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 March 31, 2003

Commission File Number 000-24737

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

| | |
|---|---|
| Delaware<br>(State or other jurisdiction of incorporation or organization) | 76-0470458<br>(I.R.S. Employer Identification No.) |
| 510 Bering Drive<br>Suite 500<br>Houston, Texas<br>(Address of principal executive offices) | 77057-1457<br>(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 [X]  No [_]

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

Yes [X]  No [_]

Number of shares of common stock outstanding at May 2, 2003:  217,998,476

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, 2002 | March 31, 2003 |
|---|---|---|
| | | (Unaudited) |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 516,172 | $ 476,950 |
| Receivables: | | |
| Trade, net of allowance for doubtful accounts of $15,309 and $14,629 at December 31, 2002 and March 31, 2003, respectively | 125,950 | 123,610 |
| Other | 9,914 | 8,937 |
| Short-term investments | 115,697 | 78,264 |
| Inventories | 45,616 | 41,216 |
| Prepaid expenses and other current assets | 53,732 | 58,032 |
| Total current assets | 867,081 | 787,009 |
| Property and equipment, net of accumulated depreciation of $880,711 and $956,572 at December 31, 2002 and March 31, 2003, respectively | 4,828,033 | 4,796,141 |
| Goodwill | 1,067,041 | 1,050,975 |
| Deferred financing costs and other assets, net of accumulated amortization of $47,453 and $50,621 at December 31, 2002 and March 31, 2003, respectively | 130,446 | 124,929 |
| | $ 6,892,601 | $ 6,759,054 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 63,852 | $ 50,744 |
| Accrued interest | 59,811 | 31,229 |
| Accrued compensation and related benefits | 14,661 | 12,632 |
| Deferred rental revenues and other accrued liabilities | 208,195 | 218,168 |
| Long-term debt, current maturities | 14,250 | 19,000 |
| Total current liabilities | 360,769 | 331,773 |
| Long-term debt, less current maturities | 3,212,710 | 3,193,277 |
| Other liabilities | 183,227 | 184,661 |
| Total liabilities | 3,756,706 | 3,709,711 |
| Commitments and contingencies | | |
| Minority interests | 171,383 | 174,793 |
| Redeemable preferred stock | 756,014 | 751,537 |
| Stockholders' equity: | | |
| Common stock, $.01 par value; 690,000,000 shares authorized; shares issued: December 31, 2002--215,983,294 and March 31, 2003--223,664,034 | 2,160 | 2,237 |
| Additional paid-in capital | 3,315,215 | 3,347,009 |
| Accumulated other comprehensive income (loss) | 39,323 | 28,794 |
| Unearned stock compensation | -- | (23,440) |
| Accumulated deficit | (1,148,200) | (1,231,587) |
| Total stockholders' equity | 2,208,498 | 2,123,013 |
| | $ 6,892,601 | $ 6,759,054 |

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 March 31, 2002 | Three Months Ended March 31, 2003 |
|---|---|---|
| Net revenues: | | |
| Site rental and broadcast transmission | $ 160,264 | $184,960 |
| Network services and other | 60,353 | 31,764 |
| | 220,617 | 216,724 |
| Operating expenses: | | |
| Costs of operations (exclusive of depreciation, amortization and accretion): | | |
| Site rental and broadcast transmission | 62,066 | 73,360 |
| Network services and other | 43,725 | 24,942 |
| General and administrative | 21,788 | 22,192 |
| Corporate development | 2,239 | 1,620 |
| Restructuring charges | 5,852 | -- |
| Asset write-down charges | 31,941 | -- |
| Non-cash general and administrative compensation charges | 1,314 | 2,431 |
| Depreciation, amortization and accretion | 71,715 | 80,357 |
| | 240,640 | 204,902 |
| Operating income (loss) | (20,023) | 11,822 |
| Other income (expense): | | |
| Interest and other income (expense) | (6,090) | (1,642) |
| Interest expense and amortization of deferred financing costs | (76,319) | (72,638) |
| Loss before income taxes, minority interests and cumulative effect of change in accounting principle | (102,432) | (62,458) |
| Provision for income taxes | (4,659) | (3,966) |
| Minority interests | 3,698 | (557) |
| Loss before cumulative effect of change in accounting principle | (103,393) | (66,981) |
| Cumulative effect of change in accounting principle for asset retirement obligations, net of related income tax benefits of $636 | -- | (2,035) |
| Net loss | (103,393) | (69,016) |
| Dividends on preferred stock, net of gains on repurchases of preferred stock | (20,105) | (14,371) |
| Net loss after deduction of dividends on preferred stock, net of gains on repurchases of preferred stock | $(123,498) | $(83,387) |
| Net loss | $(103,393) | $(69,016) |
| Other comprehensive income (loss): | | |
| Foreign currency translation adjustments | (2,206) | (11,477) |
| Derivative instruments: | | |
| Net change in fair value of cash flow hedging instruments | 1,540 | (711) |
| Amounts reclassified into results of operations | 1,419 | 1,659 |
| Comprehensive loss | $(102,640) | $(79,545) |
| Per common share--basic and diluted: | | |
| Loss before cumulative effect of change in accounting principle | $ (0.56) | $ (0.37) |
| Cumulative effect of change in accounting principle | -- | (0.01) |
| Net loss | $ (0.56) | $ (0.38) |
| Common shares outstanding--basic and diluted (in thousands) | 219,420 | 216,958 |

See condensed notes to consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

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

| | Three Months Ended March 31, 2002 | Three Months Ended March 31, 2003 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $(103,393) | $(69,016) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation, amortization and accretion | 71,715 | 80,357 |
| Amortization of deferred financing costs and discounts on long-term debt | 24,254 | 17,488 |
| Equity in losses (earnings) and write-downs of unconsolidated affiliates | 8,101 | 2,453 |
| Non-cash general and administrative compensation charges | 1,314 | 2,431 |
| Cumulative effect of change in accounting principle | -- | 2,035 |
| Minority interests | (3,698) | 557 |
| Asset write-down charges | 31,941 | -- |
| Changes in assets and liabilities: | | |
| Increase in deferred rental revenues and other liabilities | 28,976 | 8,051 |
| (Increase) decrease in receivables | (3,879) | 2,595 |
| Decrease in accrued interest | (18,041) | (28,307) |
| Decrease in accounts payable | (9,940) | (12,248) |
| Increase in inventories, prepaid expenses and other assets | (11,309) | (464) |
| Net cash provided by operating activities | 16,041 | 5,932 |
| Cash flows from investing activities: | | |
| Maturities of investments | 116,500 | 93,496 |
| Proceeds from disposition of property and equipment | -- | 7,472 |
| Purchases of investments | (79,000) | (56,063) |
| Capital expenditures | (72,981) | (52,849) |
| Investments in affiliates and other | (2,946) | (250) |
| Net cash used for investing activities | (38,427) | (8,194) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of capital stock | 538 | 1,055 |
| Net borrowings (payments) under revolving credit agreements | -- | (22,895) |
| Purchases of capital stock | -- | (13,558) |
| Net cash provided by (used for) financing activities | 538 | (35,398) |
| Effect of exchange rate changes on cash | (2,736) | (1,562) |
| Net decrease in cash and cash equivalents | (24,584) | (39,222) |
| Cash and cash equivalents at beginning of period | 804,602 | 516,172 |
| Cash and cash equivalents at end of period | $ 780,018 | $476,950 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | $ 68,960 | $ 81,415 |
| Income taxes paid | 89 | 117 |

See condensed notes to consolidated financial statements.

# 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, 2002, 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 March 31, 2003 and the consolidated results of operations and consolidated cash flows for the three months ended March 31, 2002 and 2003. 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. Certain reclassifications have been made to the prior period's financial statements to be consistent with the presentation in the current period.

### Stock-Based Compensation

The Company used the "intrinsic value based method" of accounting for its stock-based employee compensation plans until December 31, 2002. This method does not result in the recognition of compensation expense when employee stock options are granted if the exercise price of the options equals or exceeds the fair market value of the stock at the date of grant. The exercise prices for the substantial portion of the options granted during the three months ended March 31, 2002 were equal to or in excess of the market value of the Company's common stock at the date of grant. As such, no compensation cost was recognized for the substantial portion of the stock options granted during that period. On January 1, 2003, the Company adopted the fair value method of accounting (using the "prospective" method of transition) for stock-based employee compensation awards granted on or after that date (see Note 2). The following table shows the pro forma effect on the Company's net loss and loss per share as if compensation cost had been recognized for all stock options based on their fair value at the date of grant. The pro forma effect of stock options on the Company's net loss for those periods may not be representative of the pro forma effect for future periods due to the impact of vesting and potential future awards.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2002 | 2003 |
| | (In thousands of dollars, except per share amounts) | |
| Net loss, as reported | $(103,393) | $(69,016) |
| Add: Stock-based employee compensation expense included in reported net loss | 1,314 | 2,431 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards | (8,054) | (6,221) |
| Net loss, as adjusted | (110,133) | (72,806) |
| Dividends on preferred stock, net of gains on repurchases of preferred stock | (20,105) | (14,371) |
| Net loss applicable to common stock for basic and diluted computations, as adjusted | $(130,238) | $(87,177) |
| Loss per common share--basic and diluted: | | |
| As reported | $ (0.56) | $ (0.38) |
| As adjusted | $ (0.59) | $ (0.40) |

## 2. New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations ("SFAS 143"). SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the related asset retirement costs. The fair value of a liability for an asset retirement obligation is to be recognized in the period in which it is incurred and can be reasonably estimated. Such asset retirement costs are to be capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's estimated useful life. Fair value estimates of liabilities for asset retirement obligations will generally involve discounted future cash flows. Periodic accretion of such liabilities due to the passage of time is to be recorded as an operating expense. The provisions of SFAS 143 are effective for fiscal years beginning after June 15, 2002, with initial application as of the beginning of the fiscal year. The Company has adopted the requirements of SFAS 143 as of January 1, 2003. The adoption of SFAS 143 resulted in the recognition of liabilities amounting to $4,062,000 for contingent retirement obligations under certain tower site land leases (included in other long-term liabilities on the Company's consolidated balance sheet), the recognition of asset retirement costs amounting to $1,391,000 (included in property and equipment on the Company's consolidated balance sheet), and the recognition of a charge for the cumulative effect of the change in accounting principle amounting to $2,035,000 (net of related income tax benefits of $636,000). Accretion expense related to liabilities for contingent retirement obligations (included in depreciation, amortization and accretion on the Company's consolidated statement of operations) amounted to $103,000 for the three months ended March 31, 2003. At March 31, 2003, liabilities for contingent retirement obligations amounted to $4,107,000.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"). SFAS 146 replaces the previous accounting guidance provided by Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" ("EITF 94-3"). SFAS 146 requires that costs associated with exit or disposal activities be recognized when they are incurred, rather than at the date of a commitment to an exit or disposal plan (as provided by EITF 94-3). Examples of costs covered by SFAS 146 include certain employee severance costs and lease termination costs that are associated with a restructuring or discontinued operation. The provisions of SFAS 146 are effective for exit or disposal activities initiated after December 31, 2002, and are to be applied prospectively. The Company has adopted the requirements of SFAS 146 as of January 1, 2003.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure ("SFAS 148"). SFAS 148 amends Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS 123"), to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the provisions of SFAS 123 to require more prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results of operations. The Company has adopted the disclosure requirements of SFAS 148 as of December 31, 2002 (see Note 1). On January 1, 2003, the Company adopted the fair value method of accounting for stock-based employee compensation using the "prospective" method of transition as provided by SFAS 148. Under this transition method, the Company will recognize compensation cost for all employee awards granted on or after January 1, 2003. The adoption of this new accounting method did not have a significant effect on the Company's consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). FIN 46 clarifies existing accounting literature regarding the consolidation of entities in which a company holds a "controlling financial interest". A majority voting interest in an entity has generally been considered indicative of a controlling financial interest. FIN 46 specifies other factors ("variable interests") which must be considered when determining whether a company holds a controlling financial interest in, and therefore must consolidate, an entity ("variable interest entities"). The provisions of FIN 46 are immediately effective for variable interest entities created, or invested in, after January 31, 2003. For variable interest entities created prior to February 1, 2003, the provisions of FIN 46 are effective as of the beginning of the first interim period after June 15, 2003. The Company will adopt the provisions of FIN 46 as of July 1, 2003, and does not expect that such adoption will have a significant effect on its consolidated financial statements.

3. Goodwill and Other Intangible Assets

A summary of goodwill by operating segment is as follows:

| | Three Months Ended March 31, 2003 | | | |
|---|---|---|---|---|
| | CCUSA | CCUK | Crown Atlantic | Consolidated Total |
| | (In thousands of dollars) | | | |
| Balance at beginning of period. | $164,023 | $847,641 | $55,377 | $1,067,041 |
| Effect of exchange rate changes | -- | (16,066) | -- | (16,066) |
| Balance at end of period....... | $164,023 | $831,575 | $55,377 | $1,050,975 |

During the fourth quarter of 2002, the Company performed its annual update of the impairment test for goodwill. The results of this test indicated that goodwill was not impaired at any of the Company's reporting units. However, the amount by which the estimated fair value for CCUSA exceeded its carrying value had declined since January 1, 2002. This decline is a function of the Company's reduced forecasts for site leasing and antenna installation revenues, as indicated by its operating results for 2002. Further declines in the site leasing and network services business at CCUSA could result in an impairment of goodwill in the future. Furthermore, if an impairment at CCUSA were to occur in the future, the Company believes that the calculations to measure the impairment could result in the write-off of substantially all of CCUSA's goodwill ($164,023,000). Due to the continued weakness in the telecommunications industry, the Company intends to closely monitor the performance of its reporting units in 2003 in order to assess whether a goodwill impairment is indicated.

The value of site rental contracts from the acquisition of Crown Communication are accounted for as other intangible assets with finite useful lives, and are included in deferred financing costs and other assets on the Company's consolidated balance sheet. The gross carrying amount, accumulated amortization and net book value of such intangible assets were $26,000,000, $12,935,000 and $13,065,000 at December 31, 2002, respectively, and $26,000,000, $13,298,000 and $12,702,000 at March 31, 2003, respectively. Amortization expense for these intangible assets was $363,000 for the three months ended March 31, 2003, and will be $1,452,000 for each of the years ending December 31, 2003 through 2007.

4. Long-term Debt

Long-term debt consists of the following:

| | December 31, 2002 | March 31, 2003 |
|---|---|---|
| | (In thousands of dollars) | |
| 2000 Credit Facility | $ 700,000 | $ 700,000 |
| CCUK Credit Facility | 144,855 | 134,215 |
| Crown Atlantic Credit Facility | 250,000 | 235,000 |
| 9% Guaranteed Bonds due 2007 | 201,188 | 197,375 |
| 10 5/8% Senior Discount Notes due 2007 | 239,160 | 239,160 |
| 10 3/8% Senior Discount Notes due 2011, net of discount | 390,905 | 400,914 |
| 9% Senior Notes due 2011 | 165,700 | 165,700 |
| 11 1/4% Senior Discount Notes due 2011, net of discount | 170,777 | 175,538 |
| 9 1/2% Senior Notes due 2011 | 114,265 | 114,265 |
| 10 3/4% Senior Notes due 2011 | 442,885 | 442,885 |
| 9 3/8% Senior Notes due 2011 | 407,225 | 407,225 |
| | 3,226,960 | 3,212,277 |
| Less: current maturities | (14,250) | (19,000) |
| | $3,212,710 | $3,193,277 |

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

The following information (as such capitalized terms are defined in the Indentures and the Certificate) is presented solely as a requirement of the Indentures and the Certificate; such information is not intended as an alternative measure of financial position, operating results or cash flow from operations (as determined in accordance with generally accepted accounting principles). Furthermore, 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:

| | March 31, 2003 | | | |
|---|---|---|---|---|
| | Company and Restricted Subsidiaries | Unrestricted Subsidiaries | Consolidation Eliminations | Consolidated Total |
| | (In thousands of dollars) | | | |
| Cash and cash equivalents | $ 256,662 | $ 220,288 | $ -- | $ 476,950 |
| Other current assets | 154,508 | 155,551 | -- | 310,059 |
| Property and equipment, net | 3,168,889 | 1,627,252 | -- | 4,796,141 |
| Investments in Unrestricted Subsidiaries | 1,944,800 | -- | (1,944,800) | -- |
| Goodwill | 164,023 | 886,952 | -- | 1,050,975 |
| Other assets, net | 100,523 | 24,406 | -- | 124,929 |
| | $5,789,405 | $2,914,449 | $(1,944,800) | $6,759,054 |
| Current liabilities | $ 151,616 | $ 180,157 | $ -- | $ 331,773 |
| Long-term debt, less current maturities | 2,626,687 | 566,590 | -- | 3,193,277 |
| Other liabilities | 40,587 | 144,074 | -- | 184,661 |
| Minority interests | 95,965 | 78,828 | -- | 174,793 |
| Redeemable preferred stock | 751,537 | -- | -- | 751,537 |
| Stockholders' equity | 2,123,013 | 1,944,800 | (1,944,800) | 2,123,013 |
| | $5,789,405 | $2,914,449 | $(1,944,800) | $6,759,054 |

| | Three Months Ended March 31, 2003 | | |
|---|---|---|---|
| | Company and Restricted Subsidiaries | Unrestricted Subsidiaries | Consolidated Total |
| | (In thousands of dollars) | | |
| Net revenues | $103,121 | $113,603 | $216,724 |
| Costs of operations (exclusive of depreciation, amortization and accretion) | 40,781 | 57,521 | 98,302 |
| General and administrative | 17,620 | 4,572 | 22,192 |
| Corporate development | 1,620 | -- | 1,620 |
| Non-cash general and administrative compensation charges | 1,834 | 597 | 2,431 |
| Depreciation, amortization and accretion | 50,935 | 29,422 | 80,357 |
| Operating income (loss) | (9,669) | 21,491 | 11,822 |
| Interest and other income (expense) | (780) | (862) | (1,642) |
| Interest expense and amortization of deferred financing costs | (59,770) | (12,868) | (72,638) |
| Provision for income taxes | (116) | (3,850) | (3,966) |
| Minority interests | 680 | (1,237) | (557) |
| Cumulative effect of change in accounting principle for asset retirement obligations | (451) | (1,584) | (2,035) |
| Net income (loss) | $(70,106) | $ 1,090 | $(69,016) |

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

| | 1997 and 1998 Securities | 1999, 2000 and 2001 Securities |
|---|---|---|
| | (In thousands of dollars) | |
| Tower Cash Flow, for the three months ended March 31, 2003 | $ 52,239 | $ 52,239 |
| Consolidated Cash Flow, for the twelve months ended March 31, 2003 | $ 166,988 | $ 173,852 |
| Less: Tower Cash Flow, for the twelve months ended March 31, 2003 | (205,749) | (205,749) |
| Plus: four times Tower Cash Flow, for the three months ended March 31, 2003 | 208,956 | 208,956 |
| Adjusted Consolidated Cash Flow, for the twelve months ended March 31, 2003 | $ 170,195 | $ 177,059 |

Letters of Credit

In March of 2003, CCUK issued a revised letter of credit to British Telecom in connection with a site acquisition agreement. The letter of credit was issued through one of CCUSA's lenders in the amount of (Pounds)28,800,000 (approximately $45,475,000) and expires in June of 2003.

5. Redeemable Preferred Stock

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

| | December 31, 2002 | March 31, 2003 |
|---|---|---|
| | (In thousands of dollars) | |
| 12 3/4% Senior Exchangeable Preferred Stock; shares issued and outstanding: December 31, 2002--249,325 and March 31, 2003--244,540 (stated at mandatory redemption and aggregate liquidation value) | $250,650 | $245,839 |
| 8 1/4% Cumulative Convertible Redeemable Preferred Stock; shares issued and outstanding: 200,000 (stated net of unamortized value of warrants; mandatory redemption and aggregate liquidation value of $200,000) | 196,204 | 196,306 |
| 6.25% Convertible Preferred Stock; shares issued and outstanding: 6,361,000 (stated net of unamortized issue costs; mandatory redemption and aggregate liquidation value of $318,050) | 309,160 | 309,392 |
| | $756,014 | $751,537 |

In March of 2003, the Company repurchased 12,733 shares of its 12 3/4% Senior Exchangeable Preferred Stock in a public market transaction. Such shares of preferred stock had an aggregate redemption amount and carrying value of $12,733,000. The Company utilized $9,422,000 in cash from an Unrestricted investment subsidiary to effect this preferred stock repurchase. The preferred stock repurchase resulted in a gain of $3,311,000. Such gain is offset against dividends on preferred stock in determining the net loss applicable to common stock for the calculation of loss per common share.

In March of 2003, the Company paid its quarterly dividend on the 8 1/4% Convertible Preferred Stock by issuing a total of 905,000 shares of its common stock. As allowed by the Deposit Agreement relating to dividend payments on the 8 1/4% Convertible Preferred Stock, the Company repurchased the 905,000 shares of common stock from the dividend paying agent for a total of $4,136,000 in cash. The Company utilized cash from an Unrestricted investment subsidiary to effect the stock repurchase. The Company may choose to continue such issuances and repurchases of stock in the future in order to avoid further dilution caused by the issuance of common stock as dividends on its preferred stock.

## 6. Stockholders' Equity

During the first quarter of 2003, the Company granted 5,840,187 shares of restricted common stock to its executives and certain employees. These restricted shares have a weighted-average grant-date fair value of $4.15 per share. The restrictions on the shares will expire in various annual amounts over the vesting period of five years, with provisions for accelerated vesting based on the market performance of the Company's common stock. In connection with these restricted shares, the Company will recognize non-cash general and administrative compensation charges of approximately $24,240,000 over the vesting period. Such charges will be reduced in the event that any of the restricted shares are forfeited before they become vested. At March 31, 2003, future charges related to the restricted shares amounted to $23,440,000 (presented as unearned stock compensation in stockholders' equity on the Company's consolidated balance sheet). See Note 11.

In February of 2003, the Company issued 105,000 shares of common stock to the non-executive members of its Board of Directors. These shares have a grant-date fair value of $3.95 per share. In connection with these shares, the Company recognized non-cash general and administrative compensation charges of approximately $415,000 for the first quarter of 2003.

## 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.

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

| | Three Months Ended March 31, 2002 | Three Months Ended March 31, 2003 |
|---|---|---|
| | (In thousands of dollars, except per share amounts) | |
| Loss before cumulative effect of change in accounting principle | $(103,393) | $(66,981) |
| Dividends on preferred stock | (20,105) | (14,371) |
| Loss before cumulative effect of change in accounting principle applicable to common stock for basic and diluted computations | (123,498) | (81,352) |
| Cumulative effect of change in accounting principle | -- | (2,035) |
| Net loss applicable to common stock for basic and diluted computations | $(123,498) | $(83,387) |
| Weighted-average number of common shares outstanding during the period for basic and diluted computations (in thousands) | 219,420 | 216,958 |
| Per common share--basic and diluted: | | |
| Loss before cumulative effect of change in accounting principle | $ (0.56) | $ (0.37) |
| Cumulative effect of change in accounting principle | -- | (0.01) |
| Net loss | $ (0.56) | $ (0.38) |

The calculations of common shares outstanding for the diluted computations exclude the following potential common shares as of March 31, 2003: (1) options to purchase 22,371,623 shares of common stock at exercise prices ranging from $-0- to $39.75 per share, (2) warrants to purchase 639,990 shares of common stock at an exercise price of $7.50 per share, (3) warrants to purchase 1,000,000 shares of common stock at an exercise price of $26.875 per share, (4) shares of the Company's 8 1/4% Cumulative Convertible Redeemable Preferred Stock which are convertible into 7,441,860 shares of common stock, (5) shares of the Company's 6.25% Convertible Preferred Stock which are convertible into 8,625,084 shares of common stock and (6) 5,816,847 shares of restricted 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. Commitments and 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, as adjusted ("Adjusted EBITDA"). The Company defines Adjusted EBITDA as operating income (loss) plus depreciation, amortization and accretion, non-cash general and administrative compensation charges, asset write-down charges and restructuring charges. Adjusted EBITDA is not intended as an alternative measure of operating results or cash flow from operations (as determined in accordance with generally accepted accounting principles), and the Company's measure of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. There are no significant revenues resulting from transactions between the Company's operating segments.

The financial results for the Company's operating segments are as follows:

| | Three Months Ended March 31, 2003 | | | | | |
|---|---|---|---|---|---|---|
| | CCUSA | CCAL | CCUK | Crown Atlantic | Corporate Office and Other | Consolidated Total |
| | (In thousands of dollars) | | | | | |
| Net revenues: | | | | | | |
| Site rental and broadcast transmission | $ 82,899 | $ 5,986 | $ 71,125 | $ 24,950 | $ -- | $ 184,960 |
| Network services and other | 13,452 | 784 | 14,845 | 2,683 | -- | 31,764 |
| | 96,351 | 6,770 | 85,970 | 27,633 | -- | 216,724 |
| Costs of operations (exclusive of depreciation, amortization and accretion) | 37,923 | 2,858 | 46,083 | 11,438 | -- | 98,302 |
| General and administrative | 12,284 | 1,700 | 1,674 | 1,621 | 4,913 | 22,192 |
| Corporate development | -- | -- | -- | -- | 1,620 | 1,620 |
| Adjusted EBITDA | 46,144 | 2,212 | 38,213 | 14,574 | (6,533) | 94,610 |
| Non-cash general and administrative compensation charges | 1,184 | -- | 537 | 60 | 650 | 2,431 |
| Depreciation, amortization and accretion | 46,874 | 3,723 | 18,894 | 10,466 | 400 | 80,357 |
| Operating income (loss) | (1,914) | (1,511) | 18,782 | 4,048 | (7,583) | 11,822 |
| Interest and other income (expense) | 88 | 182 | 921 | 24 | (2,857) | (1,642) |
| Interest expense and amortization of deferred financing costs | (8,549) | (895) | (8,927) | (3,941) | (50,326) | (72,638) |
| Provision for income taxes | -- | (116) | (3,850) | -- | -- | (3,966) |
| Minority interests | (156) | 836 | -- | (1,237) | -- | (557) |
| Cumulative effect of change in accounting principle for asset retirement obligations | (394) | (57) | (1,484) | (100) | -- | (2,035) |
| Net income (loss) | $ (10,925) | $ (1,561) | $ 5,442 | $ (1,206) | $(60,766) | $ (69,016) |
| Capital expenditures | $ 3,346 | $ 983 | $ 46,228 | $ 2,207 | $ 85 | $ 52,849 |
| Total assets (at period end) | $3,260,841 | $293,670 | $1,930,627 | $809,485 | $464,431 | $6,759,054 |

| | Three Months Ended March 31, 2002 | | | | | |
|---|---|---|---|---|---|---|
| | CCUSA | CCAL | CCUK | Crown Atlantic | Corporate Office and Other | Consolidated Total |
| | (In thousands of dollars) | | | | | |
| Net revenues: | | | | | | |
| Site rental and broadcast transmission | $ 79,253 | $ 5,013 | $53,455 | $22,543 | $ -- | $ 160,264 |
| Network services and other | 37,349 | 633 | 15,945 | 6,426 | -- | 60,353 |
| | 116,602 | 5,646 | 69,400 | 28,969 | -- | 220,617 |
| Costs of operations (exclusive of depreciation and amortization) | 53,932 | 2,635 | 36,856 | 12,368 | -- | 105,791 |
| General and administrative | 13,229 | 1,261 | 1,727 | 1,737 | 3,834 | 21,788 |
| Corporate development | -- | -- | -- | -- | 2,239 | 2,239 |
| Adjusted EBITDA | 49,441 | 1,750 | 30,817 | 14,864 | (6,073) | 90,799 |
| Restructuring charges | -- | -- | 3,726 | -- | 2,126 | 5,852 |
| Asset write-down charges | 23,721 | -- | 431 | 7,789 | -- | 31,941 |
| Non-cash general and administrative compensation charges | 532 | -- | 442 | -- | 340 | 1,314 |
| Depreciation and amortization | 44,244 | 3,186 | 13,473 | 10,269 | 543 | 71,715 |
| Operating income (loss) | (19,056) | (1,436) | 12,745 | (3,194) | (9,082) | (20,023) |
| Interest and other income (expense) | (743) | 162 | (5,569) | (19) | 79 | (6,090) |
| Interest expense and amortization of deferred financing costs | (9,295) | (826) | (7,552) | (4,650) | (53,996) | (76,319) |
| Provision for income taxes | -- | (88) | (4,571) | -- | -- | (4,659) |
| Minority interests | 819 | 704 | -- | 2,175 | -- | 3,698 |
| Net loss | $(28,275) | $(1,484) | $(4,947) | $(5,688) | $(62,999) | $(103,393) |
| Capital expenditures | $ 41,631 | $ 2,956 | $17,668 | $10,397 | $ 329 | $ 72,981 |

10. Restructuring Charges and Asset Write-Down Charges

For the three months ended March 31, 2002, the Company recorded cash charges of $3,726,000 in connection with a restructuring of its CCUK business announced in March 2002. Such charges relate to staff redundancies ($3,395,000) and the disposition of certain service lines ($331,000). For the three months ended March 31, 2002, the Company also recorded cash charges of $2,126,000 related to additional employee severance payments at its corporate office in connection with the 2001 restructuring. At December 31, 2002 and March 31, 2003, other accrued liabilities includes $5,839,000 and $3,929,000, respectively, related to restructuring charges. A summary of the restructuring charges by operating segment is as follows:

| | Three Months Ended March 31, 2003 | | | | |
|---|---|---|---|---|---|
| | CCUSA | CCUK | Crown Atlantic | Corporate Office and Other | Consolidated Total |
| | (In thousands of dollars) | | | | |
| Amounts accrued at beginning of period: | | | | | |
| Employee severance.................. | $ 1,295 | $ 360 | $ 464 | $341 | $ 2,460 |
| Costs of office closures and other.. | 2,480 | 525 | 374 | -- | 3,379 |
| | 3,775 | 885 | 838 | 341 | 5,839 |
| Amounts paid: | | | | | |
| Employee severance.................. | (758) | (150) | (215) | (91) | (1,214) |
| Costs of office closures and other.. | (250) | (350) | (96) | -- | (696) |
| | (1,008) | (500) | (311) | (91) | (1,910) |
| Amounts accrued at end of period: | | | | | |
| Employee severance.................. | 537 | 210 | 249 | 250 | 1,246 |
| Costs of office closures and other.. | 2,230 | 175 | 278 | -- | 2,683 |
| | $ 2,767 | $ 385 | $ 527 | $250 | $ 3,929 |

During the three months ended March 31, 2002, the Company abandoned a portion of its construction in process related to certain open projects and recorded related asset write-down charges of $23,721,000 for CCUSA and $7,789,000 for Crown Atlantic. For the three months ended March 31, 2002, the Company also recorded asset write-down charges of $431,000 for CCUK related to certain inventories and property and equipment.

11. Subsequent Events

Stockholders' Equity

On April 29, 2003, the market performance of the Company's common stock reached the first target level for accelerated vesting of the restricted common shares that had been issued during the first quarter of 2003 (see Note 6). As a result, the restrictions expired with respect to one third of such outstanding shares during the second quarter of 2003. The acceleration of the vesting for these shares will result in the recognition of non-cash general and administrative compensation charges of approximately $7,300,000 during the second quarter of 2003. Most of the executives and employees elected to sell a portion of their vested shares in order to pay their respective tax liabilities, and the Company arranged to repurchase these shares in order to facilitate the stock sales. The Company repurchased approximately 575,000 of such shares of common stock for a total of $3,574,000 in cash. The Company utilized cash from an Unrestricted investment subsidiary to effect the stock repurchase.

Minority Interests

On May 2, 2003, the Company entered into several agreements (the "Agreements"), dated effective May 1, 2003, relating to the Company's two joint ventures with Verizon Communications ("Verizon"), the Crown Castle Atlantic Joint Venture ("Crown Atlantic") and the Crown Castle GT Joint Venture ("Crown Castle GT"). Pursuant to the Agreements, the Company acquired all of Verizon's equity interests in Crown Castle GT in exchange for consideration consisting of (1) $31,000,000, representing the purchase (at a negotiated price of $6.122 per share) of the 5,063,731 shares of the Company's common stock previously held by Crown Castle GT for the benefit of that venture's Verizon partner, (2) the transfer to a Verizon affiliate of a 13.3% equity interest in Crown Atlantic, representing consideration for the Verizon partner's interest in the operating assets held by Crown Castle GT, and (3) $5,675,000, representing the working capital of Crown Castle GT allocable to the Verizon partner's interest reduced by the working capital of Crown Atlantic allocable to the 13.3% equity interest in Crown Atlantic transferred to the Verizon affiliate.

In addition, pursuant to the Agreements, Crown Atlantic distributed 15,597,783 shares of the Company's common stock previously held by Crown Atlantic to that venture's Verizon partner, resulting in a reduction in Verizon's interest in Crown Atlantic by a fixed percentage of 19%. The fixed percentage reduction was agreed upon at the time of the formation of Crown Atlantic. Pursuant to the registration rights contained in the Crown Atlantic Formation Agreement dated December 8, 1998, as amended by the Agreements, the Company contemplates that it will file a registration statement relating to the sale of such distributed shares during the summer of 2003.

After giving effect to the foregoing transactions, the Company owns 100% of Crown Castle GT and 62.8% of Crown Atlantic. Verizon will retain certain protective rights regarding the tower networks held by both Crown Atlantic and Crown Castle GT. These protective rights will remain in place after the Crown Atlantic put or call right described below is exercised.

The Company also agreed with Verizon to extend and convert certain termination rights relating to Verizon's interest in Crown Atlantic to put and call rights exercisable on or after July 1, 2007. Upon the exercise of the put right by Verizon or the call right by the Company, the Company will be required to purchase all of the Verizon partner's equity interests in Crown Atlantic for cash equal to the then fair market value of such interest. Prior to the extension and conversion of such rights, the Verizon partner could have exercised its termination right at any time after March 31, 2002, requiring the Company to meet the applicable payment obligations.

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 March 31, 2003 and our consolidated results of operations for the three-month periods ended March 31, 2002 and 2003. 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, assumptions 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, the success or failure of our efforts to implement our business strategy and the following:

- Our substantial level of indebtedness could adversely affect our ability to react to changes in our business and limit our ability to use debt to fund future capital needs.
- If we are unable to service our indebtedness, our indebtedness may be accelerated.
- Our business depends on the demand for wireless communications, which has been and may continue to be lower and slower than anticipated.
- The continuation of the current economic and telecommunications industry slowdown could materially and adversely affect our business and the business of our customers.
- We may be unable to manage our significant growth.
- The loss, consolidation or financial instability of any of our limited number of customers could materially decrease revenues.
- Restrictive covenants on our debt instruments may limit our ability to take actions that may be in our best interests.
- We operate in an increasingly competitive industry and many of our competitors have significantly more resources than we do or have less debt than we do.
- Technology changes may significantly reduce the demand for towers and wireless communications sites.
- 2.5G/3G and other technologies, including digital terrestrial television, may not deploy or be adopted by customers as rapidly or in the manner projected.
- Carrier consolidation or reduced carrier expansion may significantly reduce the demand for towers and wireless communication sites.
- Network sharing and other agreements among our customers may act as alternatives to leasing sites from us.
- Demand for our network services business is very volatile which causes our network services operating results to vary significantly for any particular period.
- We may need additional financing for strategic growth opportunities which may not be available.
- We generally lease or sublease the land under our towers and may not be able to maintain these leases at commercially viable rates. The loss of any of our ground leases could also result in retirement obligations.
- Laws and regulations, which could change at any time, govern our business and industry, and we could fail to comply with these laws and regulations.
- We could suffer from future claims if radio frequency emissions from equipment on our towers are demonstrated to cause negative health effects.
- Our international operations expose us to changes in foreign currency exchange rates.
- We are heavily dependent on our senior management.
- Certain provisions of our certificate of incorporation, bylaws and operative agreements and domestic and international competition laws could make it more difficult for a third party to acquire control of us or for us to acquire control of a third party, even if such a change in control would be beneficial to our stockholders.
- Sales or issuances, including as dividends, of a substantial number of shares of our common stock could adversely affect the market price of our common stock.
- Disputes with customers and suppliers may adversely affect our results.
- The carrying value of our sites and related goodwill may be subject to impairment in the future if we are unable to add sufficient additional tenants to the sites.

Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. More information about potential factors which could affect the Company's financial results is included in the Risk Factors sections of the Company's filings with the Securities and Exchange Commission.

The following 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

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

| | Three Months Ended March 31, 2002 | | Three Months Ended March 31, 2003 | |
|---|---|---|---|---|
| | Amount | Percent of Net Revenues | Amount | Percent of Net Revenues |
| | (In thousands of dollars) | | | |
| Net revenues: | | | | |
| Site rental and broadcast transmission | $ 160,264 | 72.6% | $184,960 | 85.3% |
| Network services and other | 60,353 | 27.4 | 31,764 | 14.7 |
| Total net revenues | 220,617 | 100.0 | 216,724 | 100.0 |
| Operating expenses: | | | | |
| Costs of operations: | | | | |
| Site rental and broadcast transmission | 62,066 | 38.7 | 73,360 | 39.7 |
| Network services and other | 43,725 | 72.4 | 24,942 | 78.5 |
| Total costs of operations | 105,791 | 47.9 | 98,302 | 45.4 |
| General and administrative | 21,788 | 9.9 | 22,192 | 10.2 |
| Corporate development | 2,239 | 1.0 | 1,620 | 0.7 |
| Restructuring charges | 5,852 | 2.7 | -- | -- |
| Asset write-down charges | 31,941 | 14.5 | -- | -- |
| Non-cash general and administrative compensation charges | 1,314 | 0.6 | 2,431 | 1.1 |
| Depreciation, amortization and accretion | 71,715 | 32.5 | 80,357 | 37.1 |
| Operating income (loss) | (20,023) | (9.1) | 11,822 | 5.5 |
| Other income (expense): | | | | |
| Interest and other income (expense) | (6,090) | (2.8) | (1,642) | (0.8) |
| Interest expense and amortization of deferred financing costs | (76,319) | (34.6) | (72,638) | (33.5) |
| Loss before income taxes, minority interests and cumulative effect of change in accounting principle | (102,432) | (46.5) | (62,458) | (28.8) |
| Provision for income taxes | (4,659) | (2.1) | (3,966) | (1.8) |
| Minority interests | 3,698 | 1.7 | (557) | (0.3) |
| Loss before cumulative effect of change in accounting principle | (103,393) | (46.9) | (66,981) | (30.9) |
| Cumulative effect of change in accounting principle for asset retirement obligations | -- | -- | (2,035) | (0.9) |
| Net loss | $(103,393) | (46.9)% | $(69,016) | (31.8)% |

Comparison of Three Months Ended March 31, 2003 and 2002

Consolidated revenues for the three months ended March 31, 2003 were $216.7 million, a decrease of $3.9 million from the three months ended March 31, 2002. This decrease was primarily attributable to:

(1) a $23.9 million decrease in network services and other revenues from CCUSA,

(2) a $3.7 million decrease in network services and other revenues from Crown Atlantic, and

(3) a $1.1 million decrease in network services and other revenues from CCUK, partially offset by

(4) a $24.7 million, or 15.4%, increase in site rental and broadcast transmission revenues, of which $17.7 million was attributable to CCUK, $2.4 million was attributable to Crown Atlantic, $1.0 million was attributable to CCAL and $3.6 million was attributable to CCUSA, and

(5) a $0.2 million increase in network services and other revenues from CCAL.

The increases in site rental and broadcast transmission revenues reflect the new tenant additions on our tower sites and contractual escalations on existing leases. The increases or decreases in network services and other revenues reflect fluctuations in demand for antenna installations from our tenants, along with our strategic decision to reduce our US network services offerings to primarily the management of antenna installations on our sites and radio frequency planning and testing. We expect that network services and other revenues will continue to decline as a percentage of total revenues for CCUSA and Crown Atlantic.

Costs of operations for the three months ended March 31, 2003 were $98.3 million, a decrease of $7.5 million from the three months ended March 31, 2002. This decrease was primarily attributable to:

(1) an $18.3 million decrease in network services costs related to CCUSA and

(2) a $1.8 million decrease in network services costs from Crown Atlantic, partially offset by

(3) an $11.3 million increase in site rental and broadcast transmission costs, of which $8.0 million was attributable to CCUK, $0.9 million was attributable to Crown Atlantic and $2.3 million was attributable to CCUSA,

(4) a $1.2 million increase in network services costs from CCUK, and

(5) a $0.2 million increase in network services costs from CCAL.

Costs of operations for site rental and broadcast transmission as a percentage of site rental and broadcast transmission revenues increased to 39.7% for the three months ended March 31, 2003 from 38.7% for the three months ended March 31, 2002, because of lower margins from the CCUSA operations, partially offset by higher margins from 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 78.5% for the three months ended March 31, 2003 from 72.4% for the three months ended March 31, 2002 because of lower margins from the CCUK and Crown Atlantic operations, partially offset by higher margins from the CCUSA operations.

General and administrative expenses for the three months ended March 31, 2003 were $22.2 million, an increase of $0.4 million from the three months ended March 31, 2002. This increase was primarily attributable to:

(1) a $1.1 million increase in expenses at our corporate office segment, and

(2) a $0.4 million increase in expenses at CCAL, partially offset by

(3) a $0.9 million decrease in expenses related to the CCUSA operations,

(4) a $0.1 million decrease in expenses at Crown Atlantic, and

(5) a $0.1 million decrease in expenses at CCUK.

General and administrative expenses as a percentage of revenues increased to 10.2% for the three months ended March 31, 2003 from 9.9% for the three months ended March 31, 2002, primarily because of overhead costs incurred at a subsidiary included in our corporate office segment.

Corporate development expenses for the three months ended March 31, 2003 were $1.6 million, compared to $2.2 million for the three months ended March 31, 2002. This decrease was primarily attributable to a decrease in salary costs at our corporate office.

For the three months ended March 31, 2002, we recorded cash charges of $3.7 million in connection with a restructuring of our CCUK business announced in March 2002. Such charges relate to staff redundancies and the disposition of certain service lines. For the three months ended March 31, 2002, we also recorded cash charges of $2.1 million related to additional employee severance payments at our corporate office in connection with the July 2001 restructuring.

During the three months ended March 31, 2002, we abandoned a portion of our construction in process related to certain open projects and recorded related asset write-down charges of $23.7 million for CCUSA and $7.8 million for Crown Atlantic. For the three months ended March 31, 2002, we also recorded asset write-down charges of $0.4 million for CCUK related to certain inventories and property and equipment.

During the fourth quarter of 2002, we performed our annual update of the impairment test for goodwill. The results of this test indicated that goodwill was not impaired at any of our reporting units. However, the amount by which the estimated fair value for CCUSA exceeded its carrying value had declined since January 1, 2002. This decline is a function of our reduced forecasts for site leasing and antenna installation revenues, as indicated by our operating results for 2002. Further declines in our site leasing and network services business at CCUSA could result in an impairment of goodwill in the future. Furthermore, if an impairment at CCUSA were to occur in the future, we believe that the calculations to measure the impairment could result in the write-off of substantially all of CCUSA's goodwill ($164.0 million). Due to the continued weakness in the telecommunications industry, we intend to closely monitor the performance of our reporting units in 2003 in order to assess whether a goodwill impairment is indicated.

For the three months ended March 31, 2003, we recorded non-cash general and administrative compensation charges of $2.4 million related to the issuance of stock and stock options to certain employees and executives, compared to $1.3 million for the three months ended March 31, 2002. This increase was primarily attributable to the issuance, during the first quarter of 2003, of restricted common stock to our executives and certain employees and the issuance of common stock to the non-executive members of our Board of Directors. On April 29, 2003, the market performance of our common stock reached the first target level for accelerated vesting of the restricted common shares that had been issued during the first quarter of 2003. As a result, the restrictions expired with respect to one third of such outstanding shares during the second quarter of 2003. The acceleration of the vesting for these shares will result in the recognition of non-cash general and administrative compensation charges of approximately $7.3 million during the second quarter of 2003.

Depreciation, amortization and accretion for the three months ended March 31, 2003 was $80.4 million, an increase of $8.6 million from the three months ended March 31, 2002. This increase was primarily attributable to:

(1) a $5.4 million increase in depreciation related to property and equipment from CCUK,

(2) a $2.6 million increase in depreciation related to property and equipment from CCUSA,

(3) a $0.5 million increase in depreciation related to property and equipment from CCAL, and

(4) a $0.2 million increase in depreciation related to property and equipment from Crown Atlantic.

Interest and other income (expense) for the three months ended March 31, 2003 resulted primarily from:

(1) our share of losses incurred by unconsolidated affiliates, and

(2) costs incurred in connection with unsuccessful investment projects, partially offset by

(3) interest income from invested cash balances.

Interest expense and amortization of deferred financing costs for the three months ended March 31, 2003 was $72.6 million, a decrease of $3.7 million, or 4.8%, from the three months ended March 31, 2002. This decrease was primarily attributable to:

(1) repurchases of our debt securities in 2002,

(2) reductions in outstanding bank indebtedness at CCUK and Crown Atlantic, and

(3) lower interest rates on bank indebtedness at CCUSA and Crown Atlantic.

The provision for income taxes of $4.0 million for the three months ended March 31, 2003 consists primarily of a non-cash deferred tax liability recognized by CCUK. CCUK's deferred tax liability resulted from differences between book and tax basis for its property and equipment.

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

The cumulative effect of change in accounting principle for the three months ended March 31, 2003 resulted from the adoption of a new accounting standard for asset retirement obligations. See "--Impact of Recently Issued Accounting Standards".

## Liquidity and Capital Resources

Our business strategy contemplates substantial capital expenditures, although significantly reduced from previous years' levels, in connection with the selective expansion of our tower portfolios in the markets in which we currently operate. During 2003, we expect that the majority of our discretionary capital expenditures (excluding the required (Pounds)50.0 million site access fee payment due to British Telecom) will occur at CCUK in connection with the development of the sites acquired from British Telecom.

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

Our goal is to maximize net cash from operating activities and fund substantially all capital spending and debt service from our operating cash flow in 2003, without reliance on additional borrowing or the use of our cash and liquid investments. However, due to the risk factors outlined above, there can be no assurance that this will be possible.

For the three months ended March 31, 2002 and 2003, our net cash provided by operating activities was $16.0 million and $5.9 million, respectively. For the three months ended March 31, 2002 and 2003, our net cash provided by (used for) financing activities was $0.5 million and $(35.4) million, respectively. For the year ending December 31, 2003, we expect that our net cash provided by operating activities will be between approximately $160 million and $200 million.

Capital expenditures were $52.8 million for the three months ended March 31, 2003, of which $0.1 million were for CCIC, $3.3 million were for CCUSA, $2.2 million were for Crown Atlantic, $46.2 million were for CCUK and $1.0 million were for CCAL. We anticipate that we will build, through the end of 2003, approximately 10 to 20 towers in the United States at a cost of approximately $4.4 million and approximately 220 to 260 towers in the United Kingdom at a cost of approximately $14.4 million. We also expect to spend approximately $40 million for tower improvements, including enhancements to the structural capacity of our towers in order to support the anticipated leasing, and approximately $40 million for maintenance activities. For the year ending December 31, 2003, we expect that our total capital expenditures will be between approximately $128 million and $148 million. As such, we expect that our capital expenditures for this period, excluding the payment to British Telecom, will be fully funded by net cash from operating activities, as discussed above.

In March 2003, CCUK paid (Pounds)21.2 million (approximately $33.2 million) of the (Pounds)50.0 million site access fee payment due to British Telecom. In addition, CCUK reached agreement with British Telecom to defer the remaining (Pounds)28.8 million (approximately $45.5 million) payment until the end of June 2003. We are currently in discussions with British Telecom regarding certain potential amendments to the lease arrangement, but there can be no assurance as to the outcome of these discussions.

We expect that the construction of new towers will continue to have an impact on our liquidity. We expect that once integrated, these new towers will have a positive impact on liquidity, but will require some period of time to offset the initial adverse impact on liquidity. In addition, we believe that as new towers become operational and we begin to add tenants, they should result in a long-term increase in liquidity. Our decisions regarding the construction of new towers are discretionary, and depend upon expectations of achieving acceptable rates of return given current market conditions. Such decisions are influenced by the availability of capital and expected returns on alternative investments. We have increased our minimum acceptable level for internal rates of return on new tower builds given current market conditions, and expect to continue to decrease the number of new towers built in the foreseeable future.

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

As of March 31, 2003, we had consolidated cash and cash equivalents of $477.0 million (including $67.0 million at CCUSA, $60.2 million at CCUK, $7.1 million at Crown Atlantic, $16.9 million at CCAL, $152.9 million in an unrestricted investment subsidiary and $172.7 million at CCIC and a restricted investment subsidiary), consolidated liquid investments (consisting of marketable securities) of $78.3 million, consolidated long-term debt of $3,212.3 million, consolidated redeemable preferred stock of $751.5 million and consolidated stockholders' equity of $2,123.0 million.

In the first quarter of 2003, Crown Atlantic and CCUK repaid $15.0 million and $7.9 million, respectively, in outstanding borrowings under their credit facilities. In April of 2003, CCUK repaid an additional $15.8 million in outstanding borrowings under its credit facility. Crown Atlantic and CCUK utilized cash provided by their operations to effect these repayments.

In March of 2003, we paid our quarterly dividends on the 8 1/4% Convertible Preferred Stock by issuing a total of 0.9 million shares of our common stock. As allowed by the Deposit Agreement relating to dividend payments on the 8 1/4% Convertible Preferred Stock, we repurchased the 0.9 million shares of common stock from the dividend paying agent for a total of $4.1 million in cash. We utilized cash from an unrestricted investment subsidiary to effect the stock repurchase. We may choose to continue such issuances and repurchases of stock in the future in order to avoid further dilution caused by the issuance of common stock as dividends on our preferred stock.

In March of 2003, we repurchased additional shares of our preferred stock in a public market transaction. Such shares of preferred stock had an aggregate redemption amount and carrying value of $12.7 million. We utilized $9.4 million in cash from an unrestricted investment subsidiary to effect this preferred stock repurchase. The preferred stock repurchase resulted in a gain of $3.3 million. Such gain is offset against dividends on preferred stock in determining the net loss applicable to common stock for the calculation of loss per common share.

In April of 2003, the restrictions expired with respect to one third of the outstanding restricted common shares that had been issued during the first quarter of 2003 (see "--Results of Operation"). Most of the executives and employees elected to sell a portion of their vested shares in order to pay their respective tax liabilities, and we arranged to repurchase these shares in order to facilitate the stock sales. We repurchased 0.6 million of such shares of common stock for a total of $3.6 million in cash. We utilized cash from an unrestricted investment subsidiary to effect the stock repurchase.

We seek to allocate our available capital among the investment alternatives that provide the greatest risk-adjusted returns given current market conditions. As such, we may continue to acquire sites, build new towers and make improvements to existing towers when the expected returns from such expenditures meet our investment criteria. In addition, we may continue to utilize a portion of our available cash balances to repurchase our own stock (either common or preferred) or debt securities from time to time as market prices make such investments attractive.

As of May 1, 2003, Crown Atlantic had unused borrowing availability under its amended credit facility of approximately $99.5 million and CCUK had unused borrowing availability under its amended credit facility of approximately (Pounds)45.0 million ($71.1 million). As of May 1, 2003, our restricted U.S. and Australian subsidiaries had approximately $125.6 million of unused borrowing availability under the 2000 credit facility. Our various credit facilities require our subsidiaries to maintain certain financial covenants and place restrictions on the ability of our subsidiaries to, among other things, incur debt and liens, pay dividends, make capital expenditures, undertake transactions with affiliates and make investments. These facilities also limit the ability of the borrowing subsidiaries to pay dividends to CCIC.

The primary factors that determine our subsidiaries' ability to comply with their debt covenants are (1) their current financial performance (as defined in the various credit agreements), (2) their levels of indebtedness and (3) their debt service requirements. Since we do not currently expect that our subsidiaries will need to utilize significant additional borrowings under their credit facilities, the primary risk of a debt covenant violation would result from a deterioration of a subsidiary's financial performance. In addition, certain of the credit facilities will require that financial performance increase in future years as covenant calculations become more restrictive. Should a covenant violation occur in the future as a result of a shortfall in financial performance (or for any other reason), we might be required to make principal payments earlier than currently scheduled and may not have access to additional borrowings under these facilities as long as the covenant violation continues. Any such early principal payments would have to be made from our existing cash balances.

If we are unable to refinance our subsidiary debt or renegotiate the terms of such debt, we may not be able to meet our debt service requirements, including interest payments on the notes, in the future. Our 10 5/8% discount notes, our 9% senior notes, our 9 1/2% senior notes, our 10 3/4% senior notes and our 9 3/8% senior notes require annual cash interest payments of approximately $25.4 million, $14.9 million, $10.9 million, $47.6 million and $38.2 million, respectively. Prior to May 15, 2004 and August 1, 2004, the interest expense on 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 3/8% discount notes and the 11 1/4% discount notes will require annual cash interest payments of approximately $46.6 million and $22.8 million, respectively. Prior to December 15, 2003, we do not expect to pay cash dividends on our 12 3/4% exchangeable preferred stock or, if issued, cash interest on the exchange debentures. Thereafter, assuming all dividends or interest have been paid-in-kind, our exchangeable preferred stock or, if issued, the exchange debentures will require annual cash dividend or interest payments of approximately $34.3 million. Annual cash interest payments on the CCUK bonds are (Pounds)11.25 million ($17.8 million). In addition, our various credit facilities will require periodic interest payments on amounts borrowed thereunder, which amounts could be substantial.

As a holding company, CCIC will require distributions or dividends from its subsidiaries, or will be forced to use capital raised in debt and equity offerings, to fund its debt obligations, including interest payments on the cash-pay notes and eventually the 10 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 debt offerings to fund interest payments on the 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 notes.

We have issued letters of credit to various insurers in connection with certain contingent retirement obligations under various tower site land leases. The letters of credit were issued through one of CCUSA's lenders in amounts aggregating $8.5 million and expire on various dates through October 2003.

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

Joint Ventures With Verizon Communications

On May 2, 2003, we entered into several agreements (the "Agreements"), dated effective May 1, 2003, relating to our two joint ventures with Verizon Communications ("Verizon"), the Crown Castle Atlantic Joint Venture ("CCA") and the Crown Castle GT Joint Venture ("CCGT"). Pursuant to the Agreements, we acquired all of Verizon's equity interests in CCGT in exchange for consideration consisting of (1) approximately $31.0 million, representing the purchase (at a negotiated price of $6.122 per share) of the 5,063,731 shares of our common stock previously held by CCGT for the benefit of the Verizon CCGT partner, (2) the transfer to a Verizon affiliate of a 13.3% equity interest in CCA, representing consideration for the Verizon CCGT partner's interest in the operating assets held by CCGT, and (3) approximately $5.7 million, representing the working capital of CCGT allocable to the Verizon CCGT partner's interest reduced by the working capital of CCA allocable to the 13.3% equity interest in CCA transferred to the Verizon affiliate.

In addition, pursuant to the Agreements, CCA distributed 15,597,783 shares of our common stock previously held by CCA to the Verizon CCA partner, resulting in a reduction in Verizon's interest in CCA by a fixed percentage of 19%. The fixed percentage reduction was agreed upon at the time of the formation of CCA. Pursuant to the registration rights contained in the CCA Formation Agreement dated December 8, 1998, as amended by the Agreements, we contemplate that we will file a registration statement relating to the sale of such distributed shares during the summer of 2003.

After giving effect to the foregoing transactions, we own 100% of CCGT and 62.8% of CCA. Verizon will retain certain protective rights regarding the tower networks held by both CCA and CCGT. These protective rights will remain in place after the CCA put or call right described below is exercised.

We also agreed with Verizon to extend and convert certain termination rights relating to Verizon's interest in CCA to put and call rights exercisable on or after July 1, 2007. Upon the exercise of the put right by Verizon or the call right by us, we will be required to purchase all of the Verizon partner's equity interests in CCA for cash equal to the then fair market value of such interest. Prior to the extension and conversion of such rights, the Verizon CCA partner could have exercised its termination right at any time after March 31, 2002, requiring us to meet the applicable payment obligations.

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

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

Summarized financial information for (1) CCIC and our Restricted Subsidiaries and (2) our Unrestricted Subsidiaries is as follows:

| | March 31, 2003 | | | |
|---|---|---|---|---|
| | Company and Restricted Subsidiaries | Unrestricted Subsidiaries | Consolidation Eliminations | Consolidated Total |
| | (In thousands of dollars) | | | |
| Cash and cash equivalents | $ 256,662 | $ 220,288 | $ -- | $ 476,950 |
| Other current assets | 154,508 | 155,551 | -- | 310,059 |
| Property and equipment, net | 3,168,889 | 1,627,252 | -- | 4,796,141 |
| Investments in Unrestricted Subsidiaries | 1,944,800 | -- | (1,944,800) | -- |
| Goodwill | 164,023 | 886,952 | -- | 1,050,975 |
| Other assets, net | 100,523 | 24,406 | -- | 124,929 |
| | $5,789,405 | $2,914,449 | $(1,944,800) | $6,759,054 |
| Current liabilities | $ 151,616 | $ 180,157 | $ -- | $ 331,773 |
| Long-term debt, less current maturities | 2,626,687 | 566,590 | -- | 3,193,277 |
| Other liabilities | 40,587 | 144,074 | -- | 184,661 |
| Minority interests | 95,965 | 78,828 | -- | 174,793 |
| Redeemable preferred stock | 751,537 | -- | -- | 751,537 |
| Stockholders' equity | 2,123,013 | 1,944,800 | (1,944,800) | 2,123,013 |
| | $5,789,405 | $2,914,449 | $(1,944,800) | $6,759,054 |

| | Three Months Ended March 31, 2003 | | |
|---|---|---|---|
| | Company and Restricted Subsidiaries | Unrestricted Subsidiaries | Consolidated Total |
| | (In thousands of dollars) | | |
| Net revenues | $103,121 | $113,603 | $216,724 |
| Costs of operations (exclusive of depreciation, amortization and accretion) | 40,781 | 57,521 | 98,302 |
| General and administrative | 17,620 | 4,572 | 22,192 |
| Corporate development | 1,620 | -- | 1,620 |
| Non-cash general and administrative compensation charges | 1,834 | 597 | 2,431 |
| Depreciation, amortization and accretion | 50,935 | 29,422 | 80,357 |
| Operating income (loss) | (9,669) | 21,491 | 11,822 |
| Interest and other income (expense) | (780) | (862) | (1,642) |
| Interest expense and amortization of deferred financing costs | (59,770) | (12,868) | (72,638) |
| Provision for income taxes | (116) | (3,850) | (3,966) |
| Minority interests | 680 | (1,237) | (557) |
| Cumulative effect of change in accounting principle for asset retirement obligations | (451) | (1,584) | (2,035) |
| Net income (loss) | $(70,106) | $ 1,090 | $(69,016) |

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

| | 1997 and 1998 Securities | 1999, 2000 and 2001 Securities |
|---|---|---|
| | (In thousands of dollars) | |
| Tower Cash Flow, for the three months ended March 31, 2003 | $ 52,239 | $ 52,239 |
| Consolidated Cash Flow, for the twelve months ended March 31, 2003 | $ 166,988 | $ 173,852 |
| Less: Tower Cash Flow, for the twelve months ended March 31, 2003 | (205,749) | (205,749) |
| Plus: four times Tower Cash Flow, for the three months ended March 31, 2003 | 208,956 | 208,956 |
| Adjusted Consolidated Cash Flow, for the twelve months ended March 31, 2003 | $ 170,195 | $ 177,059 |

## Impact of Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations ("SFAS 143"). SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the related asset retirement costs. The fair value of a liability for an asset retirement obligation is to be recognized in the period in which it is incurred and can be reasonably estimated. Such asset retirement costs are to be capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's estimated useful life. Fair value estimates of liabilities for asset retirement obligations will generally involve discounted future cash flows. Periodic accretion of such liabilities due to the passage of time is to be recorded as an operating expense. The provisions of SFAS 143 are effective for fiscal years beginning after June 15, 2002, with initial application as of the beginning of the fiscal year. We have adopted the requirements of SFAS 143 as of January 1, 2003. The adoption of SFAS 143 resulted in the recognition of liabilities amounting to $4.1 million for contingent retirement obligations under certain tower site land leases (included in other long-term liabilities on our consolidated balance sheet), the recognition of asset retirement costs amounting to $1.4 million (included in property and equipment on our consolidated balance sheet), and the recognition of a charge for the cumulative effect of the change in accounting principle amounting to $2.0 million (net of related income tax benefits of $0.6 million). Accretion expense related to liabilities for contingent retirement obligations (included in depreciation, amortization and accretion on our consolidated statement of operations) amounted to $0.1 million for the three months ended March 31, 2003. At March 31, 2003, liabilities for contingent retirement obligations amounted to $4.1 million.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure ("SFAS 148"). SFAS 148 amends Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS 123"), to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the provisions of SFAS 123 to require more prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results of operations. We have adopted the disclosure requirements of SFAS 148 as of December 31, 2002. On January 1, 2003, we adopted the fair value method of accounting for stock-based employee compensation using the "prospective" method of transition as provided by SFAS 148. Under this transition method, we will recognize compensation cost for all employee awards granted on or after January 1, 2003. The adoption of this new accounting method did not have a significant effect on our consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). FIN 46 clarifies existing accounting literature regarding the consolidation of entities in which a company holds a "controlling financial interest". A majority voting interest in an entity has generally been considered indicative of a controlling financial interest. FIN 46 specifies other factors ("variable interests") which must be considered when determining whether a company holds a controlling financial interest in, and therefore must consolidate, an entity ("variable interest entities"). The provisions of FIN 46 are immediately effective for variable interest entities created, or invested in, after January 31, 2003. For variable interest entities created prior to February 1, 2003, the provisions of FIN 46 are effective as of the beginning of the first interim period after June 15, 2003. We will adopt the provisions of FIN 46 as of July 1, 2003, and do not expect that such adoption will have a significant effect on our consolidated 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. A fluctuation in market interest rates of one percentage point in 2003 would impact our interest expense by approximately $9.2 million. As of March 31, 2003, we have approximately $1,069.2 million of floating rate indebtedness, of which $150.0 million has been effectively converted to fixed rate indebtedness through the use of interest rate swap agreements.

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 currencies, 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.

ITEM 4. CONTROLS AND PROCEDURES

Within 90 days prior to the filing date of this report, the Company conducted an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information relating to the Company required to be included in the Company's periodic SEC reports.

Since the date of the Company's most recent evaluation, there were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II--OTHER INFORMATION

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

99.1 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K:

The Registrant filed a Current Report on Form 8-K dated January 7, 2003 with the SEC on January 8, 2003 reporting under Item 5 the granting of shares of restricted stock by the Company to certain of its employees and officers.

The Registrant filed a Current Report on Form 8-K dated January 16, 2003 with the SEC on January 17, 2003 furnishing under Item 9 a notice sent to the Company's directors regarding a trading blackout period as a result of a change in the Company's 401(k) provider.

The Registrant filed a Current Report on Form 8-K dated February 7, 2003 with the SEC on February 10, 2003 (as amended by a Form 8-K/A filed February 10, 2003) furnishing under Item 9 a notice sent to the Company's directors regarding the end of the previously announced trading blackout period.

The Registrant filed a Current Report on Form 8-K dated February 26, 2003 with the SEC on February 27, 2003 furnishing under Item 9 a press release dated February 26, 2003 disclosing the Company's financial results for the fourth quarter and year-ended 2002.

The Registrant filed a Current Report on Form 8-K dated March 28, 2003 with the SEC on March 31, 2003 reporting under Item 5 (1) the payment of (Pounds)21.2 million to British Telecommunications PLC by CCUK against its remaining obligation relating to the lease of BT rooftop sites and (2) the deferral until the end of June 2003 of the payment of the remaining (Pounds)28.8 million, which had been due in March 2003.

The Registrant filed a Current Report on Form 8-K dated May 2, 2003 with the SEC on May 6, 2003 reporting under Item 5 agreements entered into relating to the Crown Castle Atlantic Joint Venture and the Crown Castle GT Joint Venture.

The Registrant filed a Current Report on Form 8-K dated May 5, 2003 with the SEC on May 6, 2003 furnishing under Item 9 a press release dated May 5, 2003 disclosing the Company's financial results for the first quarter of 2003.

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: May 13, 2003 By: /s/ W. BENJAMIN MORELAND

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

Date: May 13, 2003 By: /s/ WESLEY D. CUNNINGHAM

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Wesley D. Cunningham
Senior Vice President, Chief
Accounting Officer and
Corporate Controller
(Principal Accounting Officer)

Certification

For the Quarterly Period Ended March 31, 2003

I, John P. Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crown Castle International Corp. ("registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ JOHN P. KELLY
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John P. Kelly
President and Chief Executive Officer

Certification

For the Quarterly Period Ended March 31, 2003

I, W. Benjamin Moreland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crown Castle International Corp. ("registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ W. BENJAMIN MORELAND

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

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 MARCH 31, | |
|---|---|---|
| | 2002 | 2003 |
| Loss before cumulative effect of change in accounting principle | $(103,393) | $(66,981) |
| Dividends on preferred stock | (20,105) | (14,371) |
| Loss before cumulative effect of change in accounting principle applicable to common stock for basic and diluted computations | (123,498) | (81,352) |
| Cumulative effect of change in accounting principle | -- | (2,035) |
| Net loss applicable to common stock for basic and diluted computations | $(123,498) | $(83,387) |
| Weighted-average number of common shares outstanding during the period for basic and diluted computations (in thousands) | 219,420 | 216,958 |
| Per common share--basic and diluted: | | |
| Loss before cumulative effect of change in accounting principle | $ (0.56) | $ (0.37) |
| Cumulative effect of change in accounting principle | -- | (0.01) |
| Net loss | $ (0.56) | $ (0.38) |

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)

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | 2002 | 2003 |
| Computation of Earnings: | | |
| Income (loss) before income taxes, minority interests and cumulative effect of change in accounting principle | $(102,432) | $(62,458) |
| Add: | | |
| Fixed charges (as computed below) | 84,328 | 84,644 |
| | $ (18,104) | $ 22,186 |
| Computation of Fixed Charges and Combined Fixed Charges and Preferred Stock Dividends: | | |
| Interest expense | $ 52,065 | $ 55,150 |
| Amortization of deferred financing costs and discounts on long-term debt | 24,254 | 17,488 |
| Interest component of operating lease expense | 8,009 | 12,006 |
| Fixed charges | 84,328 | 84,644 |
| Preferred stock dividends | 20,105 | 14,371 |
| Combined fixed charges and preferred stock dividends | $ 104,433 | $ 99,015 |
| Ratio of Earnings to Fixed Charges | -- | -- |
| Deficiency of Earnings to Cover Fixed Charges | $ 102,432 | $ 62,458 |
| Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends | -- | -- |
| Deficiency of Earnings to Cover Combined Fixed Charges and Preferred Stock Dividends | $ 122,537 | $ 76,829 |

EXHIBIT 99.1

Certification Pursuant to
18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Crown Castle International Corp., a Delaware Corporation, (the "Company"), for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

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

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of March 31, 2003 (the last date of the period covered by the Report).

/s/ John P. Kelly
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John P. Kelly
President and Chief Executive Officer
May 13, 2003

/s/ W. Benjamin Moreland
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W. Benjamin Moreland
Senior Vice President,
Chief Financial Officer and Treasurer
May 13, 2003

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Crown Castle International Corp. and will be retained by Crown Castle International Corp. and furnished to the Securities and Exchange Commission or its staff upon request.