an increased risk that one or more of the counterparties to our hedging transactions could default on their obligations to us, which could adversely affect our financial condition. For example, a subsidiary of Lehman Brothers Holding Inc. (Lehman Brothers) that is the counterparty for two of our interest rate swaps filed for bankruptcy in October 2008. These two interest rate swaps had a combined notional value of $475 million and represented a liability to us of approximately $46.3 million as of December 31, 2008. Our arrangements with Lehman Brothers are subject to the resolution of Lehman s bankruptcy proceedings and may result in an assignment of our arrangement by Lehman to a third party. While we have certain rights to object to an assignment, the outcome of such proceedings is uncertain. We also have interest rate swaps with other financial institutions, including Morgan Stanley and the Royal Bank of Scotland PLC. To the extent the financial crisis and LIBOR increases cause our credit exposure to contracted counterparties to become an asset, such increased exposure could have a material adverse effect on our results of operations, cash flows and financial condition.

13

Table of Contents

Index to Financial Statements

We may be adversely effected by exposure to changes in foreign currency exchange rates relating to our operations in Australia.

Our Australian operations expose us to fluctuations in foreign currency exchange rates. For 2008, approximately 6% of our consolidated net revenues were denominated in Australian dollars. We have not historically engaged in significant hedging activities relating to our Australian operations, and we may suffer future losses as a result of changes in currency exchange rates.

Available Information and Certifications

We maintain an internet website at www.crowncastle.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934) are made available, free of charge, through the investor relations section of our internet website at http://investor.crowncastle.com/sec.cfm as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

In addition, our corporate governance guidelines, business practices and ethics policy and the charters of our Audit Committee, Compensation Committee and Nominating & Corporate Governance Committee are available through the investor relations section of our internet website at http://www.crowncastle.com/investor/corpgovernance.asp, and such information is also available in print to any stockholder who requests it.

We submitted the Chief Executive Officer certification required by Section 303A.12(a) of the New York Stock Exchange (NYSE) Listed Company Manual, relating to compliance with the NYSE s corporate governance listing standards, to the NYSE on May 30, 2008 with no qualifications. We have included the certifications of our Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 and related rules as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Our principal CCUSA corporate offices are located in Houston, Texas and Canonsburg, Pennsylvania and are owned. Our principal CCAL corporate office is located in Sydney, Australia and is leased. In the U.S., we lease and maintain area offices located in (1) Charlotte, North Carolina, (2) Alpharetta, Georgia, and (3) Phoenix, Arizona, which are in addition to the area office operated from our Canonsburg, Pennsylvania corporate office. The principal responsibilities of these area offices are to manage the renting of tower space on a local basis, maintain the towers already located in the area and service our customers in the area. In addition, we lease additional, smaller district offices, which report to the area offices, in locations with high tower concentrations.

Towers are vertical metal structures generally ranging in height from 50 to 1,500 feet. In addition, wireless communications equipment may also be placed on building rooftops. Towers are generally located on tracts of land of up to ten acres. These tracts of land support the towers, equipment shelters and, where applicable, guy wires to stabilize the structure.

We are and expect to continue to endeavor to renegotiate and extend the terms of ground leases and in some cases are acquiring the land on which such towers reside to further our control of the property interests in the land on which our towers are located. For a tabular presentation of the remaining terms to final expiration of the ground leases, subleases, or licenses for the land which we do not own and on which our towers are located as of December 31, 2008. See *Item 7. MD&A Liquidity and Capital Resources Contractual Cash Obligations.*

As of December 31, 2008, we owned in fee or had perpetual or long-term easements in the land on which approximately 23% of our towers reside (up from 20% as of December 31, 2007), and we leased, subleased or licensed the land on which approximately 74% of our towers reside. In addition, as of December 31, 2008, approximately 3% of our towers were owned by third parties where we had the right to market space on the tower or where we had sublease arrangements with the tower owner. Our ground leases, subleases and licenses generally have five or ten year initial terms at CCUSA and ten to 15 year initial terms at CCAL, and frequently contain one or more renewal options.

Table of Contents

Index to Financial Statements

Our tower revenue notes issued in 2005 and 2006 are effectively secured by approximately 6,800 of our towers and the cash flows from those towers. Governing documents relating to another approximately 4,900 towers prevent liens from being granted on those towers without approval of a subsidiary of Verizon; however, distributions paid from the entities that own those towers will also service the tower revenue notes. In addition, approximately 9,000 of our towers and the cash flows derived from these towers are effectively pledged as security for our mortgage loans. See note 6 to our consolidated financial statements.

Substantially all of our CCUSA towers can accommodate another tenant either as currently constructed or with appropriate modifications to the tower. Additionally, if so inclined as a result of customer demand, we could generally also tear down an existing tower and reconstruct another tower in its place with additional capacity, subject to certain restrictions. As of December 31, 2008, the weighted-average number of tenants per tower is approximately 2.7 on our CCUSA towers. A summary of the number of existing tenants per CCUSA tower as of December 31, 2008, is as follows:

Number of Tenants	Percent of CCUSA Towers
Greater than five	7%
Five	7%
Four	12%
Three	18%
Two	24%
Less than two	32%
Total	100%

See *Item 1. Business* for a discussion of the location of our towers in the U.S. and Australia, including the percentage of our U.S. towers in the top 50 and 100 BTAs and the primary location of our U.S. towers by acquisition.

Item 3. ***Legal Proceedings***

We are periodically involved in legal proceedings that arise in the ordinary course of business along with a stockholder derivative lawsuit as described below. Most of these proceedings arising in the ordinary course of business involve disputes with landlords, vendors, collection matters involving bankrupt customers, zoning and variance matters, condemnation or wrongful termination claims. While the outcome of these matters cannot be predicted with certainty, management does not expect any pending matters to have a material adverse effect on us.

In February 2007, plaintiffs filed a consolidated petition styled *In Re Crown Castle International Corp. Derivative Litigation*, Cause No. 2006-49592; in the 234th Judicial District Court, Harris County, Texas which consolidated five stockholder derivative lawsuits filed in 2006. The lawsuit names various of our current and former directors and officers. The lawsuit makes allegations relating to our historic stock option practices and alleges claims for breach of fiduciary duty and other similar matters. Among the forms of relief, the lawsuit seeks alleged monetary damages sustained by CCIC.

Item 4. ***Submissions of Matters to a Vote of Security Holders***

None.

Table of Contents

Index to Financial Statements

PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***
Price Range of Common Stock

Our common stock is listed and traded on the NYSE under the symbol CCI . The following table sets forth for the calendar periods indicated the high and low sales prices per share of our common stock as reported by NYSE.

	High	Low
2007:		
First Quarter	$ 37.32	$ 30.42
Second Quarter	37.69	32.00
Third Quarter	41.69	33.40
Fourth Quarter	43.16	36.11
2008:		
First Quarter	$ 41.67	$ 30.35
Second Quarter	43.24	34.69
Third Quarter	38.91	26.37
Fourth Quarter	28.75	8.75

As of February 17, 2009, there were approximately 820 holders of record of our common stock.

Dividend Policy

We have never declared nor paid any cash dividends on our common stock. It is our current policy to retain our cash provided by operating activities to finance the expansion of our operations, to reduce our debt or to purchase our own stock (either common or preferred). Future declaration and payment of cash dividends, if any, will be determined in light of the then-current conditions, including our earnings, cash flows from operations, capital requirements, financial condition, our relative market capitalization and other factors deemed relevant by the board of directors. In addition, our ability to pay dividends is limited by the terms of our debt instruments under certain circumstances and the terms of our convertible preferred stock.

The holders of our 6.25% Convertible Preferred Stock are entitled to receive cumulative dividends at the rate of 6.25% per annum, payable on a quarterly basis. We have the option to pay the dividends on such series of preferred stock in cash or in shares of common stock. The number of shares of common stock required to be issued to pay such dividends is dependent upon the market value of our common stock at the time such dividend is required to be paid. In 2007 and 2008, dividends on our 6.25% Convertible Preferred Stock were paid in each of those years utilizing approximately $19.9 million in cash. We may choose to continue cash payments of the dividends in the future in order to avoid dilution caused by the issuance of common stock as dividends on our preferred stock.

Equity Compensation Plans

Certain information with respect to our equity compensation plans is set forth in Item 12 herein.

[Table of Contents](#)

[Index to Financial Statements](#)

Performance Graph

The following performance graph is a comparison of the five year cumulative stockholder return on our common stock against the cumulative total return of the NYSE Market Index, the Dow Jones Telecommunication Equipment Index and the SIC Code Index (Communications Services, NEC) for the period commencing December 31, 2003 and ending December 31, 2008. The performance graph assumes an initial investment of $100 in our common stock and in each of the indices. The performance graph and related text are based on historical data and are not necessarily indicative of future performance.

	Years Ended December 31,					
Company/Index/Market	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Crown Castle International Corp.	$ 100.00	$ 150.86	$ 243.97	$ 292.84	$ 377.15	$ 159.38
Communications Services, NEC	100.00	155.88	129.70	162.75	182.94	100.58
NYSE Market Index	100.00	112.92	122.25	143.23	150.88	94.76
DJ Telecommunication Equipment Index	100.00	94.42	114.53	122.47	116.00	75.26

The performance graph above and related text are being furnished solely to accompany this annual report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of ours, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Table of Contents

Index to Financial Statements

Item 6. ***Selected Financial Data***

Our selected historical consolidated financial and other data set forth below for each of the five years in the period ended December 31, 2008, and as of December 31, 2004, 2005, 2006, 2007 and 2008 have been derived from our consolidated financial statements. Acquisitions and dispositions can affect the year-to-year comparability of our results. In January 2007, we completed the Global Signal Merger. The results of operations from Global Signal have been included in our results from January 12, 2007. The Global Signal Merger significantly increased our tower portfolio and impacted the comparability of our 2007 and 2008 results and changes in financial condition to prior periods. Our other significant acquisitions are discussed in *Item 1. Business.* The information set forth below should be read in conjunction with *Item 1. Business,* *Item 7. MD&A* and our consolidated financial statements.

	Years Ended December 31,				
	2004(b)	**2005(b)**	**2006(b)**	**2007**	**2008**
	(In thousands of dollars, except per share amounts)				
Statement of Operations Data:					
Net revenues:					
Site rental	$ 538,309	$ 597,125	$ 696,724	$ 1,286,468	$ 1,402,559
Network services and other	65,893	79,634	91,497	99,018	123,945
Total net revenues	604,202	676,759			