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

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FORM 10-Q  
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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

Commission File Number 000-24737  
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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)  
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Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
Registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days.

Yes ☒ No ☐

Number of shares of common stock outstanding at November 1, 2000: 198,245,002  
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CROWN CASTLE INTERNATIONAL CORP.

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### CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

#### CONSOLIDATED BALANCE SHEET

(In thousands of dollars, except share amounts)

	December 31, 1999	September 30, 2000
	-----	-----
	(Unaudited)	
ASSETS		
-----		
Current assets:		
Cash and cash equivalents.....	\$ 549,328	\$ 816,938
Receivables:		
Trade, net of allowance for doubtful accounts of \$3,218 and \$11,544 at December 31, 1999 and September 30, 2000, respectively.....	74,290	132,805
Other.....	4,327	1,322
Inventories.....	19,178	53,960
Prepaid expenses and other current assets.....	14,922	20,148
	-----	-----
Total current assets.....	662,045	1,025,173
Property and equipment, net of accumulated depreciation of \$119,473 and \$248,812 at December 31, 1999 and September 30, 2000, respectively.....	2,468,101	4,081,113
Escrow deposit for acquisition.....	50,000	--
Goodwill and other intangible assets, net of accumulated amortization of \$53,437 and \$85,213 at December 31, 1999 and September 30, 2000, respectively.....	596,147	1,091,587
Deferred financing costs and other assets, net of accumulated amortization of \$4,245 and \$7,953 at December 31, 1999 and September 30, 2000, respectively.....	60,357	109,281
	-----	-----
	\$3,836,650	\$6,307,154

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$ 45,998	\$ 82,120
Accrued interest.....	20,912	36,413
Accrued compensation and related benefits.....	4,005	6,849
Deferred rental revenues and other accrued liabilities.....	60,366	117,995
Total current liabilities.....	131,281	243,377
Long-term debt.....	1,542,343	2,564,896
Other liabilities.....	67,064	82,970
Total liabilities.....	1,740,688	2,891,243
Commitments and contingencies		
Minority interests.....	55,292	125,468
Redeemable preferred stock.....	422,923	834,338
Stockholders' equity:		
Common stock, \$.01 par value; 690,000,000 shares authorized:		
Common Stock; shares issued: December 31, 1999--146,074,905 and September 30, 2000--197,196,557.....	1,461	1,972
Class A Common Stock; shares issued: December 31, 1999--11,340,000 and September 30, 2000--none...	113	--
Additional paid-in capital.....	1,805,053	2,855,365
Cumulative foreign currency translation adjustment.....	(3,013)	(30,044)
Accumulated deficit.....	(185,867)	(371,188)
Total stockholders' equity.....	1,617,747	2,456,105
	\$3,836,650	\$6,307,154

See condensed notes to consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)  
(In thousands of dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	2000	1999	2000
Net revenues:				
Site rental and broadcast transmission.....	\$ 75,632	\$117,174	\$183,135	\$ 320,418
Network services and other.....	23,295	57,415	48,428	126,774
	98,927	174,589	231,563	447,192
Operating expenses:				
Costs of operations (exclusive of depreciation and amortization):				
Site rental and broadcast transmission.....	32,934	50,383	78,018	139,233
Network services and other.....	11,712	34,993	26,869	70,901
General and administrative.....	12,534	18,196	30,076	52,544
Corporate development.....	1,194	2,222	4,134	6,415
Restructuring charges.....	--	--	1,814	--

Non-cash compensation charges.....	501	808	1,672	1,619
Depreciation and amortization.....	39,850	65,596	89,369	167,365
	-----	-----	-----	-----
	98,725	172,198	231,952	438,077
	-----	-----	-----	-----
Operating income (loss).....	202	2,391	(389)	9,115
Other income (expense):				
Interest and other income (expense)...	7,923	10,217	12,802	22,586
Interest expense and amortization of deferred financing costs.....	(34,506)	(65,498)	(72,348)	(173,987)
	-----	-----	-----	-----
Loss before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle.....	(26,381)	(52,890)	(59,935)	(142,286)
Provision for income taxes.....	(71)	(127)	(268)	(163)
Minority interests.....	(615)	52	(1,187)	(1,806)
	-----	-----	-----	-----
Loss before extraordinary item and cumulative effect of change in accounting principle.....	(27,067)	(52,965)	(61,390)	(144,255)
Extraordinary item--loss on early extinguishment of debt.....	--	--	--	(1,495)
Cumulative effect of change in accounting principle for costs of start-up activities.....	--	--	(2,414)	--
	-----	-----	-----	-----
Net loss.....	(27,067)	(52,965)	(63,804)	(145,750)
Dividends on preferred stock.....	(6,824)	(16,353)	(19,846)	(39,571)
	-----	-----	-----	-----
Net loss after deduction of dividends on preferred stock.....	\$ (33,891)	\$ (69,318)	\$ (83,650)	\$ (185,321)
	=====	=====	=====	=====
Net loss.....	\$ (27,067)	\$ (52,965)	\$ (63,804)	\$ (145,750)
Other comprehensive income (loss):				
Foreign currency translation adjustments.....	6,747	(13,901)	(1,573)	(27,031)
	-----	-----	-----	-----
Comprehensive loss.....	\$ (20,320)	\$ (66,866)	\$ (65,377)	\$ (172,781)
	=====	=====	=====	=====
Per common share--basic and diluted:				
Loss before extraordinary item and cumulative effect of change in accounting principle.....	\$ (0.23)	\$ (0.36)	\$ (0.66)	\$ (1.07)
Extraordinary item.....	--	--	--	(0.01)
Cumulative effect of change in accounting principle.....	--	--	(0.02)	--
	-----	-----	-----	-----
Net loss.....	\$ (0.23)	\$ (0.36)	\$ (0.68)	\$ (1.08)
	=====	=====	=====	=====
Common shares outstanding--basic and diluted (in thousands).....	149,621	191,763	123,067	171,985
	=====	=====	=====	=====

See condensed notes to consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)  
(In thousands of dollars)

Nine Months Ended  
September 30,

-----  
1999                      2000  
-----

Cash flows from operating activities:

Net loss..... \$ (63,804) \$ (145,750)

Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization.....	89,369	167,365
Amortization of deferred financing costs and discounts on long-term debt.....	31,238	59,805
Minority interests.....	1,187	1,806
Non-cash compensation charges.....	1,672	1,619
Extraordinary loss on early extinguishment of debt...	--	1,495
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.....	65,056	86,336
Increase (decrease) in accounts payable.....	(13,680)	37,447
Increase in accrued interest.....	1,812	15,807
Increase in receivables.....	(20,112)	(56,357)
Increase in inventories, prepaid expenses and other assets.....	(19,445)	(51,983)
	-----	-----
Net cash provided by operating activities.....	75,707	117,590
	-----	-----
Cash flows from investing activities:		
Acquisitions of businesses and assets, net of cash acquired.....	(1,095,692)	(1,091,416)
Capital expenditures.....	(213,627)	(437,005)
Investments in affiliates.....	(6,826)	(1,989)
	-----	-----
Net cash used for investing activities.....	(1,316,145)	(1,530,410)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of long-term debt.....	757,206	1,015,020
Proceeds from issuance of capital stock.....	617,297	741,603
Net borrowings under revolving credit agreements.....	84,751	63,000
Principal payments on long-term debt.....	--	(82,000)
Incurrence of financing costs.....	(22,283)	(47,184)
	-----	-----
Net cash provided by financing activities.....	1,436,971	1,690,439
	-----	-----
Effect of exchange rate changes on cash.....	(824)	(10,009)
	-----	-----
Net increase in cash and cash equivalents.....	195,709	267,610
Cash and cash equivalents at beginning of period.....	296,450	549,328
	-----	-----
Cash and cash equivalents at end of period.....	\$ 492,159	\$ 816,938
	=====	=====
Supplementary schedule of non-cash investing and financing activities:		
Amounts recorded in connection with acquisitions:		
Fair value of net assets acquired, including goodwill and other intangible assets.....	\$1,676,582	\$1,899,940
Escrow deposits for acquisitions.....	--	50,000
Issuance of long-term debt.....	180,000	--
Minority interests.....	14,330	74,525
Issuance of common stock.....	386,560	683,999
Supplemental disclosure of cash flow information:		
Interest paid.....	\$ 38,931	\$ 95,071
Income taxes paid.....	295	175

See condensed notes to consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

The information contained in the following notes to the consolidated financial statements is condensed from that which would appear in the annual consolidated financial statements; accordingly, the consolidated financial statements included herein should be reviewed in conjunction with the consolidated financial statements for the fiscal year ended December 31, 1999,

and related notes thereto, included in the Annual Report on Form 10-K (the "Form 10-K") filed by Crown Castle International Corp. with the Securities and Exchange Commission. All references to the "Company" include Crown Castle International Corp. and its subsidiary companies unless otherwise indicated or the context indicates otherwise.

The consolidated financial statements included herein are unaudited; however, they include all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at September 30, 2000, the consolidated results of operations for the three and nine months ended September 30, 1999 and 2000 and the consolidated cash flows for the nine months ended September 30, 1999 and 2000. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire year.

#### 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 three months ended March 31, 1999.

In June 1998, the Financial Accounting Standards Board (the "FASB") issued 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 will be recorded either in results of operations or in other comprehensive income, depending on the intended use of the derivative instrument. The initial application of SFAS 133 will be reported as the effect of a change in accounting principle. SFAS 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company will adopt the requirements of SFAS 133 as of January 1, 2001. The Company estimates that the adoption of SFAS 133 will result in a net transition adjustment gain of approximately \$3,000,000 in accumulated other comprehensive income, and the recognition of approximately \$3,000,000 of derivative instrument assets. The estimated amount for this transition adjustment is based on current fair value measurements, and such measurements could be substantially different at the date of adoption of SFAS 133. As such, the transition adjustment recorded on that date could be substantially different from this estimated amount. The Company also expects that the adoption of SFAS 133 will increase the volatility of other comprehensive income as reported in its future financial statements.

## 2. Acquisitions

#### Agreement With GTE Corporation ("GTE")

On November 7, 1999, the Company entered into an agreement with GTE to form a joint venture ("Crown Castle GT") to own and operate a significant majority of GTE's towers. The agreement contemplates that the transaction will 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 will contribute an aggregate of approximately \$825,000,000 (of which up to \$100,000,000 can be 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 will contribute approximately 2,300 towers in exchange for

cash distributions aggregating approximately \$800,000,000 (less any amount contributed in the form of the Company's common stock) from Crown Castle GT and a minority ownership interest in Crown Castle GT. Upon dissolution of Crown Castle GT, GTE will receive (1) any shares of the Company's common stock contributed to Crown Castle GT and (2) a payment equal to approximately 11.4% of the fair market value of Crown Castle GT's other net assets; the Company will then receive the remaining assets and liabilities of Crown Castle GT. The Company is accounting for its investment in Crown Castle GT as a purchase of tower assets, and is including 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 this agreement, the Company placed \$50,000,000 into an escrow account. At the January 31, 2000 closing, the Company contributed \$223,870,000 in cash to Crown Castle GT, and GTE contributed 637 towers in exchange for a cash distribution of \$198,870,000 from Crown Castle GT.

On April 3, 2000, the Company contributed \$479,671,000 in cash and 5,067,488 shares of its common stock to Crown Castle GT, and GTE contributed 1,607 towers in exchange for a cash distribution of \$479,671,000 from Crown Castle GT. 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 was financed with the net proceeds from borrowings under the Term Loans due 2011 (see Note 3). In June 2000, the Company contributed \$13,191,000 in cash, and GTE contributed 39 towers in exchange for a cash distribution of \$13,191,000 from Crown Castle GT.

In addition to the approximately 2,300 towers to be 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.

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

On February 2, 2000, the Company closed on an additional 90 of the BellSouth towers. In connection with this closing, the Company paid \$20,437,000 in cash and issued 441,925 shares of its common stock. On the same date, the Company closed on an additional 26 of the BellSouth DCS towers. In connection with this closing, the Company paid \$10,662,000 in cash.

On April 20, 2000, the Company closed on an additional 90 of the BellSouth towers. In connection with this closing, the Company paid \$20,518,000 in cash and issued 441,926 shares of its common stock. On the same date, the Company closed on an additional 32 of the BellSouth DCS towers. In connection with this closing, the Company paid \$13,175,000 in cash.

On September 1, 2000, the Company closed on an additional 82 of the BellSouth towers. In connection with this closing, the Company paid \$18,726,000 in cash and issued 402,643 shares of its common stock. On the same date, the Company closed on an additional 22 of the BellSouth DCS towers. In connection with this closing, the Company paid \$9,098,000 in cash.

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

In March 2000, CCAL (a 66.7% 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 will be approximately \$135,000,000 in cash (Australian \$220,000,000). The Company is accounting for its investment in CCAL as a purchase of tower assets, and is including 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

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

minority shareholder, was used to pay \$103,485,000 (Australian \$168,131,000) to Optus. In May and June of 2000, CCAL made additional payments to Optus amounting to \$6,931,000 (Australian \$11,607,000). In August and September of 2000, CCAL made additional payments to Optus amounting to \$4,764,000 (Australian \$8,727,000).

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 and CCUK to a third party (see Note 5). 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 \$492,702,000 in connection with this transaction.

Crown Atlantic

In addition to the towers originally contributed to Crown Atlantic by Bell Atlantic Mobile ("BAM"), the Company and BAM agreed that certain additional towers owned by BAM (the "Frontier towers") could be contributed to Crown Atlantic. In August 2000, BAM contributed 136 of the Frontier towers in exchange for additional ownership interests of \$37,400,000 from Crown Atlantic. See Note 10.

3. Long-term Debt

Long-term debt consists of the following:

	December 31, 1999	September 30, 2000
	-----	-----
(In thousands of dollars)		
2000 Credit Facility.....	\$ --	\$ 500,000
Senior Credit Facility.....	63,000	--
CCUK Credit Facility.....	133,456	137,213
Crown Atlantic Credit Facility.....	180,000	224,000
9% Guaranteed Bonds due 2007.....	195,699	179,629
10 5/8% Senior Discount Notes due 2007, net of discount.....	186,434	201,485
10 3/8% Senior Discount Notes due 2011, net of discount.....	321,284	346,604
9% Senior Notes due 2011.....	180,000	180,000
11 1/4% Senior Discount Notes due 2011, net of discount.....	157,470	170,965
9 1/2% Senior Notes due 2011.....	125,000	125,000
10 3/4% Senior Notes due 2011.....	--	500,000
	-----	-----
	\$1,542,343	\$2,564,896
	=====	=====

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 the Senior Credit Facility. The net proceeds from \$316,625,000 in additional borrowing under this term loan



facility are being used to fund a portion of the purchase price for Crown Castle GT and for general corporate purposes. As of September 30, 2000, approximately \$440,000,000 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 September 30,

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

2000. In the first quarter of 2000, CCI recorded an extraordinary loss of \$1,495,000 consisting of the write-off of unamortized deferred financing costs related to the Senior 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 the term loan currently outstanding 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%. 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.

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 second closing of 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.

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

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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.

Summarized financial information for (1) the Company and its Restricted Subsidiaries and (2) the Company's Unrestricted Subsidiaries is as follows:

	September 30, 2000			
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidation Eliminations	Consolidated Total
	(In thousands of dollars)			
Cash and cash equivalents.....	\$ 808,355	\$ 8,583	\$ --	\$ 816,938
Other current assets.....	132,534	75,701	--	208,235
Property and equipment, net.....	2,872,274	1,208,839	--	4,081,113
Investments in Unrestricted Subsidiaries.....	1,492,878	--	(1,492,878)	--
Goodwill and other intangible assets, net..	155,604	935,983	--	1,091,587
Other assets, net.....	90,898	18,383	--	109,281
	<u>\$5,552,543</u>	<u>\$2,247,489</u>	<u>\$ (1,492,878)</u>	<u>\$6,307,154</u>
Current liabilities.....	\$ 145,983	\$ 97,394	\$ --	\$ 243,377
Long-term debt.....	2,024,054	540,842	--	2,564,896
Other liabilities.....	19,063	63,907	--	82,970
Minority interests.....	73,000	52,468	--	125,468
Redeemable preferred stock.....	834,338	--	--	834,338
Stockholders' equity.....	2,456,105	1,492,878	(1,492,878)	2,456,105
	<u>\$5,552,543</u>	<u>\$2,247,489</u>	<u>\$ (1,492,878)</u>	<u>\$6,307,154</u>

	Three Months Ended September 30, 2000			Nine Months Ended September 30, 2000		
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total
	(In thousands of dollars)					
Net revenues.....	\$ 97,033	\$77,556	\$174,589	\$ 218,947	\$228,245	\$ 447,192
Costs of operations (exclusive of depreciation and amortization).....	48,371	37,005	85,376	100,983	109,151	210,134
General and						

administrative.....	14,976	3,220	18,196	41,836	10,708	52,544
Corporate development...	2,132	90	2,222	5,755	660	6,415
Non-cash compensation charges.....	423	385	808	1,170	449	1,619
Depreciation and amortization.....	35,044	30,552	65,596	88,606	78,759	167,365
	-----	-----	-----	-----	-----	-----
Operating income (loss).....	(3,913)	6,304	2,391	(19,403)	28,518	9,115
Interest and other income (expense).....	10,084	133	10,217	21,431	1,155	22,586
Interest expense and amortization of deferred financing costs.....	(53,217)	(12,281)	(65,498)	(136,560)	(37,427)	(173,987)
Provision for income taxes.....	(3)	(124)	(127)	(18)	(145)	(163)
Minority interests.....	969	(917)	52	2,344	(4,150)	(1,806)
Extraordinary item.....	--	--	--	(1,495)	--	(1,495)
	-----	-----	-----	-----	-----	-----
Net loss.....	\$(46,080)	\$(6,885)	\$(52,965)	\$(133,701)	\$(12,049)	\$(145,750)
	=====	=====	=====	=====	=====	=====

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

CONDENSED 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% Senior 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 and the 10 3/4% Senior Notes (the "1999 and 2000 Securities"):

	1997 and 1998 Securities	1999 and 2000 Securities
	-----	-----
	(In thousands of dollars)	
Tower Cash Flow, for the three months ended September 30, 2000.....	\$25,142	\$25,142
	=====	=====
Consolidated Cash Flow, for the twelve months ended September 30, 2000.....	\$ 81,981	\$ 88,917
Less: Tower Cash Flow, for the twelve months ended September 30, 2000.....	(73,070)	(73,070)
Plus: four times Tower Cash Flow, for the three months ended September 30, 2000.....	100,568	100,568
	-----	-----
Adjusted Consolidated Cash Flow, for the twelve months ended September 30, 2000.....	\$109,479	\$116,415
	=====	=====

4. Redeemable Preferred Stock

Redeemable preferred stock (\$.01 par value, 10,000,000 shares authorized) consists of the following:

December 31, 1999	September 30, 2000
-----	-----
(In thousands of dollars)	

12 3/4% Senior Exchangeable Preferred Stock; shares issued:

December 31, 1999--226,745 and September 30, 2000-- 249,126 (stated at mandatory redemption and aggregate liquidation value).....	\$227,950	\$250,450
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).....	194,973	195,280
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).....	--	388,608
	-----	-----
	\$422,923	\$834,338
	=====	=====

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 5.

The holders of the 6.25% Convertible Preferred Stock will be 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 will have 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). 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.

# CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

## CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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 12 3/4% Senior 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% Cumulative Convertible Redeemable Preferred Stock.

## 5. Stockholders' Equity

### Disposition of the Company's Common Shares by France Telecom

On July 5, 2000, TdF and an affiliate of TdF sold their remaining interests in the Company and CCUK 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). 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.

## July 2000 Offerings

On July 27, 2000, the Company sold shares of its common stock in the July 2000 Offerings (see Note 4). 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).

## 6. Restructuring Charges

In connection with the formation of Crown Atlantic, 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.

## 7. 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.

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## CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

### CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	2000	1999	2000
(In thousands of dollars, except per share amounts)				
Loss before extraordinary item and cumulative effect of change in accounting principle.....	\$ (27,067)	\$ (52,965)	\$ (61,390)	\$ (144,255)
Dividends on preferred stock.....	(6,824)	(16,353)	(19,846)	(39,571)
Loss before extraordinary item and cumulative effect of change in accounting principle applicable to common stock for basic and diluted computations.....	(33,891)	(69,318)	(81,236)	(183,826)
Extraordinary item.....	--	--	--	(1,495)
Cumulative effect of change in accounting principle.....	--	--	(2,414)	--
Net loss applicable to common stock for basic and diluted computations...	\$ (33,891)	\$ (69,318)	\$ (83,650)	\$ (185,321)
Weighted-average number of common shares outstanding during the period for basic and diluted computations (in thousands).....	149,621	191,763	123,067	171,985
Per common share--basic and diluted:..				
Loss before extraordinary item and cumulative effect of change in				

accounting principle.....	\$ (0.23)	\$ (0.36)	\$ (0.66)	\$ (1.07)
Extraordinary item.....	--	--	--	(0.01)
Cumulative effect of change in accounting principle.....	--	--	(0.02)	--
	-----	-----	-----	-----
Net loss.....	\$ (0.23)	\$ (0.36)	\$ (0.68)	\$ (1.08)
	=====	=====	=====	=====

The calculations of common shares outstanding for the diluted computations exclude the following potential common shares as of September 30, 2000: (1) options to purchase 20,900,261 shares of common stock at exercise prices ranging from \$-0- to \$39.50 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 which are convertible into 7,441,860 shares of common stock and (5) shares of the Company's 6.25% Convertible Preferred Stock 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 all periods presented.

#### 8. Contingencies

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.

#### 9. Operating 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 ("EBITDA"). The Company defines EBITDA as operating income (loss) plus depreciation and amortization, non-cash compensation charges and restructuring charges. 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),

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### CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

#### CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

and the Company's measure of 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.

The Company is presenting the financial results of CCAL as a reportable operating segment for periods subsequent to the purchase date (see Note 2). The financial results for the Company's operating segments are as follows:

Three Months Ended September 30, 2000						
	CCUSA	CCAL	CCUK	Crown Atlantic	Corporate Office and Other	Consolidated Total
	-----	-----	-----	-----	-----	-----
(In thousands of dollars)						
Net revenues:						
Site rental and broadcast transmission.....	\$ 51,007	\$ 2,325	\$ 47,503	\$ 16,339	\$ --	\$ 117,174
Network services and other.....	43,701	--	6,488	7,226	--	57,415
	-----	-----	-----	-----	-----	-----
	94,708	2,325	53,991	23,565	--	174,589
	-----	-----	-----	-----	-----	-----

Costs of operations (exclusive of depreciation and amortization).....	47,140	1,231	27,046	9,959	--	85,376
General and administrative.....	11,914	1,504	1,154	2,066	1,558	18,196
Corporate development...	--	--	90	--	2,132	2,222
EBITDA.....	35,654	(410)	25,701	11,540	(3,690)	68,795
Non-cash compensation charges.....	82	--	385	--	341	808
Depreciation and amortization.....	32,726	2,001	22,109	8,443	317	65,596
Operating income (loss).....	2,846	(2,411)	3,207	3,097	(4,348)	2,391
Interest and other income (expense).....	689	114	39	94	9,281	10,217
Interest expense and amortization of deferred financing costs.....	(13,201)	(46)	(7,783)	(4,498)	(39,970)	(65,498)
Provision for income taxes.....	(3)	--	--	(124)	--	(127)
Minority interests.....	(155)	1,124	--	(917)	--	52
Net loss.....	\$ (9,824)	\$ (1,219)	\$ (4,537)	\$ (2,348)	\$ (35,037)	\$ (52,965)
Capital expenditures....	\$ 118,477	\$ 1,126	\$ 25,933	\$ 23,762	\$ 9,102	\$ 178,400
Total assets (at period end).....	\$3,109,399	\$133,308	\$1,465,164	\$782,325	\$ 816,958	\$6,307,154

Nine Months Ended September 30, 2000

	CCUSA	CCAL	CCUK	Crown Atlantic	Corporate Office and Other	Consolidated Total
(In thousands of dollars)						
Net revenues:						
Site rental and broadcast transmission.....	\$ 126,928	\$ 4,139	\$ 144,077	\$ 45,274	\$ --	\$ 320,418
Network services and other.....	87,846	--	18,764	20,130	34	126,774
	214,774	4,139	162,841	65,404	34	447,192
Costs of operations (exclusive of depreciation and amortization).....	98,672	2,262	80,593	28,558	49	210,134
General and administrative.....	34,122	2,859	4,811	5,897	4,855	52,544
Corporate development...	--	--	660	--	5,755	6,415
EBITDA.....	81,980	(982)	76,777	30,949	(10,625)	178,099
Non-cash compensation charges.....	149	--	449	--	1,021	1,619
Depreciation and amortization.....	84,389	3,292	54,309	24,450	925	167,365
Operating income (loss).....	(2,558)	(4,274)	22,019	6,499	(12,571)	9,115
Interest and other income (expense).....	3,401	341	365	790	17,689	22,586
Interest expense and amortization of deferred financing costs.....	(28,827)	(92)	(24,488)	(12,939)	(107,641)	(173,987)
Provision for income taxes.....	(18)	--	(21)	(124)	--	(163)
Minority interests.....	255	2,089	(2,333)	(1,817)	--	(1,806)
Extraordinary item.....	(1,495)	--	--	--	--	(1,495)
Net loss.....	\$ (29,242)	\$ (1,936)	\$ (4,458)	\$ (7,591)	\$ (102,523)	\$ (145,750)
Capital expenditures....	\$ 283,103	\$ 1,566	\$ 69,525	\$ 72,768	\$ 10,043	\$ 437,005

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

CCUSA	CCUK	Crown Atlantic	Corporate Office and Other	Consolidated Total
-------	------	----------------	----------------------------	--------------------

(In thousands of dollars)

CCUSA	CCUK	Crown Atlantic	Corporate Office and Other	Consolidated Total
-------	------	----------------	----------------------------	--------------------

(In thousands of dollars)

Net revenues:						
Site rental and broadcast transmission.....	\$ 34,428	\$124,600	\$24,107	\$ --		\$183,135
Network services and other.....	27,615	14,866	4,507	1,440		48,428



	62,043	139,466	28,614	1,440	231,563
	-----	-----	-----	-----	-----
Costs of operations (exclusive of depreciation and amortization).....	24,328	66,142	13,335	1,082	104,887
General and administrative.....	18,775	4,732	2,870	3,699	30,076
Corporate development....	--	731	--	3,403	4,134
	-----	-----	-----	-----	-----
EBITDA.....	18,940	67,861	12,409	(6,744)	92,466
Restructuring charges....	1,814	--	--	--	1,814
Non-cash compensation charges.....	67	608	--	997	1,672
Depreciation and amortization.....	25,231	47,404	15,862	872	89,369
	-----	-----	-----	-----	-----
Operating income (loss).....	(8,172)	19,849	(3,453)	(8,613)	(389)
Interest and other income (expense).....	(450)	391	3,973	8,888	12,802
Interest expense and amortization of deferred financing costs.....	(2,999)	(19,828)	(8,070)	(41,451)	(72,348)
Provision for income taxes.....	(57)	--	--	(211)	(268)
Minority interests.....	--	(2,608)	1,421	--	(1,187)
Cumulative effect of change in accounting principle for costs of start-up activities....	(2,014)	--	--	(400)	(2,414)
	-----	-----	-----	-----	-----
Net loss.....	\$ (13,692)	\$ (2,196)	\$ (6,129)	\$ (41,787)	\$ (63,804)
	=====	=====	=====	=====	=====
Capital expenditures....	\$ 80,209	\$125,034	\$ 7,697	\$ 687	\$213,627
	=====	=====	=====	=====	=====

#### 10. Subsequent Events

##### Crown Atlantic

In October 2000, BAM contributed an additional 79 of the Frontier towers in exchange for additional ownership interests of \$21,725,000 from Crown Atlantic.

#### Item 2. 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 September 30, 2000 and our consolidated results of operations for the three- and nine-month periods ended September 30, 1999 and 2000. 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. These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the uncertainties relating to decisions on capital expenditures to be made in the future by wireless carriers and broadcasters. This discussion should be read in conjunction with the response to Part I, Item 1 of this report and the consolidated financial statements of the Company, including the related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Form 10-K. Any capitalized terms used but not defined in this Item have the same meaning given to them in the Form 10-K.

##### Results of Operations

In March 1999, we completed the formation of Crown Atlantic. In June and December of 1999, we completed the acquisition of towers from Powertel. During 1999, we completed the substantial portions of the transactions with BellSouth and BellSouth DCS. In January 2000, the formation of Crown Castle GT took place with the first closing of towers; additional closings took place from

April through September of 2000. Finally, in April 2000, the first closing of towers took place for CCAL. 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 three and nine months ended September 30, 1999 are not comparable to the results of operations for the three and nine months ended September 30, 2000.

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

	Three Months Ended September 30, 1999		Three Months Ended September 30, 2000		Nine Months Ended September 30, 1999		Nine Months Ended September 30, 2000	
	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues
	(Dollars in thousands)							
Net revenues:								
Site rental and broadcast transmission.....	\$ 75,632	76.5%	\$ 117,174	67.1%	\$183,135	79.1%	\$ 320,418	71.7%
Network services and other.....	23,295	23.5	57,415	32.9	48,428	20.9	126,774	28.3
Total net revenues...	98,927	100.0	174,589	100.0	231,563	100.0	447,192	100.0
Operating expenses:								
Costs of operations:								
Site rental and broadcast transmission.....	32,934	43.5	50,383	43.0	78,018	42.6	139,233	43.5
Network services and other.....	11,712	50.3	34,993	60.9	26,869	55.5	70,901	55.9
Total costs of operations.....	44,646	45.1	85,376	48.9	104,887	45.3	210,134	47.0
General and administrative.....	12,534	12.7	18,196	10.4	30,076	13.0	52,544	11.8
Corporate development.....	1,194	1.2	2,222	1.3	4,134	1.8	6,415	1.4
Restructuring charges.....	--	--	--	--	1,814	0.8	--	--
Non-cash compensation charges.....	501	0.5	808	0.4	1,672	0.7	1,619	0.4
Depreciation and amortization.....	39,850	40.3	65,596	37.6	89,369	38.6	167,365	37.4
Operating income (loss).....	202	0.2	2,391	1.4	(389)	(0.2)	9,115	2.0
Other income (expense):								
Interest and other income (expense).....	7,923	8.0	10,217	5.8	12,802	5.5	22,586	5.1
Interest expense and amortization of deferred financing costs.....	(34,506)	(34.9)	(65,498)	(37.5)	(72,348)	(31.2)	(173,987)	(38.9)
Loss before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle.....	(26,381)	(26.7)	(52,890)	(30.3)	(59,935)	(25.9)	(142,286)	(31.8)
Provision for income taxes.....	(71)	(0.1)	(127)	(0.1)	(268)	(0.1)	(163)	(0.1)
Minority interests.....	(615)	(0.6)	52	0.1	(1,187)	(0.5)	(1,806)	(0.4)
Loss before extraordinary item and cumulative effect of change in accounting principle.....	(27,067)	(27.4)	(52,965)	(30.3)	(61,390)	(26.5)	(144,255)	(32.3)
Extraordinary loss on early extinguishment of debt.....	--	--	--	--	--	--	(1,495)	(0.3)
Cumulative effect of change in accounting principle for costs of start-up activities....	--	--	--	--	(2,414)	(1.1)	--	--
Net loss.....	\$ (27,067)	(27.4)%	\$ (52,965)	(30.3)%	\$ (63,804)	(27.6)%	\$ (145,750)	(32.6)%

Consolidated revenues for the three months ended September 30, 2000 were \$174.6 million, an increase of \$75.7 million from the three months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$41.5 million, or 54.9%, increase in site rental and broadcast transmission revenues, of which \$3.6 million was attributable to CCUK, \$4.1 million was attributable to Crown Atlantic, \$2.3 million was attributable to CCAL and \$31.5 million was attributable to CCUSA,
- (2) a \$30.0 million increase in network services and other revenues from CCUSA,
- (3) a \$1.1 million increase in network services and other revenues from CCUK, and
- (4) a \$3.2 million increase in network services and other revenues from Crown Atlantic.

Costs of operations for the three months ended September 30, 2000 were \$85.4 million, an increase of \$40.7 million from the three months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$17.4 million increase in site rental and broadcast transmission costs, of which \$1.5 million was attributable to CCUK, \$0.9 million was attributable to Crown Atlantic, \$1.2 million was attributable to CCAL and \$13.8 million was attributable to CCUSA,
- (2) a \$19.4 million increase in network services costs related to CCUSA,
- (3) a \$2.4 million increase in network services costs from CCUK, and
- (4) a \$1.6 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 decreased to 43.0% for the three months ended September 30, 2000 from 43.5% for the three months ended September 30, 1999 because of higher margins attributable to the CCUK and Crown Atlantic operations. Costs of operations for network services and other as a percentage of network services and other revenues increased to 60.9% for the three months ended September 30, 2000 from 50.3% for the three months ended September 30, 1999, primarily due to lower margins from the CCUSA, CCUK and Crown Atlantic operations.

General and administrative expenses for the three months ended September 30, 2000 were \$18.2 million, an increase of \$5.7 million from the three months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$4.0 million increase in expenses related to the CCUSA operations,
- (2) a \$0.3 million increase in expenses at Crown Atlantic,
- (3) a \$0.4 million increase in expenses at our corporate office, and
- (4) \$1.5 million in expenses at CCAL, partially offset by
- (5) a \$0.5 million decrease in expenses at CCUK.

General and administrative expenses as a percentage of revenues decreased for the three months ended September 30, 2000 to 10.4% from 12.7% for the three months ended September 30, 1999 because of lower overhead costs as a percentage of revenues for CCUK, Crown Atlantic and CCUSA.

Corporate development expenses for the three months ended September 30, 2000 were \$2.2 million, compared to \$1.2 million for the three months ended September 30, 1999. This increase was primarily attributable to an increase in expenses at our corporate office.

For the three months ended September 30, 2000, we recorded non-cash compensation charges of \$0.8 million related to the issuance of stock options to certain employees and executives, compared to \$0.5 million for the three months ended September 30, 1999.

Depreciation and amortization for the three months ended September 30, 2000 was \$65.6 million, an increase of \$25.7 million from the three months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$5.8 million increase in depreciation and amortization related to the property and equipment and goodwill from CCUK,
- (2) \$2.0 million of depreciation and amortization related to the property and equipment from CCAL, and
- (3) a \$17.5 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 the three months ended September 30, 2000 resulted primarily from the investment of the net proceeds from our recent offerings (see "-Liquidity and Capital Resources").

Interest and other income (expense) for the three months ended September 30, 1999 resulted primarily from:

- (1) the investment of the remaining portion of the cash contribution from the formation of Crown Atlantic in March 1999, and
- (2) the investment of the net proceeds from our securities offerings in 1999, partially offset by
- (3) costs incurred in connection with unsuccessful acquisition attempts and an offering of common stock by one of our shareholders.

Interest expense and amortization of deferred financing costs for the three months ended September 30, 2000 was \$65.5 million, an increase of \$31.0 million, or 89.8%, from the three months ended September 30, 1999. This increase was primarily attributable to interest on indebtedness at CCUSA, amortization of the original issue discount on the 11 1/4% discount notes, and interest on the 9 1/2% senior notes and the 10 3/4% senior notes (see "--Liquidity and Capital Resources").

Minority interests represent the minority shareholder's 20% interest in CCUK's operations (prior to July 2000), the minority partner's 41.5% interest in Crown Atlantic's operations, the minority partner's 17.5% interest in Crown Castle GT's operations and the minority shareholder's 33.3% interest in CCAL's operations.

#### Comparison of Nine Months Ended September 30, 2000 and 1999

Consolidated revenues for the nine months ended September 30, 2000 were \$447.2 million, an increase of \$215.6 million from the nine months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$137.3 million, or 75.0%, increase in site rental and broadcast transmission revenues, of which \$19.5 million was attributable to CCUK, \$21.2 million was attributable to Crown Atlantic, \$4.1 million was attributable to CCAL and \$92.5 million was attributable to CCUSA,
- (2) a \$60.2 million increase in network services and other revenues from CCUSA,
- (3) a \$3.9 million increase in network services and other revenues from CCUK, and
- (4) a \$15.6 million increase in network services and other revenues from Crown Atlantic.

Costs of operations for the nine months ended September 30, 2000 were \$210.1 million, an increase of \$105.2 million from the nine months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$61.2 million increase in site rental and broadcast transmission costs, of which \$9.6 million was attributable to CCUK, \$7.6 million was attributable to Crown Atlantic, \$2.3 million was attributable to CCAL and \$41.8 million was attributable to CCUSA,

- (2) a \$32.6 million increase in network services costs related to CCUSA,
- (3) a \$4.9 million increase in network services costs from CCUK, and
- (4) a \$7.6 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 43.5% for the nine months ended September 30, 2000 from 42.6% for the nine months ended September 30, 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 55.9% for the nine months ended September 30, 2000 from 55.5% for the nine months ended September 30, 1999, primarily due to lower margins from the CCUSA, CCUK and Crown Atlantic operations.

General and administrative expenses for the nine months ended September 30, 2000 were \$52.5 million, an increase of \$22.5 million from the nine months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$15.3 million increase in expenses related to the CCUSA operations,
- (2) a \$1.2 million increase in expenses at our corporate office,
- (3) a \$3.0 million increase in expenses at Crown Atlantic,
- (4) a \$0.1 million increase in expenses at CCUK, and
- (5) \$2.9 million in expenses at CCAL.

General and administrative expenses as a percentage of revenues decreased for the nine months ended September 30, 2000 to 11.8% from 13.0% for the nine months ended September 30, 1999 because of lower overhead costs as a percentage of revenues for CCUSA, CCUK and Crown Atlantic.

Corporate development expenses for the nine months ended September 30, 2000 were \$6.4 million, compared to \$4.1 million for the nine months ended September 30, 1999. This increase was primarily attributable to an increase in expenses at our corporate office.

In connection with the formation of Crown Atlantic, we completed a restructuring of our 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. In the first quarter of 1999, we recorded one-time charges of \$1.8 million related to severance payments for staff reductions, as well as costs related to non-cancelable leases of excess office space.

For the nine months ended September 30, 2000, we recorded non-cash compensation charges of \$1.6 million related to the issuance of stock options to certain employees and executives, compared to \$1.7 million for the nine months ended September 30, 1999.

Depreciation and amortization for the nine months ended September 30, 2000 was \$167.4 million, an increase of \$78.0 million from the nine months ended September 30, 1999. This increase was primarily attributable to:

- (1) a \$6.9 million increase in depreciation and amortization related to the property and equipment and goodwill from CCUK,
- (2) an \$8.6 million increase in depreciation and amortization related to the property and equipment and goodwill from Crown Atlantic,
- (3) \$3.3 million of depreciation and amortization related to the property and equipment from CCAL, and
- (4) a \$59.2 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 the nine months ended September 30, 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.

Interest and other income (expense) for the nine months ended September 30, 1999 resulted primarily from:

- (1) the investment of the net proceeds from our securities offerings in 1998 and 1999, partially offset by
- (2) costs incurred in connection with unsuccessful acquisition attempts and an offering of common stock by one of our shareholders, and
- (3) a loss incurred upon the disposition of an investment in an affiliate.

Interest expense and amortization of deferred financing costs for the nine months ended September 30, 2000 was \$174.0 million, an increase of \$101.6 million, or 140.5%, from the nine months ended September 30, 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").

Minority interests represent the minority shareholder's 20% interest in CCUK's operations (prior to July 2000), the minority partner's 41.5% interest in Crown Atlantic's operations, the minority partner's 17.5% interest in Crown Castle GT's operations and the minority shareholder's 33.3% interest in CCAL's operations.

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

The cumulative effect of the change in accounting principle for costs of start-up activities represents the charge we recorded upon the adoption of SOP 98-5 on January 1, 1999.

#### Liquidity and Capital Resources

Our business strategy contemplates substantial capital expenditures:

- (1) in connection with the expansion of our tower portfolios by partnering with wireless carriers to assume ownership or control of their existing towers, by pursuing build-to-suit opportunities, and by pursuing other tower acquisition opportunities, and
- (2) to acquire existing transmission networks globally as opportunities arise.

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, issuances of debt securities and the issuance of promissory notes to sellers. 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 nine months ended September 30, 1999 and 2000, our net cash provided by operating activities was \$75.7 million and \$117.6 million, respectively. For the nine months ended September 30, 1999 and 2000, our net cash provided by financing activities was \$1,437.0 million and \$1,690.4 million, respectively. Our primary financing-related activities in the first nine months of 2000 included the following:

## 2000 Credit Facility

In March 2000, a subsidiary of CCIC entered into a credit agreement with a syndicate of banks which consists of two term loan facilities and a revolving line of credit aggregating \$1,200.0 million. Available borrowings under the 2000 credit facility are generally to be used for the construction and purchase of towers

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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 \$25.0 million of borrowing availability under the 2000 credit facility can be used for letters of credit. On March 15, 2000, we used \$83.4 million in borrowings under the 2000 credit facility to repay outstanding borrowings and accrued interest under the Crown Communication senior credit facility. The net proceeds from \$316.6 million in additional borrowings are being used to fund a portion of the purchase price for the GTE joint venture and for general corporate purposes.

### Term Loans due 2011

On April 3, 2000, we borrowed \$400.0 million under a term loan agreement with a group of lenders. The net proceeds from this borrowing, which amounted to \$395.9 million, were used to fund a portion of the cash contribution for the second closing of towers at the GTE joint venture (as discussed below). The term loans were repaid in June 2000 with proceeds from the sale of our 10 3/4% senior notes.

### June 2000 Debt Offering

On June 21, 2000, we issued \$500.0 million aggregate principal amount of our 10 3/4% senior notes for proceeds of \$483.7 million (after underwriting discounts of \$16.3 million). 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.

### July 2000 Offerings

On July 27, 2000, we sold shares of our common stock and preferred stock in concurrent underwritten public offerings (the "July 2000 Offerings"). We 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 common stock offering was partially exercised and the over-allotment option for the preferred stock offering was exercised in full. As a result, we sold (1) a total of 12,084,200 shares of our common stock at a price of \$29.50 per share and received proceeds of \$342.2 million (after underwriting discounts of \$14.3 million) and (2) a total of 8,050,000 shares of our 6.25% convertible preferred stock at a price of \$50.00 per share and received proceeds of \$388.4 million (after underwriting discounts of \$14.1 million). The proceeds from the July 2000 Offerings will be used for general corporate purposes.

Capital expenditures were \$437.0 million for the nine months ended September 30, 2000, of which \$10.0 million were for CCIC, \$283.1 million were for CCUSA, \$72.8 million were for Crown Atlantic, \$69.5 million were for CCUK and \$1.6 million were for CCAL. We anticipate that we will build, through the end of 2000, approximately 900 towers in the United States at a cost of approximately \$225.0 million and approximately 270 towers in the United Kingdom at a cost of approximately \$45.0 million. We also expect that the capital expenditure requirements related to the roll-out of digital broadcast transmission in the United Kingdom will be approximately (Pounds)17.5 million (\$25.9 million).

In addition to capital expenditures in connection with build-to-suits, we expect to apply a significant amount of capital to finance the remaining cash portion of the consideration being paid in connection with the recent and agreed to transactions discussed below.

In connection with the BellSouth transaction, through September 2000, we have issued approximately 9.0 million shares of our common stock and paid

BellSouth \$429.8 million in cash.

In connection with the BellSouth DCS transaction, through September 2000, we have paid BellSouth DCS \$299.8 million in cash.

On November 7, 1999, we entered into an agreement with GTE to form a joint venture to own and operate a significant majority of GTE's towers. The agreement contemplates that the transaction will be completed in multiple closings during 2000. On January 31, 2000, the formation of the joint venture took place in connection

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with the first such closing of towers. During the course of the multiple closings, (1) we will contribute an aggregate of approximately \$825.0 million (of which up to \$100.0 million can be in shares of our common stock, with the balance in cash) in exchange for a majority ownership interest in the joint venture, and (2) GTE will contribute approximately 2,300 towers in exchange for cash distributions aggregating approximately \$800.0 million (less any amount contributed in the form of our common stock) from the joint venture and a minority ownership interest in the joint venture. Upon dissolution of the joint venture, GTE will receive (1) any shares of our common stock contributed to the joint venture and (2) a payment equal to approximately 11.4% of the fair market value of the joint venture's other net assets; we will then receive the remaining assets and liabilities of the joint venture. We are accounting for our investment in the GTE joint venture as a purchase of tower assets, and are including the joint venture's results of operations and cash flows in our consolidated financial statements for periods subsequent to formation. Upon entering into this agreement, we placed \$50.0 million into an escrow account. At the January 31, 2000 closing, we contributed \$223.9 million in cash to the joint venture, and GTE contributed 637 towers in exchange for a cash distribution of \$198.9 million from the joint venture. On April 3, 2000, we contributed \$479.7 million in cash and 5.1 million shares of our common stock to the joint venture, and GTE contributed 1,607 towers in exchange for a cash distribution of \$479.7 million from the joint venture. The funds in the escrow account were used to pay \$50.0 million of our cash contribution. A portion of our remaining cash contribution was financed with the net proceeds from borrowings under term loans (as discussed above). In June 2000, we contributed \$13.2 million in cash, and GTE contributed 39 towers in exchange for a cash distribution of \$13.2 million from the joint venture.

In addition to the approximately 2,300 towers to be contributed pursuant to the formation agreement, GTE had the right to contribute certain additional towers to the joint venture, including towers acquired by GTE from Ameritech, on terms substantially similar to those in the formation agreement. In April 2000, we agreed with GTE that the Ameritech towers would be contributed to the joint venture. In August and September 2000, we contributed \$181.6 million in cash, and GTE contributed 497 of the Ameritech towers in exchange for a cash distribution of \$181.6 million from Crown Castle GT.

In March 2000, CCAL (our 66.7% owned subsidiary) entered into an agreement to purchase approximately 700 towers in Australia from Cable & Wireless Optus. The total purchase price for the towers will be approximately \$135.0 million in cash (Australian \$220.0 million). We are accounting for our investment in CCAL as a purchase of tower assets, and are including CCAL's results of operations and cash flows in our consolidated financial statements for periods subsequent to the purchase date. On April 3, 2000, the first closing took place for CCAL. We contributed \$90.8 million in cash (Australian \$147.5 million) to CCAL. The largest portion of this amount, along with a capital contribution from CCAL's minority shareholder, was used to pay \$103.5 million (Australian \$168.1 million) to Optus. In May and June of 2000, CCAL made additional payments to Optus amounting to \$6.9 million (Australian \$11.6 million). In August and September of 2000, CCAL made additional payments to Optus amounting to \$4.8 million (Australian \$8.7 million). We expect to use borrowings under our 2000 credit facility to finance our remaining portion of the cash purchase price for this transaction.

We expect that the completion of the recent and agreed to transactions and 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 transactions 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 recent and agreed to transactions described above and the construction of new towers that we have agreed to build, we expect to use the net proceeds of our recent offerings and borrowings available under our U.S. and U.K. credit facilities. 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. Some of the opportunities that we are currently pursuing could require significant additional capital. 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

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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 September 30, 2000, we had consolidated cash and cash equivalents of \$816.9 million (including \$42.1 million at CCUSA, \$7.5 million at CCUK, \$20.3 million at CCAL and \$1.0 million at Crown Atlantic), consolidated long-term debt of \$2,564.9 million, consolidated redeemable preferred stock of \$834.3 million and consolidated stockholders' equity of \$2,456.1 million.

As of November 1, 2000, Crown Atlantic had unused borrowing availability under its credit facility of approximately \$11.0 million, and CCUK had unused borrowing availability under its credit facility of approximately (Pounds)55.0 million (\$81.3 million). As of November 1, 2000, our subsidiaries had approximately \$440.0 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.

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 and our 10 3/4% senior notes will require annual cash interest payments of approximately \$16.2 million, \$11.9 million and \$53.8 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 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 (\$17.0 million). In addition, our various credit facilities will require periodic interest payments on amounts borrowed thereunder.

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.

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. We anticipate that we may need to refinance all or a 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.

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

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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.

Summarized financial information for (1) the Company and its Restricted Subsidiaries and (2) the Company's Unrestricted Subsidiaries is as follows:

	September 30, 2000			
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidation Eliminations	Consolidated Total
	(In thousands of dollars)			
Cash and cash equivalents.....	\$ 808,355	\$ 8,583	\$ --	\$ 816,938
Other current assets.....	132,534	75,701	--	208,235
Property and equipment, net.....	2,872,274	1,208,839	--	4,081,113
Investments in Unrestricted Subsidiaries.....	1,492,878	--	(1,492,878)	--
Goodwill and other intangible assets, net..	155,604	935,983	--	1,091,587
Other assets, net.....	90,898	18,383	--	109,281
	<u>\$5,552,543</u>	<u>\$2,247,489</u>	<u>\$ (1,492,878)</u>	<u>\$6,307,154</u>
Current liabilities.....	\$ 145,983	\$ 97,394	\$ --	\$ 243,377
Long-term debt.....	2,024,054	540,842	--	2,564,896
Other liabilities.....	19,063	63,907	--	82,970
Minority interests.....	73,000	52,468	--	125,468
Redeemable preferred stock.....	834,338	--	--	834,338
Stockholders' equity.....	2,456,105	1,492,878	(1,492,878)	2,456,105
	<u>\$5,552,543</u>	<u>\$2,247,489</u>	<u>\$ (1,492,878)</u>	<u>\$6,307,154</u>

	Three Months Ended September 30, 2000			Nine Months Ended September 30, 2000		
	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total	Company and Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total
	(In thousands of dollars)					
Net revenues.....	\$ 97,033	\$77,556	\$174,589	\$ 218,947	\$228,245	\$ 447,192
Costs of operations (exclusive of						

depreciation and amortization).....	48,371	37,005	85,376	100,983	109,151	210,134
General and administrative.....	14,976	3,220	18,196	41,836	10,708	52,544
Corporate development...	2,132	90	2,222	5,755	660	6,415
Non-cash compensation charges.....	423	385	808	1,170	449	1,619
Depreciation and amortization.....	35,044	30,552	65,596	88,606	78,759	167,365
Operating income (loss).....	(3,913)	6,304	2,391	(19,403)	28,518	9,115
Interest and other income (expense).....	10,084	133	10,217	21,431	1,155	22,586
Interest expense and amortization of deferred financing costs.....	(53,217)	(12,281)	(65,498)	(136,560)	(37,427)	(173,987)
Provision for income taxes.....	(3)	(124)	(127)	(18)	(145)	(163)
Minority interests.....	969	(917)	52	2,344	(4,150)	(1,806)
Extraordinary item.....	--	--	--	(1,495)	--	(1,495)
Net loss.....	\$(46,080)	\$(6,885)	\$(52,965)	\$(133,701)	\$(12,049)	\$(145,750)

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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% Senior 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 and the 10 3/4% Senior Notes (the "1999 and 2000 Securities"):

	1997 and 1998 Securities	1999 and 2000 Securities
	-----	-----
	(In thousands of dollars)	
Tower Cash Flow, for the three months ended September 30, 2000.....	\$ 25,142	\$ 25,142
	=====	=====
Consolidated Cash Flow, for the twelve months ended September 30, 2000.....	\$ 81,981	\$ 88,917
Less: Tower Cash Flow, for the twelve months ended September 30, 2000.....	(73,070)	(73,070)
Plus: four times Tower Cash Flow, for the three months ended September 30, 2000.....	100,568	100,568
	-----	-----
Adjusted Consolidated Cash Flow, for the twelve months ended September 30, 2000.....	\$109,479	\$116,415
	=====	=====

#### Impact of Recently Issued Accounting Standards

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 \$2.4 million in the Company's financial statements for the three months ended March 31, 1999.

In June 1998, the FASB issued 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 will be recorded either in results of operations or in other comprehensive income, depending on the intended use of the derivative instrument. The initial application of SFAS 133 will be reported as the effect of a change in accounting principle. SFAS 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company will adopt the requirements of SFAS 133 as of January 1, 2001. The Company estimates that the adoption of SFAS 133 will result in a net transition adjustment gain of approximately \$3.0 million in accumulated other comprehensive income, and the recognition of approximately \$3.0 million of derivative instrument assets. The estimated amount for this transition adjustment is based on current fair value measurements, and such measurements could be substantially different at the date of adoption of SFAS 133. As such, the transition adjustment recorded on that date could be substantially different from this estimated amount. The Company also expects that the adoption of SFAS 133 will increase the volatility of other comprehensive income as reported in its future financial statements.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a result of our international operating, investing and financing activities, we are exposed to market risks, which include changes in foreign currency exchange rates and interest rates which may adversely affect our results of operations and financial position. In attempting to minimize the risks and/or costs associated with such activities, we seek to manage exposure to changes in interest rates and foreign currency exchange rates where economically prudent to do so.

Certain of the financial instruments we have used to obtain capital are subject to market risks from fluctuations in market interest rates. The majority of our financial instruments, however, are long-term fixed interest rate notes and debentures. Therefore, fluctuations in market interest rates of 1% in 2000 would not have a material effect on our consolidated financial results.

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The majority of our foreign currency transactions are denominated in the British pound sterling or the Australian dollar, which are the functional currencies of CCUK and CCAL, respectively. As a result of CCUK's and CCAL's transactions being denominated and settled in such functional currency, the risks associated with currency fluctuations are generally limited to foreign currency translation adjustments. We do not currently hedge against foreign currency translation risks and believe that foreign currency exchange risk is not significant to our operations.

## PART II--OTHER INFORMATION

### Item 2. Changes in Securities and Use of Proceeds

On February 2, 2000, April 20, 2000 and September 1, 2000, the Company issued 441,925, 441,926 and 402,643 unregistered shares of common stock, respectively, to an affiliate of BellSouth Corporation in connection with closings relating to the BellSouth transaction. The agreement of sublease relating to the BellSouth transaction will close in a series of closings, with approximately 30% of the consideration being paid with our common stock. As of November 1, 2000, we have issued a total of 9,015,281 shares of common stock to BellSouth in connection with closings relating to the BellSouth transaction. We contemplate that a total of up to 9.1 million shares of our common stock will be issued to BellSouth in connection with the BellSouth transaction. The shares were issued in exempt transactions pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Act").

On July 5, 2000, the Company issued 17,443,500 unregistered shares of common stock to a subsidiary of France Telecom upon the exercise and conversion by such subsidiary of convertible securities it held in Crown Castle UK Holdings Limited ("CCUK"). The shares were issued in an exempt transaction pursuant to Section 4(2) of the Act. All of such shares of common stock were subsequently sold on July 5, 2000 in connection with the sale of 17,713,536 shares of the Company's common stock by France Telecom to Salomon Brothers International Limited.

On July 14, 2000, in connection with the acquisition of Terracom Estates Limited by CCUK, the Company issued an aggregate 199,473 unregistered shares of common stock to the holders of the outstanding share capital of Terracom Estates Limited. The shares were issued in an exempt transaction pursuant to Rule 506 of Regulation D promulgated under the Act.

On September 1, 2000, in connection with the acquisition of Tacit Communications, Inc. by the Company, the Company issued 336,600 unregistered shares of common stock to the prior shareholders of Tacit Communications, Inc. The shares were issued in an exempt transaction pursuant to Rule 506 of Regulation D promulgated under the Act.

On October 6, 2000, in connection with the acquisition of SiteSafe, Inc. by the Company, the Company issued 1,043,320 unregistered shares of common stock to the prior shareholders of SiteSafe, Inc. The shares were issued in an exempt transaction pursuant to Rule 506 of Regulation D promulgated under the Act.

On September 5, 2000, pursuant to cashless exercises of warrants, 23,269, 28,582, and 3,826 unregistered shares of common stock were issued to Berkshire Fund IV, Limited Partnership; Berkshire Fund III, A Limited Partnership; and Berkshire Investors LLC, respectively. The shares issued to the Berkshire entities were issued in exempt transactions pursuant to Section 4(2) of the Act.

On September 22, 2000, pursuant to cashless exercises of warrants, 98,089 unregistered shares of common stock were issued to New York Life Insurance Company. The shares were issued in exempt transactions pursuant to Section 4(2) of the Act.

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#### Item 6. Exhibits and Reports on Form 8-K

##### (a) Exhibits:

11.1 Computation of Net Loss Per Common Share

12.1 Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends

27.1 Financial Data Schedule

##### (b) Reports on Form 8-K:

None.

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Crown Castle International Corp.

Date: November 13, 2000

/s/ W. Benjamin Moreland

By:

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

Date: November 13, 2000

/s/ Wesley D. Cunningham

By:

Wesley D. Cunningham  
Senior Vice President,

Chief Accounting Officer and  
Corporate Controller  
(Principal Accounting Officer)

## EXHIBIT 11.1

## CROWN CASTLE INTERNATIONAL CORP.

COMPUTATION OF NET LOSS  
PER COMMON SHARE  
(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	2000	1999	2000
Loss before extraordinary item and cumulative effect of change in accounting principle.....	\$ (27,067)	\$ (52,965)	\$ (61,390)	\$ (144,255)
Dividends on preferred stock.....	(6,824)	(16,353)	(19,846)	(39,571)
Loss before extraordinary item and cumulative effect of change in accounting principle applicable to common stock for basic and diluted computations.....	(33,891)	(69,318)	\$ (81,236)	(183,826)
Extraordinary item.....	--	--	--	(1,495)
Cumulative effect of change in accounting principle.....	--	--	(2,414)	--
Net loss applicable to common stock for basic and diluted computations.....	\$ (33,891)	\$ (69,318)	\$ (83,650)	\$ (185,321)
Weighted-average number of common shares outstanding during the period for basic and diluted computations (in thousands).....	149,621	191,763	123,067	171,985
Per common share--basic and diluted:				
Loss before extraordinary item and cumulative effect of change in accounting principle...	\$ (0.23)	\$ (0.36)	\$ (0.66)	\$ (1.07)
Extraordinary item.....	--	--	--	(0.01)
Cumulative effect of change in accounting principle.....	--	--	(0.02)	--
Net loss.....	\$ (0.23)	\$ (0.36)	\$ (0.68)	\$ (1.08)

## EXHIBIT 12.1

CROWN CASTLE INTERNATIONAL CORP.  
 COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND  
 EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS  
 (DOLLARS IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1999	2000
Computation of Earnings:		
Income (loss) before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle	\$ (59,935)	\$ (142,286)
Add:		
Fixed charges (as computed below)	83,319	188,387
	<u>\$ 23,384</u>	<u>\$ 46,101</u>
	=====	=====
Computation of Fixed Charges and Combined Fixed Charges and Preferred Stock Dividends:		
Interest expense	\$ 41,110	\$ 114,182
Amortization of deferred financing costs and discounts on long-term debt	31,238	59,805
Interest component of operating lease expense	10,971	14,400
	<u>83,319</u>	<u>188,387</u>
Preferred stock dividends	19,846	39,571
	<u>103,165</u>	<u>227,958</u>
	=====	=====
Ratio of Earnings to Fixed Charges	--	--
	=====	=====
Deficiency of Earnings to Cover Fixed Charges	\$ 59,935	\$ 142,286
	<u>59,935</u>	<u>142,286</u>
	=====	=====
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	--	--
	=====	=====
Deficiency of Earnings to Cover Combined Fixed Charges and Preferred Stock Dividends	\$ 79,781	\$ 181,857
	<u>79,781</u>	<u>181,857</u>
	=====	=====



<ARTICLE> 5

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This schedule contains summary financial information extracted from the Company's consolidated balance sheet and consolidated statement of operations and is qualified in its entirety by reference to such consolidated financial statements together with the related footnotes thereto.

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