

CC Holdings GS V LLC
f/k/a Global Signal Holdings V LLC

Management's Discussion and Analysis

For the Six Months Ended June 30, 2008 and 2009
(Unaudited)

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis ("MD&A") of the consolidated financial condition and results of operations of CC Holdings GS V LLC and its consolidated wholly-owned subsidiaries ("GSL V") is provided as a convenience to the reader in understanding GSL V's financial condition, changes in financial condition and results of operations as of and for the six months ended June 30, 2009. GSL V is a wholly-owned subsidiary of Global Signal Operating Partnership, L.P., which is an indirect subsidiary of Crown Castle International Corp. ("CCIC" or "Crown Castle," a Delaware Corporation). The following should be read in conjunction with the (i) audited consolidated financial statements of GSL V for the years ended December 31, 2007 and 2008, (ii) consolidated financial statements of GSL V for the six months ended June 30, 2008 and 2009, (iii) CCIC's Annual Report on Form 10-K ("Crown Castle 10-K") for the year ended December 31, 2008, and (iv) CCIC's second quarter report on Form 10-Q ("Crown Castle 10-Q"). Unless indicated otherwise, reference to GSL V's consolidated financial statements refers to those financial statements for the six months ended June 30, 2008 and 2009. Any capitalized terms used but not defined herein have the same meaning given to them in GSL V's consolidated financial statements. Unless this report indicates otherwise or the context requires, the terms "we," "our," "our company," "the company," or "us" as used in this report refers to Global Signal Holdings V LLC and its consolidated wholly-owned subsidiaries.

Cautionary Language Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements that are based on management's expectations as of the filing date of this report. Statements that are not historical facts are hereby identified as forward-looking statements. In addition, words such as "estimate," "anticipate," "project," "plan," "intend," "believe," "expect," "likely," "predicted," and similar expressions are intended to identify forward-looking statements. Such statements include plans, projections and estimates contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein.

Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. These risks and uncertainties include, prevailing market conditions, the risk factors described in "Item 1A. Risk Factors" of the Crown Castle 10-K, as well as the following risk factors that are in addition to those included in the Crown Castle 10-K.

- A substantial portion of GSL V's revenues are derived from a small number of customers, and the loss, consolidation or financial instability of, or network sharing among, any of our limited number of customer may materially decrease revenues. For the first half of 2009, approximately 74% of our revenues were derived from Sprint Nextel, AT&T, T-Mobile and Verizon Wireless, which represented 38%, 14%, 12% and 10%, respectively of GSL V's consolidated revenues.
- Customers may choose not to renew their tenant leases. The collocation agreement under the Sprint Nextel master leases have an initial term of 10 years, commencing May 2005.
- The bankruptcy of certain subsidiaries of Sprint Nextel which are sublessors to one of GSL V's subsidiaries could result in GSL V's subsidiaries sublease interests being rejected by the bankruptcy court.
- The failure of one of GSL V's subsidiaries to comply with its covenants in Sprint Nextel master leases including its obligation to timely pay ground lease rent, could result in an event of default under the applicable sprint master leases, which could adversely impact GSL V's business.
- GSL V has no employees of its own and hence is dependent on CCUSA who provides management services for the conduct of GSL V's operations. Any failure of CCUSA to continue to perform in its role as manager of the towers could have a material adverse impact on GSL V's business.
- CCUSA may experience conflicts of interest in the management of the towers and in the management of towers of affiliates carried out pursuant to other management agreements.

General Overview

Overview

GSL V owns, operates and leases towers and other communication structures, including certain rooftop installations (collectively, “towers”), for wireless communications. GSL V’s business is renting space on its towers via long-term contracts in various forms, including license, sublease and lease agreements. Generally, GSL V’s towers can accommodate multiple customers for antennas and other equipment necessary for the transmission of wireless signals for mobile telephones and other devices.

Information concerning GSL V’s tower portfolio as of June 30, 2009 is as follows:

- GSL V owned, leased or managed approximately 8,000 towers located across the United States.
- GSL V’s customers include many of the world’s major wireless communications companies. For the first half of 2009, Sprint Nextel, AT&T, T-Mobile and Verizon Wireless accounted for 38%, 14%, 12% and 10%, respectively, of GSL V’s revenues.
- GSL V owned in fee or had perpetual or long-term easements in the land and other properties (collectively “land”) on which approximately 1,000 of GSL V’s towers reside, and GSL V leased, subleased or licensed the land on which approximately 6,600 of GSL V’s towers reside. In addition, GSL V managed approximately 400 towers owned by third parties where GSL V had the right to market space on the tower or where GSL V had sublease agreements with the tower owner.

GSL V is a special purpose entity that has no employees. Management services are performed by Crown Castle USA Inc. (“CCUSA”), an affiliate of GSL V. The management fee is equal to 7.5% of GSL V’s revenue excluding the revenues related to the accounting for leases with fixed escalators as required by Statement of Financial Accounting Standard No. 13 (“SFAS 13”) *Accounting for Leases*. GSL V is an indirect subsidiary of Crown Castle and is a limited liability corporation that is treated as a disregarded entity for income tax return filing purposes.

The following are certain highlights of GSL V’s business fundamentals, as further discussed in the Crown Castle 10-K, including in “*Item 1. Business*” and this “MD&A”:

- potential growth resulting from wireless network expansion;
- site rental revenues under long-term leases with contractual escalations;
- revenues predominately from large wireless carriers;
- majority of land under GSL V’s towers under long-term control;
- relatively fixed tower operating costs;
- high incremental margins and cash flows on organic revenue growth;
- minimal sustaining capital expenditure requirements;
- no debt maturities until 2017 and outstanding debt has fixed rate coupons; and
- significant cash flows from operations.

The key element of GSL V’s strategy is to organically grow revenues and cash flows from GSL V’s towers by co-locating additional tenants on GSL V’s existing towers. GSL V’s long-term strategy is based on its belief that opportunities will be created by the expected continued growth in the wireless communications industry, which depends predominately on the demand for wireless telephony and data services by consumers. As a result of such expected growth in the wireless communications industry, GSL V believes that the demand for its towers will continue and result in organic growth of GSL V revenues due to the co-location of additional tenants on GSL V’s existing towers. GSL V expects that new tenant additions or modifications of existing installations (collectively referred to as “tenant additions”) on its towers should result in significant incremental cash flow due to the relatively fixed costs to operate a tower (which tend to increase at approximately the rate of inflation). Certain of the growth trends in the wireless communications industry are discussed further in “*Item 1. Business—Strategy*” of the Crown Castle 10-K.

The following is a discussion of certain recent events which may impact GSL V's or CCIC's business and its strategy or the wireless communications industry:

- Consumer wireless voice and data service usage increased according to a CTIA U.S. wireless industry survey and other published reports (see "*Item 1. Business—Strategy*" of the Crown Castle 10-K).
- In January 2009, Verizon Wireless completed the acquisition of Alltel Corp., a provider of wireless services to primarily rural markets. GSL V does not expect lease cancellations from duplicate or overlapping networks as a result of this acquisition to have a material adverse affect on GSL V's results.
- The challenging credit markets and global economic recession continued during the beginning of 2009. Although the credit markets improved somewhat during 2009 from the fourth quarter of 2008 as seen in the decrease in credit spreads and improved liquidity in the market place, the extent and length of the global economic recession is difficult to predict. The following is a discussion of the potential impact on us from the credit markets and global economic recession:
 - Historically, aggregate capital spending and the associated demand for GSL V's towers by wireless communication companies have been relatively stable over the last several years, although GSL V did see reductions during prior economic downturns. GSL V does not expect the current economic conditions to significantly impact the long-term growth in wireless voice and data demand, which has historically been the predominate driver of demand for GSL V's towers over the long-term. Consequently, GSL V currently does not anticipate any negative impact on its revenues or a material reduction in tenant additions over the foreseeable future.
 - In April 2009, GSL V refinanced its February 2006 mortgage loan by issuing the 7.75% secured notes which resulted in an expected increase in annual cash interest expense of approximately \$4.7 million or approximately 5%. Further impact of the credit markets is mitigated by the fact that GSL V does not need to refinance its debt before 2017. See "Liquidity and Capital Resources" herein.

Results of Operations

The following discussion of GSL V's results of operations should be read in conjunction with its audited consolidated financial statements. The following discussion of GSL V's results of operations is based on its consolidated financial statements prepared in accordance with generally accepted accounting principles in the U.S. which requires them to make estimates and judgments that affect the reported amounts. (See "Accounting and Reporting Matters—Critical Accounting Policies and Estimates" herein and note 1 to GSL V's consolidated financial statements.)

Comparison of Consolidated Results

The following is a comparison of GSL V's consolidated results of operations for the six months ended June 30, 2008 and 2009:

	Six Months Ended June 30, 2008		Six Months Ended June 30, 2009		Percent Change(b)
	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	
	(In thousands of dollars)				
Site rental revenues	\$ 219,099	100 %	\$ 224,782	100 %	3 %
Operating expenses:					
Costs of operations(a)	83,626	38 %	82,752	37 %	(1)%
Management fee.....	15,762	7 %	16,371	7 %	4 %
Asset write-down charges	672	—	3,206	1 %	*
Depreciation, amortization and accretion.....	95,904	44 %	95,389	43 %	(1)%
	<u>195,964</u>	<u>89 %</u>	<u>197,718</u>	<u>88 %</u>	1 %
Operating income (loss)	23,135	11 %	27,064	12 %	17 %
Interest and other income (expense).....	(263)	—	(20)	—	*
Gain (loss) on debt repayments	—	—	(107,718)	(48)%	*
Interest expense and amortization of deferred financing costs.....	<u>(44,667)</u>	<u>(21)%</u>	<u>(46,291)</u>	<u>(21)%</u>	4 %
Income (loss) before income taxes	(21,795)	(10)%	(126,965)	(57)%	*
Benefit (provision) for income taxes	7,446	3%	50,635	23 %	*
Net income (loss).....	<u>(14,349)</u>	<u>(7)%</u>	<u>(76,330)</u>	<u>(34)%</u>	*

* Percentage is not meaningful

(a) Exclusive of depreciation, amortization and accretion shown separately.

First Half of 2008 and 2009

Site rental revenues for the first half of 2009 increased by \$5.7 million, or 3%. This increase in site rental revenues was driven primarily by (1) new tenant additions across our entire portfolio inclusive of straight-line accounting for certain lease escalations, (2) impact of straight-line accounting from renewal of customer leases, (3) escalations net of the impact of straight-line accounting, and (4) cancelations of customer leases. Tenant additions were influenced by the previously mentioned growth in the wireless communications industry.

Site rental gross margins (site rental revenues less site rental costs of operations) for the first half of 2009 increased by \$6.6 million, or 5%. The increase in the site rental gross margins was related to the previously mentioned increase in site rental revenues primarily driven by new tenant additions and a decrease in repairs and maintenance expenses. Site rental gross margins as a percentage of site rental revenues for the first half of 2009 increased by one percentage point, to 63%, from the same period in the prior year primarily as a result of high incremental margins associated with tenant additions given the relatively fixed costs to operate a tower. The \$6.6 million incremental margin represents 115% of the related increase in site rental revenues.

Management fee for the first half of 2009 increased by \$0.6 million, or 4%, but remained 7% of total net revenues. The management fee is equal to 7.5% of GSL V's revenue excluding the revenues related to the

accounting for leases with fixed escalators as required by Statement of Financial Accounting Standard No. 13, *Accounting for Leases*.

Depreciation, amortization and accretion for the first half of 2009 decreased by \$0.5 million, or 1%. The small decrease is consistent with the movement in our fixed assets and intangible assets which did not materially change between the first half of 2008 and 2009.

In April 2009, GSL V refinanced its February 2006 mortgage loan in order to extend the maturity of its debt. As a result of early retiring the February 2006 mortgage loan, GSL V incurred a loss of \$107.7 million for the first half of 2009 inclusive of the make whole payment. Interest expense and amortization of deferred financing costs increased \$1.6 million, or 4%, from the first half of 2008 to 2009. During 2008, GSL V's outstanding debt consisted entirely of the February 2006 mortgage loan with a face value of \$1.550 billion. As of June 30, 2009, GSL V's debt consists entirely of the 7.75% senior secured notes of with a face value of \$1.2 billion. The increase in the interest rate on the 7.75% secured notes was partially offset by the decrease of \$350 million in the face value of the debt outstanding. See "Liquidity and Capital Resources—Overview" herein and note 5 to GSL V's consolidated financial statements for a discussion of the 7.75% secured notes issued in April 2009.

Benefit (provision) for income taxes for the first half of 2009 was a benefit of \$50.6 million compared to a benefit of \$7.4 million for the first half of 2008. The benefit for income taxes for the first half of 2009 is inclusive of a \$5.8 million reversal of state tax valuation allowances. The effective tax rate for the first half of 2009 differs from the federal statutory rate predominately due to these state tax benefits. See note 8 to GSL V's consolidated financial statements.

Net loss for the first half of 2009 was \$76.3 million an improvement of \$62.0 million from a loss of \$14.3 million for the first half of 2008. The first half of 2009 is inclusive of (1) net losses from the early retirement of debt of \$107.7 million, and are partially offset by (2) the previously mentioned increase in tax benefits.

Liquidity and Capital Resources

Overview

General. GSL V's site rental business is generally characterized by a stable cash flow stream generated by revenues under long-term contracts that should be recurring for the foreseeable future. Historically, GSL V's cash flow from operations has exceeded its cash interest payments and capital expenditures. GSL V seeks to allocate the cash produced by its operations in a manner that will enhance operating results, such as capital expenditures to accommodate additional tenants, and advance all of its excess cash to subsidiaries of Crown Castle. Crown Castle typically invests the advanced cash into activities such as (in no particular order) purchases of common stock, strategic tower acquisitions, acquisitions of land on which towers are located, selectively constructing or acquiring towers and distributed antenna systems, improving and structurally enhancing its existing towers and purchases, redemptions or refinancing of its debt or preferred stock.

Debt Maturities and Recent Events. In April 2009, GSL V issued 7.75% \$1.2 billion secured notes that are due in 2017. GSL V used the net proceeds of \$1.15 billion from these 7.75% secured notes, inclusive of the original issue discount and fees, as well as an advance from an indirect subsidiary of CCIC, to repay in full its February 2006 mortgage loan due 2011 and the related make whole payment. As a result of the issuance of the 7.75% secured notes and the repayment of the mortgage loan, GSL V expects annual cash interest expense to increase by approximately \$4.7 million or approximately 5%.

GSL V expects its cash flows from operations will exceed its interest payments and capital expenditures for the foreseeable future. GSL V's long-term strategy contemplates funding its discretionary investments with operating cash flows and continuing to advance all of its excess cash to subsidiaries of Crown Castle. GSL V's leverage ratio is at the low end of Crown Castle's consolidated corporate targets of generally 5 to 7 times and the interest coverage ratio is above the Crown Castle's consolidated target of greater than 2.0 times. GSL V expects to continue to grow its cash flows which it expects would result in delivering the business over time. Based on Crown Castle's long term strategy, GSL may issue additional debt in the future in nominal dollars, subject to the provisions of the 7.75% secured notes and the state of the capital markets. See "Liquidity and Capital Resources—Factors Affecting Sources of Liquidity" herein.

See note 5 to GSL V's consolidated financial statements for additional information regarding its debt.

Summary Cash Flows Information

	Six Months Ended June 30,		
	2008	2009	Change
	(In thousands of dollars)		
Net cash provided by (used for) operating activities.....	\$ 63,079	\$ 77,136	\$ 14,057
Net cash provided by (used for) investing activities	(29,025)	(30,260)	(1,235)
Net cash provided by (used for) financing activities.....	(34,054)	(40,049)	(5,995)
Net increase (decrease) in cash and cash equivalents	\$ —	\$ 6,827	\$ 6,827

Operating Activities

The increase in net cash provided by operating activities for the first half of 2009 of \$14.1 million from 2008 was due primarily to the changes in working capital and growth in GSL V's core site rental business. Changes in working capital, and particularly changes in accrued interest, deferred rental revenues and prepaid ground leases, can have a dramatic impact on GSL V's net cash from operating activities, largely due to the timing of payments and receipts.

Investing Activities

Capital Expenditures. GSL V's capital expenditures can be generally categorized as sustaining or discretionary. Sustaining capital expenditures primarily include capitalized costs related to maintenance activities on GSL V's towers. Discretionary capital expenditures, which is commonly also referred to as "revenue-generating capital expenditures," include (1) tower improvements in order to support additional site rentals, (2) the construction or purchase of towers, and (3) purchases of land under towers. Other than sustaining capital expenditures, GSL V's capital expenditures are discretionary and are made with respect to activities it believes exhibit sufficient potential to improve its long-term results of operation. Such decisions are influenced by the availability and cost of capital and expected returns on alternative investments.

Total capital expenditures were \$30.3 million for the first half of 2009, an increase of \$1.2 million from 2008. Capital expenditures for the first half of 2009 included \$4.0 million of sustaining capital expenditures and \$26.3 million of revenue generating capital expenditures, predominately related to tower improvements in order to support additional site rentals.

Financing Activities

Net cash flows used for financing activities were \$34.1 million and \$40.0 million for the first half of 2008 and 2009, respectively. The net cash flows used for financing activities in the first half of 2009 predominately consisted of the refinancing of the February 2006 mortgage loan with the issuance of the 7.75% secured notes. During the first half of 2009, GSL V continued its practice of advancing all excess cash to subsidiaries of Crown Castle.

During the first half of 2008, GSL V recorded equity contributions of \$8.3 million related to the use of net operating losses from members in its federal consolidated group that are not members of the GSL V's group of companies. During the first half of 2009, there were no similar equity contributions predominately as a result of taxable losses resulting from the \$107.7 million loss from the early retirement of February 2006 mortgage loan.

7.75% Secured Notes. On April 30, 2009, GSL V issued \$1.2 billion principal amount of 7.75% secured notes due 2017 pursuant to an indenture. These 7.75% secured notes are secured on a first priority basis by a pledge of the equity interests of CC Holdings GS V LLC and Crown Castle GS III Corp. and their direct and indirect subsidiaries (collectively "Guarantors"), and by certain other assets of the Guarantors. The 7.75% secured notes are obligations of the subsidiaries that are currently obligated under the mortgage loan being repaid. The 7.75% secured notes will not be guaranteed by and will not be obligations of CCIC or any of its other indirect subsidiaries. The 7.75% secured notes will be paid solely from the cash flows generated from operations of the towers held directly and indirectly by the issuers and the Guarantors. These 7.75% secured notes bear interest at a rate of 7.75% per annum, payable quarterly beginning on August 1, 2009. As discussed herein, GSL V has used the net proceeds, as well as an inter-company advance of approximately \$495 million from an indirect subsidiary of CCIC, to repay in full its mortgage loan due 2011 and the related make whole payment.

Debt Repayments. The following is a summary of our repayment of our mortgage loan in April 2009.

	<u>Principal Amount</u>	<u>Cash Paid(a)</u>	<u>Gains (losses)</u>
		(In thousands of dollars)	
February 2006 Mortgage Loan	1,550,000	1,656,274	(107,718)

(a) Exclusive of accrued interest.

Factors Affecting Sources of Liquidity

Compliance with Debt Covenants. The following is a summary of GSL V’s covenants. The indenture also contains covenants with respect to the following: restricted payments, incurrence of indebtedness, liens, merger, consolidation of control, sales or issuances of equity interests of subsidiaries, transactions with affiliates, business activities of the issuers and subsidiaries, additional guarantees, reports, maintenance of properties, leases, contracts and insurance, management agreement.

	<u>Debt</u>	<u>Covenant Requirement(a)</u>	<u>As of June 30, 2009</u>
Consolidated Fixed Charge Coverage Ratio(b)	7.75% secured notes	>1.35	2.5

(a) If the Consolidated Fixed Charge Coverage Ratio is equal to or less than 1.20 and the aggregate amount of cash deposited in the reserve account exceeds \$100.0 million, the issuing subsidiaries will be required to commence an offer to purchase the 7.75% secured notes using the cash in the reserve account.

(b) Ratio of Net Cash Flow (as defined in the 7.75% secured notes indenture) to amount of interest required to be paid over the succeeding 12 months.

Given the current level of indebtedness of GSL V, the primary risk of a debt covenant violation would be from a deterioration of its financial performance. GSL V currently does not have any financial covenant violations; based upon its current expectations, its operating results will be sufficient to comply with its debt covenants. See “*Item 1A. Risk Factors*” of the Crown Castle 10-K and “*Item 2. MD&A*” of the Crown Castle 10-Q.

Financial Performance. A factor affecting GSL V’s continued generation of cash flows from operating activities is its ability to maintain its existing recurring site rental revenues and to convert those revenues into operating cash flows by efficiently managing its operating costs. GSL V’s ability to service or refinance its current debt obligations and obtain additional debt will depend on its future financial performance, which, to a certain extent, is subject to various factors that are beyond its control as discussed further herein and in “*Item 1A. Risk Factors*” of the Crown Castle 10-K.

Levels of Indebtedness and Debt Service Requirements. GSL V’s ability to obtain cash financing in the form of debt instruments depends on, among other things, general economic conditions, conditions of the wireless industry, wireless carrier consolidation or network sharing, new technologies, its financial performance and the state of the capital markets. GSL V does not need to refinance its debt before 2017.