

CROWN CASTLE USA INC, #11093808  
CROWN CASTLE INTERNATIONAL CORP  
SECOND QUARTER 2007 EARNINGS CALL  
August 1, 2007, 10:30 AM ET  
Chairperson: Ben Moreland

Operator: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Crown Castle International Corp Second Quarter 2007 Earnings Conference Call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions. If you have a question, please press the \*, followed by the 1 on your touchtone phone. If you would like to withdraw your question, please press the \*, followed by the 2. If you're using speaker equipment, please lift the handset before making your selection. As a reminder, this conference is being recorded, today, August 1, 2007.

I would now like to turn the conference over to Mr. Jay Brown, Crown Castle's treasurer. Please, go ahead, sir.

Jay Brown: All right, good morning, everyone. Thank you for joining us as we review our second quarter 2007 results. With me on the call this morning are John Kelly, Crown Castle's Chief Executive Officer and Ben Moreland, Crown Castle's Chief Financial Officer. This conference call will contain forward-looking statements and information based on management's current expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurances that such expectations will prove to have been correct.

Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Information about the potential risk factors that could affect the Company's financial results is available in the press release and in the risk factors section of the Company's filings with the SEC. Should one or more or other of these risks and uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary significantly from those expected.

Today's call will include discussions of certain Non-GAAP financial measures, including Adjusted EBITDA, recurring cash flow and recurring cash flow per share. Tables reconciling such Non-GAAP financial measures are available under the investor section of the Company's website at CrownCastle.com.

In addition, on January 12, 2007, we closed the merger with Global Signal. The reported results for the second quarter 2007 include the effect of the merger which are compared to pre-merger historical results of Crown Castle for prior periods. During the call this morning, we will refer

to pro forma results for the three and six months ended June 30, 2006, which are also included on page five of our second quarter earnings release that we published last night. The pro forma results combine the results of Crown Castle and Global Signal as of the beginning of the periods presented.

With that, I'll turn the call over to Ben.

Ben Moreland:

Thanks, Jay and good morning, everyone. As you've seen in the press release, we have reported another good quarter of results and we are pleased to share the highlights of those with you this morning.

During the second quarter, we generated revenues of \$342.9 million. Of that, site rental revenue increased \$153.2 million to \$322.3 million or up approximately 90% from the second quarter of 2006, due to the Global Signal acquisition. Service revenue in the quarter was \$20.5 million. Site rental revenue growth was approximately 9.5%, comparing second quarter 2007 results to pro forma second quarter 2006 results. Year to date, that's \$116 million of annualized site rental revenue growth for the first half of 2007, compared to the first half of 2006.

Gross margins from site rental revenue defined as tower revenues less the cost of operations, was \$210.2 million, an increase of \$91.9 million or up 77.8% from \$118.2 million for the second quarter of 2006. This result in the quarter is a significant positive event that has been benefited from tower operating costs coming in below where we had originally forecasted them.

Site rental gross margin increased approximately 10.2%, comparing second quarter 2007 results to pro forma second quarter 2006 results. Adjusted EBITDA for the second quarter of 2007 was \$186.4 million, an increase of \$82.5 million or up 79% from the second quarter of 2006.

Capital expenditures during the quarter were \$77.7 million. Sustaining capital expenditures totaled approximately \$6.7 million and revenue-generating capital expenditures were approximately \$71 million. This was comprised of \$37 million for land purchases, \$6 million for CapEx on revenue -- for revenue-enhancing CapEx on existing sites, about \$17 million for new site development and about \$11 million for the purchase of a multi-tenant building for our corporate headquarters.

Recurring cash flow, defined as adjusted EBITDA, less interest expense and sustaining capital expenditures, was \$90.9 million, inclusive of approximately \$18.9 million of additional interest expense from the \$1.15 billion of borrowings in the fourth quarter of 2006 and the first quarter of 2007 to reduce actual and potential shares outstanding by approximately 33.7 million shares, compared to \$64 million in the second quarter of 2006.

Recurring cash flow per share was \$0.32 for the second quarter of 2007, again, inclusive of the dilutive effect of the \$1.15 billion of borrowings, compared to \$0.30 per share in the second quarter of 2006.

While the additional borrowings to reduce the share count over the past year have had a short-term dilutive impact through recurring cash flow per share, we believe the actions we have taken will deliver long-term growth in this measure, consistent with our long-term objective of growing recurring cash flow per share 20 to 25% annually.

We also continue to believe the comparisons of recurring cash flow per share will be useful in analyzing our future results, as it includes all of our operating results, the full capital cost of the merger, and the benefit of the \$2 billion we have spent since 2003 on purchases of our securities to reduce our basic and fully-diluted common shares outstanding by approximately 30%.

Turning to the balance sheet, as of June 30, 2007, securitized tower revenue notes totaled \$5.3 billion for the quarter and other debt totaled approximately \$713 million for total debt, at the end of the quarter, of approximately \$6 billion. The other debt was comprised of our corporate credit facility, which was drawn \$650 million and \$64 million of our 4% convertible notes. We also had \$313.3 million outstanding on the 6.25% convertible preferred stock outstanding as of June 30.

Total debt to latest quarter annualized adjusted EBITDA as of June 30 is eight times. And adjusted EBITDA to interest expense, as of June 30, is 2.1 times. As you have seen in our previous filings, the \$5.3 billion of securitized notes are not subject to interest rate fluctuations for ten years from the respected initial issuance dates due to the interest rate hedges that we have employed. At quarter end, we had approximately \$92 million of cash, excluding restricted cash and \$250 million of borrowing availability under our revolving credit facility.

Moving to the outlook for the third quarter of 2007, we expect site rental revenue for the quarter of between \$323 and \$328 million. We expect site rental gross margin for the third quarter of between \$209 and \$214 million. And we expect adjusted EBITDA for the third quarter of between \$192 and \$197 million and interest expense of between \$88 and \$90 million.

We expect sustaining capital expenditures to between \$6 million and \$8 million, leaving recurring cash flow expectations to be between \$96 and \$101 million for the quarter. We've increased our outlook for the full year 2007, largely, as a result of the spectrum lease we announced last week and the year-to-date results.

We expect site rental revenue for the full year 2007 to be between \$1276 million and \$1281 million. We expect 2007 site rental gross margin of between \$829 and \$834 million. We expect 2007 adjusted EBITDA to be between \$750 and \$760 million with interest expense between \$346 and \$350 million. We expect sustaining capital expenditures for the full year to be between \$19 and \$23 million and this outlook then translates into recurring cash flow expectations for the full year of between \$378 and \$388 million or approximately \$1.36 per share, based on the 282.2 million shares outstanding for the three months ended June 30, 2007.

Implied in our full year 2007 outlook for recurring cash flow per share, there's an excess of 25% growth from operating results per share, excluding the dilutive effect of the interest expense associated with the \$1.15 billion of borrowings, as I mentioned, from the fourth and first quarter share repurchases.

As I mentioned in the press release, the adjusted EBITDA that we have achieved in the first six months of 2007 has reduced our debt to adjusted EBITDA ratio from nine times from the first quarter of 2007 to approximately eight times currently, and that's back within our stated target leverage range of six-to-eight times debt to adjusted EBITDA. Our interest coverage level, defined as adjusted EBITDA divided by interest expense, has increased to 2.1 times, just above our target of two times.

Consistent with our past actions, you should expect that we'll continue to borrow funds to maintain this level of leverage and invest the borrowed funds around our core tower business. Assuming that we were able to grow adjusted EBITDA approximately \$80 to \$100 million per year, which we are exceeding this year, I might add, and lever that growth in adjusted EBITDA at eight times. In addition to generating approximately \$380 million of recurring cash flow this year, as in our outlook, we would expect to have investment capacity of approximately one billion to \$1.2 billion over the next 12 months for activities we believe will maximize long-term recurring cash flow per share.

We expect these investments will include stock purchases, land acquisitions, tower builds, tower acquisitions and other revenue-generating investments around our core tower business. With regard to the potential investment of cash and stock purchases, we continue to believe that purchases of our stock are long-term growth enhancing to recurring cash flow per share. As we've share with you previously, we analyze the investment of cash and stock purchases the same way we analyze tower acquisitions, based on our belief of future lease-up potential and its impact on recurring cash flow per share.

Since January 1, 2003, we've spent over \$2 billion to reduce our shares by approximately 84 million shares, including the potential conversion of the 4% notes, which had the right to convert at \$10.83 a share and the 8.25%

preferred stock that had a right to convert at \$26.875. Without these purchases, fully diluted shares would be 30% higher than they are today.

The consistent investments we've made in our shares and convertible securities have made and we believe will continue to make a significant impact on the value we create for our shareholders. In the end, we believe an appropriately levered balance sheet, with the debt capacity invested either in assets or shares that are accretive to our existing growth expectations is the best way to drive long-term value for shareholders. We continue to demonstrate that the assets we own have considerable growth potential and you should expect that, consistent with our past practice, we will act on that belief.

With that, I'm pleased to turn the call over to John.

John Kelly:

Thanks, Ben. And thanks to all of you for joining our call this morning. As Ben noted, and you saw on the press release, we had another good quarter of results on the second quarter, as we exceeded our outlook for site rental revenue, site rental gross margin, Adjusted EBITDA and recurring cash flow per share. I'd like to make a few comments about our operating performance in the second quarter, give you an update on our integration efforts and share a few thoughts on the lease of our spectrum license that we announced last week, before I turn the call over for questions.

In reviewing our second quarter results, I'm very pleased with the performance in our core business, as we exceeded our targets for each of our operating metrics. As you know, many businesses struggle to hit their operating targets while integrating a large acquisition but our employees are doing a terrific job, in my opinion, of accomplishing both.

We saw another solid quarter of leasing on our towers across both markets, the U.S. and Australia. Further, I continue to believe that we were absolutely correct in our assessment that the Global Signal towers are well located and will have significant leasing demand. Our leasing pipeline for the second half of 2007 and into the first part of 2008 looks solid and I continue to expect that we'll see an increase in activity towards the end of the year and into 2008 related to the deployment of the AWS spectrum, along with some of the other emerging technologies, such as WiMAX. And given that this increase is expected in the back half of this year, I believe it's likely we'll start seeing the impact to site rental revenues from these activities in 2008.

We're on track with our integration activities and it appears that we will achieve a slightly higher level of G&A synergies than we previously estimated, which is reflected in the outlook that Ben provided you. Within three months of the close of the Global Signal merger, our integration team along with hundreds of others in the organization, were able to

convert substantially all the Global Signal processes, data and documents into Crown Castle's processes and systems. From an operational standpoint, this included tower monitoring, regulatory compliance, tower maintenance, routine ground-based inspections and processing new tenant applications.

From a property management standpoint, this included the conversion of over 40,000 lease records and 600,000 documents into the Crown Castle system. From an accounting perspective, this also included assuming full accounting control, including building and revenue recognition, ground lease payments and general accounting. Further, we've currently achieved approximately 90% of the staffing synergies that we estimated in our integration plans. As such, I believe that we are finished with a number of the integration activities that we outlined to you earlier this year.

And with regard to longer term integration activities, we're making good progress on obtaining CAD drawings on all of the acquired sites, and validating all of the property and engineering information on the acquired sites. These integration activities are going to continue through the end of the year and these activities or these longer term integration activities are designed to increase our productivity, lower our operating costs and deliver the industry-leading service that our customers have come to expect from Crown Castle.

As I mentioned before, our people have done a tremendous job in integrating the Global Signal assets thus far, while keeping their eye on the business as a whole and I thank them for all their efforts. And with regards to the announcement of the long-term lease of our 1670 to 1675 MHz spectrum, I'm pleased with the outcome. We're going to receive six years of rental revenue from a venture formed by telecomm ventures and Colombia Capital at \$13 million per year. Upon the expiration of the initial term of the lease, the lessee will have the right to acquire the spectrum for \$130 million, escalated at CPI from July 2007 or they can renew the lease for a period of up to ten more years on the same terms, subject to the annual lease fee increasing to \$14.3 million per year. The lease of this spectrum is a natural extension of our tower leasing model and it's consistent with our core business model doing technology agnostic and providing infrastructure to wireless network operators.

The lease of the spectrum creates another potential customer for our towers and as you noted in the press release, we structured a preferred tower provider relationship, in connection with the lease of the spectrum. Once again, I certainly appreciate the efforts of our Modeo team over the last couple of years and particularly, over the last couple of months, in achieving this outcome for Crown Castle.

So a few things in summary, we had a great quarter of results. We're optimistic about the increased leasing we believe will occur towards the

end of the year into 2008 from the AWS WiMAX deployments. We've made great progress on integrating the Global Signal assets and exceeding our synergy estimates. And we're poised to resume our practice of borrowing funds and investing in our core tower business, which includes, as Ben pointed out, stock purchases.

And with that, operator, I'll turn the call back over to you to organize the question-and-answer period.

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. As a reminder, if you have a question, please press the \*, followed by the 1 on your touchtone phone. If you would like to withdraw your question, pressing the \*, followed by the 2. If you're using speaker equipment, you will need to lift the handset before making your selection.

Our first question comes from the line of Jonathon Atkin with RBC Capital Markets. Please, go ahead.

Jonathon Atkin: Yes, good morning and a couple of questions. First of all, on spectrum auctions, the FCC came out with a ruling yesterday on 700 MHz and just wondered what your thoughts are, relative to open access and any direct or indirect impacts on tower site leasing, presumably, in the, you know, 2009 timeframe at the earliest? And then with regard to the Project Southpointe or CCI sites data that you collect periodically, when's the last time you collected data on site demand by carriers and what is it telling you about the pipeline of demand from existing carriers and just for clarification's sake, I'm assuming that that data excludes any impacts from AWS or WiMAX.

John Kelly: Yeah, Jon, it's John Kelly. On the 700 MHz announcement coming out of the FCC yesterday, a couple different things. First, you point out appropriately that this is an auction that's going to have an impact on the industry in 2009, given that that's when the timeframe comes to a close, when the broadcasters will free up that particular spectrum and it condemned to use by the auction winners. So in a lot of respects, it's actually very good news in that regard because 2008, I think, is going to continue to be characterized as the year of deploying the AWS spectrum license holders new spectrum, as well as the continued rollout of the WiMAX 4G networks that a few of the wireless companies are working on. And then 2009 moves us into the impact year for 700 MHz.

Certainly, at a macro level, the auction of new spectrum is beneficial to us as a tower company. How this auction has been structured, of course, has a few different nuances, including the nuance around open access, but also and importantly, this other nuance around a public safety network. You know, that almost needs to be viewed as a separate and independent activity that's going to result in -- and we certainly are looking forward to

help participate in solving a public safety issue in linking all of the public safety agencies across the country during the next natural or manmade disaster.

So that's a component of this auction that's unique and then, as you pointed out, this open access scenario. I mean, in essence, not everybody got what they wanted. The FCC clearly is reinforcing that they want new wireless applications to be incorporated into the marketplace here in the U.S. as quickly as they're made available elsewhere in the world. This is certainly their attempt to ensure that that's going to occur. How that all ultimately all manifests itself, Jon, I'm not 100% sure because once again, the results went a certain distance to trying to open up the access but it's not a complete Google request for, essentially, a wholesale market structure. So we'll have to see who, ultimately, wins that particularly block of spectrum that has the open access requirement associated with it and what that then ultimately translates into.

But I think the more -- the larger point is the fact that this -- every wireless carrier, I think, certainly, heard the message from the FCC that was fundamentally indicating, let's ensure that we're bringing U.S. consumers all the latest wireless applications and that certainly includes the various forms of data over wireless. And I think that that, in the long run, is a benefit to both the U.S. consumer, longer-term to the U.S. wireless carriers as well, as us in the tower industry. So the specifics, we're going to have to wait to see who wins that but I think that generally speaking, it's all very good news for us from the tower industry standpoint.

On the Project Southpointe side of the equation, we regularly -- we're constantly driving geographies of this country, Jon. It's a never-ending, evergreen process. We don't do it on a once-a-year basis across the entire market because of how many towers and how big a country. We're driving this on a constant basis. So we're always updating with the eye towards having a fully updated number once a year but we're updating each geography at different points in time of the year.

We haven't released any numbers beyond what we talked about on the first quarter call of generally, a 1.25 tenant per tower leasing demand, which to your point, does exclude the AWS and WiMAX deployments because we wait until we get a better sense of what the engineering requirements are going to be, what the carriers are engineering assistance to before we embed that into our algorithm and incorporate that into our leasing demand. So that 1.25 is existing technology that has been deployed to date, otherwise, bringing the quality of their service to their average level, to the wireless carriers' average level in a geographic market -- and latest was 1.25.

As we've updated it across all the various different geographies, we'll let the marketplace know what our new estimate is and certainly, as we're

getting better indications on the AWS engineering, we'll also let you know how that's going to impact that number.

Jonathon Atkin: Thanks and then maybe just a quick follow-up for Ben on margins. It seems like you had a pretty healthy lift in TCF margins sequentially versus first quarter. What were some of the moving parts around there, perhaps on the expense line that helped that?

Ben Moreland: Well, clearly, we had a revenue out performance that helped but also, on the expense line, you know, having -- this being the first full quarter of ownership for the global towers, we were, perhaps, a little conservative, as is our nature on what it would ultimately take to operate these sites. And so we found some benefit from -- against our original expectations on ground lease run rates, repairs and maintenance, sort of everything down the list and have added up to sort of a healthy out perform this quarter and most of it looks like it's recurring. I mean, some of it, will bounce around, a little bit of it but for the most part, it looks like it's recurring, going forward. So that was a nice find in the quarter.

Jonathon Atkin: Thank you.

Ben Moreland: Uh-huh.

Operator: Thank you, sir. Our next question comes from the line of Vance Edelson with Morgan Stanley. Please, go ahead.

Vance Edelson: Hi. Thanks for taking the question and congrats on the results. The number of towers crept up a bit during the quarter and you spent about 17 million building towers. I'm guessing there were some small acquisitions and divestitures as well because if we just did the straightforward calculation of \$17 million to increase the tower count by 23, that would indicate a high amount of CapEx per tower build. So can you just give us a feel for the moving parts around the size of the portfolio during the quarter? Thank you.

Ben Moreland: Sure, Vance. We are working on a plan to ramp to about, let's just say 150 to 200 a year. And so as you go through that ramp up, you obviously put capital, you know, embed capital in those sites before they actually come out of the end of the pipeline. We actually completed, I think, 20 sites this quarter. But also embedded in that number are some tower rebuilds, basically where we have multi-tenant opportunities and we go in and essentially rebuild a tower and it's a very high-returning activity but that's also in that number. And also, in that \$17 million-number was the tail end of our spend on the Modeo network in New York, which has now been transferred to the venture that leased the spectrum.

And just a point on that, accounting wise, while I was thinking about it, it's sort of one of the perverse natures of the way the accounting works.

We've transferred that network, along with the lease, but obviously, we can't write up the lease -- can't write up the spectrum, in terms of value. So we're going to end up, essentially, writing off, as we've disclosed, writing off that network but at the end of the day, we'll have a \$13 million lease on an asset that's on net book of about \$9 million. So it's just sort of the way it works.

Vance Edelson: Okay, thanks for that Ben. And John, on the deal announced between fiber tower and Sprint's WiMAX arm this morning, what do you think the implications are for the tower industry? Is this a sign that wireless backhaul is coming more into the mainstream, which could be a driver of leasing activity going forward?

John Kelly: Well, I think it certainly means, Vance, that Sprint continues to put all the various different pieces together to execute on their plan to build out their WiMAX markets and I think that that has positive implications, clearly, for the tower companies -- ourselves, very particularly because of the large number of Sprint sites that we own by virtue of the Global Signal acquisition. You know, we haven't seen as much from Sprint on WiMAX deployments to date. That's why I mentioned that's kind of a back half of this year -- back end of this year, quite frankly, and that announcement reinforces that all of the various different pieces are being put in place. Backhaul being very important because as you otherwise start delivering high bandwidth, high speed services to the consumer, it's one thing to be able to offer that on the wireless link between the tower and the end users device. You've got to bring that back to some sever/router/switch, depending up on what technology you're using. And as you noticed in the announcement, they talk about the Ethernet backhaul, which is a first, clearly, reinforcing this IP-based technology that they're going to be deploying and they've got to make certain that that pipe is robust, so that all the wireless applications to the consumer's wireless device are working well.

So I think that that's, you know, it's all good and what you're seeing is just one more step along a path that's going to enable that network to be rolled out and for that reason, certainly, I'm positive about it.

Vance Edelson: Okay and a related question with Sprint and Clearwire teaming up to reach the 100 million pop level by the end of next year, do you think that they try and get the tower leases squared away as soon as possible so that you might start to see upside ahead of that or do they wait? Can you give us a feel for the timing on how they think about securing the tower space?

John Kelly: I think that just the announcement, Vance, is what was really necessary kind of the two companies otherwise establishing how they wanted to work together from a user roaming perspective and which market Spring was going to focus on, versus which markets Clearwire was going to focus on, all the rest. I think that that's going to enable the deployments to start

occurring on both parties' part at a more accelerated rate, as we start ending this year, going into 2008.

I think, you know, that was, as you're pointing out, you've got some of the technology pieces. You've got some of the broader pop coverage issues that was otherwise an issue. You wanted to make certain that as you began providing the service that your customers in Boston could use it in Washington and so forth and recognizing it takes a little while to build out these networks, trying to get these inter company relationships ironed out is an important piece of the puzzle as well.

So I think that what we're really seeing is a settling down of how this WiMAX 4G is going to be deployed and I think that that is -- it's going to help push forward now the deployments on sites and the leasing of sites where a lot of the activity to date has been planning.

Vance Edelson: Okay, that's helpful. Thanks, guys.

John Kelly: Yep.

Operator: Thank you, sir. Our next question comes from the line of Ric Prentiss with Raymond James. Please, go ahead.

Ric Prentiss: Thanks. Good morning, guys.

Ben Moreland: Hey, Ric.

Ric Prentiss: Hey. A couple questions, yeah, piggyback on the planning concept there, John. The 700 auctions, rules are out there, you guys with Southpointe have seen other times when there's been auctions. People who engage you to help kind of look at the lay of the land, think what a network might cost. Can you update us, as far as have you been approached by any non-traditional-type guys, you have to start thinking about what the 700 MHz auction might look like. And then on a related note, at the last auction, the cable guys bought a bunch of spectrum. Have they ever approached you guys to think about what to do with that spectrum or is still just bank with them?

John Kelly: Yeah, to both, Ric, I would just tell you that it's -- on the 700 MHz, specifically, no. This does occur when people see the rules come out. They really start to focus specifically on, okay, based on this new set of rules, I want to participate and what's it going to cost me to build and which markets do I want to go after and so forth and so on? And that's when we'll start to see them take advantage of the tools that we have to help them preliminarily design a network and cost it out. We haven't seen it to date, Ric, because I think you have the traditional players that folks would otherwise expect to participate in the auction but the kinds of folks that are going to be coming to us for the assistance you're describing

typically are new to this space. You know, they're involved in something else, be they cable or you know, certainly, the rumors of Google interested in this auction, satellite players and so forth.

Specifically, to the cable comment, not a whole lot that I would otherwise suggest has been specific to them and their planning for what they've already purchased in being deployed. There hasn't been a whole lot of activity in that particular regard. That's of any note.

Ric Prentiss: Right, I think that was probably a good thing. This auction, they're required some build out restrictions, whereas the last auction, people kind of banked a lot of it.

John Kelly: Yep.

Ric Prentiss: On the Global Signal towers, Ben, thanks for the update as far as where the margins because that definitely was one of the nice things in the quarter, seeing that better gross margins. If you think on the revenue side, you mentioned how you saw some nice revenue growth. Can you -- I know you don't have to split it out but can you kind of give us a little color about what the growth prospects you saw, both in the quarter and coming up in the applications on the Global Signal portfolio, versus the Crown portfolio and maybe circle back to that concept when you made the announcement. John, you said you thought there was some good growth potential on those towers. Just a little more color on the kinds of growth between the two portfolios.

Ben Moreland: Sure. I'll mention this and maybe this will be the last quarter because frankly, we bought and paid for those sites and we market them as a consolidated portfolio today. But I think the question is clearly appropriate. I will tell you that the demand on the global towers is absolutely comparable to what we've seen on our legacy towers. And we are extremely pleased with the pipeline and the backlog there. It's why we are focused so, you know, to completing the integration activities as rapidly as we can because we clearly have applications on those sites and we're working to turn that into revenue, you know, accruing leases. But absolutely comparable to what we're seeing on the Crown sites and I think that goes to the fundamental locations of where these sites are, as we talked about way back in October when we made the announcement. And we've seen nothing, to date, that suggests any different.

It's absolutely comparable and it's one of the reasons we continue to be very encouraged by the growth prospects, in terms of what we see in the pipeline, activity wise, as well as the things we've been talking about on this call around future spectrum deployments. I think the portfolio is probably unrivaled, in terms of the number of sites clearly that we have in valuable markets that folks want to get on.

Ric Prentiss: And the final question on the Modeo. I think John, you mentioned that the lease payments, updating about how the escalator's there on the \$130 million payout at the end and it goes to \$14.3 million, if they continue to lease it. If you look at your guidance in '07, that \$13 million annual leasing, what line item does that go into on your guidance and does the guidance also -- or did the guidance previously include some OpEx or CapEx burn for the Modeo project that's been pulled out of the guidance now?

Ben Moreland: Yes, to both. The revenue goes through site rental revenue because it's recurring and obviously, appropriate in that regard. And so for the balance of this year, it'd be about \$5 million. And then for the remainder, it's mostly G&A that's exiting and it won't happen all, you know, immediately but there's give or take, about \$4 million of G&A exiting, so about \$9 million of the uptake in guidance here.

If you go all the way to the EBITDA line, the \$12.5 million bump in guidance, about \$9 million of that would be attributed to Modeo and we've brought up the low end of the EBITDA range, you know, the full \$15 million because as you get further, you know, obviously, deep into the year, you can sort of trim the bottom end. You can sort of see where the site rental revenue is and you can sort of predict it'd be hard to hit the bottom end of that range. But that's basically how that worked.

Ric Prentiss: Great. Good luck, guys.

Ben Moreland: All right, thanks.

Operator: Thank you, sir. Our next question comes from the line of David Barden with Bank of America Securities. Please, go ahead.

David Barden: Hey, guys, thanks a lot -- just wanted to check on a couple of other things. Obviously, AT&T's been talking about the -- seeing some margin bump in their wireless business, as they tear down their TDMA system. I was wondering if you can kind of walk us through how you see that affecting Crown into '08. Second, just on the Verizon RCCC and AT&T Dobson mergers, whether you think there might be incremental opportunity there, as Verizon's been talking about overbuilding from Emily RCCC and AT&T is probably going to work to enhance the Dobson profile. And guess last, Ben, just on some of your comments about the dilution that goes into the stock buybacks. Obviously, if you have to borrow money at a rate that's greater than the equity yield that you're buying back, there will be shorter term dilution. Is that to say that you're demoting stock buybacks in your hierarchy of cash deployment opportunities or were you just trying to remind people that that's kind of how it's going to work? Thanks a lot.

Ben Moreland:

Yeah, I'll take the last one first, just so I don't we forget that point -- it's important. No, we're not demoting it at all. In fact, I'm just, as you say, reminding people of the immediate impact of short term. That's why, if you look at the guidance this year, \$1.36 against last year's actual \$1.23, it's up a whopping 10% and the reason for that is because of all this money we borrowed to buy back shares. And it's why it could go back up to sort of the EBITDA line and you sort of look at, you know, pro forma, what would be the activity? The activity level operating results wise, is in excess of 25%. So it's just to remind everyone that we are clearly still delivering on that 20 to 25% growth but when you take the balance sheets from sort of seven times leverage to nine times leverage in a short period of time, albeit to buy or not issue 47 million shares -- remember from last summer where we purchased shares and then in the transaction, the cash consideration and then the purchase we did in January of \$600 million. That combined amount is about 47 million shares or 17% of the Company that's not outstanding that's been done in the last 12 months. So that's a big step to overcome. Obviously, that's why you're only growing that metric 10% this year. But obviously, the benefit is that's a one-time event and the step then resumes in the very next period. And it's why we continue to maintain the view that sort of that 20 to 25% over the longer period is clearly appropriate. And you get tremendous benefit over the long term because our view is not withstanding the immediate dilution, our view of the growth and equity value created in the leasing here is far in excess of the cost of debt and we have not demoted our view of that at all. So we'll go back, I think, to the first --

John Kelly:

Yeah, then the other two, David, on the TDMA teardown, I mean, in essence, we have previously been seeing and are at the back end of the impact to us, we believe, on the rationalization that AT&T has been doing with their network. I don't think that we anticipate anything more, as a result of discontinuing the TDMA signal. That's pretty much already been baked into the activities that they've been engaged in with us, at least specifically and so there's nothing that we see, on a forward basis that would create additional decommissioning associated with that activity. We've already been through that and as we mentioned before, you know, it continued to enhance their quality with new sites and amendments to current sites that they've been deploying UMTS and otherwise that have otherwise mitigated any of the impact of the decommissioning turn on their network rationalization.

And then with respect to kind of the Verizon RCC and AT&T Dobson acquisitions, I think the opportunities are just simply that, you know, as better capitalized national carriers, they're in a position to deploy in the markets that Rural and Dobson were operating in, the new wireless services more rapidly than perhaps a Rural or a Dobson could have done on their own -- not to say anything about Dobson's and Rural's deployments. They did a very good job in their own right, but it's simply a

different scenario when you otherwise see a Verizon owning a market and an AT&T owning a market.

So as such, I think that there can be some -- it's not going to be all that material because these markets are more rural and they don't have the population count and as such, that impacts what's done, from a network perspective. But in essence, I think that there is a nominal pick-up associated with these guys buying those particular market areas.

David Barden: Great, guys. Thanks much.

Operator: Thank you, sir. Our next question comes from the line of Michael Rollins with Citigroup. Please, go ahead.

Michael Rollins: Hi, good morning. I was just curious if you could talk a little bit more about the Australian business, in terms of just some of the lumpiness we see each quarter in revenue, and is that something that should smooth out and if not, if you could just help us understand how to think about that lumpiness? Thanks.

Ben Moreland: Yeah, Mike, the big lumpiness is sort of the one-time payment we get in the second quarter. I say, one-time; it's an annual payment but it's a -- we don't accrue it, so it's about a \$2 million lump in the second quarter. And beyond that, there's various things that have been sort of going on, in and out of the numbers, not any of it negative, it's just some adjustments they've been making. And so you've got -- if you look at -- well, you don't have full-year guidance. We don't give it but I'll just, you know, we look at the overall budget or our outlook internally, year over year. The growth rate in Australia, both at the revenue and the EBITDA line on sort of a four quarter to four quarter basis is still far in excess of our U.S. business. In fact, it's about twice. About double the growth rate of our U.S. business. And so continuing to see substantial leasing opportunity and very, very pleased with that market, so little bumps around the edges. I mean, it's not that significant but again, the biggest one is in the second quarter.

Michael Rollins: Okay, thanks.

Operator: Thank you, sir. Our next question comes from the line of Gray Powell with Wachovia. Please, go ahead.

Gray Powell: Great, thank you very much. Thanks for taking the question. Can you guys just talk about the remaining capacity on towers and markets where you're seeing the benefit of new entrants such as Leap and Metro PCS and Clearwire and then in say these, the more urban markets, as tower space becomes more scarce, are you finding that you're able to get better pricing from the carriers, or at least better terms? Thanks.

Ben Moreland: Gray, I'll take a crack at that. It sort of goes back to some of the CapEx questions we got early on in the call from early on. Generally speaking, we are finding very, very few, if any, opportunities we are not able to accommodate on the site. It will, occasionally, come with capital expenditures and we've talked about it often. We are spending about \$15,000 of CapEx per average new installation but there are clearly examples -- and I mentioned them earlier -- where we'll do a full rebuild. So you might spend \$100,000 on a site or so to pick up an opportunity to have one or two more carriers go on that site, in terms of capacity. So that is a very high-returning activity. And we did some this last quarter which showed up in the CapEx numbers but in terms of a return on investment, it's probably our highest-yielding activity in the Company.

And so the capacity constraint, if you think of it that way, is not something that's impeding our business. Generally speaking, we look at it like there's at least enough capacity to accommodate the Southpointe demand but -- and that will come with some capital costs, as we've talked about forecasted. But that's sort of all in our forecasting and very, very acceptable levels. So just not something that has been a real issue.

To your question of pricing, I think the pricing has always been somewhat market specific and depending upon what your competitive sites are in a market, whether it be a building, you know, or water tower or another tower or what have you, these are generally priced pretty location and market specific. And you know, certainly, over time, as the space becomes more scarce, then I guess that would have a positive impact on pricing. But there's a balance you strike there and we always want to be in a positive where, really, the value for money that the carriers are paying is a very good trade for them, in terms of the resource they're consuming, in terms of the asset. The assets are hard to replace. They are getting more expensive to build. Ground leases are not getting cheaper and so the overall yield, if you will, that they're paying, you just want to make sure it's always a fair relationship and it clearly is, in our view, today.

Gray Powell: Okay, great. Thank you very much.

Operator: Thank you, sir. Our next question comes from the line of Jason Armstrong with Goldman Sachs. Please, go ahead.

Jason Armstrong: Great, thank you. Good morning. A couple questions, first on the guidance, just sort of fitting the guidance changes together, especially, on EBITDA guidance. You out performed the top end of your range by \$6 million this quarter. I think the leasing benefits you get from the spectrum sort of provides another \$9 million or so, in our calculations. So relative to the initial guidance, you've just had minimum sort of \$15 million in activities that should positively impact the yearly guidance, if the height was only about \$12.5 million at the midpoint. So maybe just some

perspective here on why it seems you're being a little bit more conservative on the second half of the year.

And then second question on debt capacity, you're going to have capacity under the eight times target, which clearly conceptually presents opportunity for additional leverage. Just in following up on your answer to David's earlier question, your answers communicate that despite the current leveraging environment, where you'd be subject to much higher rates, you'd still feel comfortable taking on leverage to augment the share buyback program. I'm just wondering is that the correct interpretation and then maybe tacked onto that, does that indicate also no change to M&A appetite, even given the leveraging environment? Thanks.

Ben Moreland:

Okay, let's see if I can get all those in, Jason. On the guidance question, we took the bottom end of EBITDA up \$15 million, the midpoint, as you correctly describe, up \$12.5 million and we did that probably because we frankly had a little bit of luxury to do that.

If you look at the implied step from third quarter to fourth quarter, it's like \$193 million to \$207 million. And a lot of that growth, clearly, we're continuing to do leasing and that all looks fine but a lot of that big, incremental step is around services activity, which is a big ramping of our pipeline we see today around services. This is, again, for those that are maybe new to the company. This is the business where we operate where we do installations for our customers on our towers and we see a ramping in that pipeline, which is very encouraging for 2008, as you -- all the reasons we've talked about with the auction winners, etc. and the new deployments we're working. But that is a big step. There is no doubt about it. That is a probably unprecedented step in our company, quarter to quarter and so that is what we are all focused on and working on and perhaps we just left ourselves a little bit of room, if all that services didn't actually get booked in the fourth quarter and some of it fell over into the first quarter. But yeah, we might have left ourselves a couple of million dollars of room there, at least at the midpoint. But you know, not a big deal, if we get close to that number, in our view. That suggests very, very high activity levels, as we move into 2008 and we're real excited about that but no real change in our leasing outlook, if you will. That's sort of maintaining its view.

On the eight times question, on the credit market, we, today, have a \$250 million unfunded revolver, which is sitting there available today, which we could certainly, if you sort of pencil out the numbers. Even if you were to access it fully by the end of the year, you'd be at about 7.5 times leveraged, if you didn't buy anything with cash flow. So if you just bought stock with it, for example, obviously, if you bought something with cash flow, it would be a lower number, in terms of leverage. So I think we comfortably could access that to begin with. And as you identified, the credit market has gotten pretty choppy here, of late. You

read about it in the paper. To us, it really reconfirms to us, in a difficult environment, why we're pleased we are in the CMBS market with the vast majority of our balance sheet.

We've observed the CMBS market. If we were an issuer today, our financial advisors are telling us we would be probably in the -- probably 20 basis points higher across the whole blended tranche of a new offering today, than we were when they issued. So that'd be something like swaps plus 90 maybe area versus swaps plus 70 area. So that 20 basis points, while not great, is paled, by comparison, in what's happened in the bank market and the high-yield market where spreads, at least, I think, temporarily, have gaped out maybe 100 to 150 basis points.

So from our perspective, obviously, we're very pleased that we're opportunistic in leveraging the Company and buying the shares. It's probably an unprecedented robustness in the credit market at the time but the nature of the credit we have today, going forward, has not been impacted that significantly and we obviously have capacity today, as we talked about, and to the extent we needed to raise additional capacity going forward. We believe we could and we'll probably see this somewhat settle out over the next few months. I don't think this is a permanent change in the credit markets.

Jason Armstrong: Okay, that's really helpful color -- thanks.

Ben Moreland: You bet.

Operator: Thank you, sir. Our next question comes from the line of Brett Feldman with Lehman Brothers. Please, go ahead.

Brett Feldman: Yeah, thanks for taking the question. I just want to clarify one thing to start. On Modeo, you did you were going to be booking that as tower leasing revenue but I'm curious which segment within your Company are you going to be allocating that to? Is that USA or is that going to be emerging business segment?

John Kelly: We're going to collapse emerging business segment because that's all that - - there really wouldn't be anything else in there. So going forward, you'll basically just see U.S. and Australia.

Brett Feldman: Okay and then on your interest expense guidance, is that just based on the existing capital structure or has it factored in some potential increase in net leverage for the activities you've been talking about?

Ben Moreland: No, it's always based on actual and that number is a fully loaded interest expense with deferred financing costs and everything. You'll remember cash interest expense is about \$330 million and then fully loaded is about \$350 million. So but that's always based on sort of a trailing basis because

you really can't forecast what the EBITDA pick-up from an acquisition or the share count reduction would be from that expenditure, so we'd just do it on an actual basis.

Brett Feldman: Okay and then one fundamental question. Distributed Antennae Systems have become increasingly important, in particular, to some of the operators out there like Leap and Metro. I know this is something that you guys have done some work in. I'm just curious, you know, what is your initiative around Distributed Antennae Systems look like right now? And then are you finding that they're actually becoming competitive to you in the marketplace or are they really serving the segment that you don't address?

John Kelly: Yeah, no, they really serve a segment that we don't address, Brett. We are builders of Distributed Antenna Systems. We've got a group that does that in that new site build number that Ben was indicating to you. That includes what we do build on a Distributed Antenna System basis. We've done them up in the northwest, really, every kind of quadrant of the country at this point in time. I wouldn't say that there's a large number of Distributed Antenna Systems deployed at this point and typically, what you're seeing -- and that includes with the deployments that Cricket and Metro are otherwise using, are areas that you can't build a tower and there is no tower built and you can't get a rooftop.

So what, in large part, the wireless carriers end up conceding is well, let's find a way to extend the coverage from the nearest adjacent tower, the nearest adjacent base station. Let's find a way to extend that base station electronics transmission into the area that we have a hole. And one of the better ways to do that is with these Distributed Antenna Systems. And so that's -- what you start seeing is these are just discreet kind of fill-ins in areas where you just could not get zoned a tower transmitting or rooftop facility to cover that particular hole. And we participated, as our carrier customers find that that's the only solution that will work for them.

Brett Feldman: Great, thank you.

John Kelly: Yep.

Operator: Thank you, sir. Our next question comes from the line of Anthony Klarman with Deutsche Bank. Please, go ahead.

Anthony Klarman: Thanks. Most questions have been asked, maybe just two follow-ups. As you guys look at where you've deployed capital over the past year or maybe year and a half, historically, you've structured a lot of those around a debt finance orientation which has had the long-term accretion value to the stock but in the short term, it's kind of lengthened the tail of the payback. How do you sort of, as you sit down and look at these things,

think about how far you're really willing to lengthen that tail, in terms of when the real -- the larger returns to the shareholders, whether it's on a free cash flow per share basis or on an absolute value basis, actually start getting magnified?

Ben Moreland:

Anthony, that's a great question. We're kind of chuckling because we talk about that often, like at least once a day. How far do you wait on that ultimate payday and euphemistically, we say, you know, trust us. In 2015, it's going to be great. But I think you make the right point.

You know the real magnitude that we've "suffered" is taking it the leverage from seven to nine times. If you are just running static, meaning let's just say with our normal revenue growth expectations and EBITDA growth expectations, and then you're just re-levering kind of at that static eight times level, it's not a significant diminution in that growth rate. It's about 200, 300 basis points a year, in terms of in that first year of a diminution in growth rate. But the value that you are establishing long term is just undeniable by having those shares.

In the case of share purchases, or it would be the case in asset purchase as well, where it could theoretically be dilutive against straight debt. The value you're creating long term for the remaining shares, either because they own more assets across the same share base or there's fewer shares is just tremendous and extends that growth rate out multiple years. I mean, if we hadn't taken these actions over the last couple of years, it would just be impossible to show the kind of sequential growth that we're going to be able to show across 23,000 towers. Driving only 280 million shares is going to be a substantial growth rate, you know, on the roll forward and that's what we're all about. I mean, we have made decisions that are clearly focused on a long-term payback at the expense of the short-term accretion and you raised the right question: What's the right balance? And the best answer I can probably give you today is static leverage at a reasonable level, which I think is sort of the eight times level and over two times interest coverage is reasonable is probably where our mindset is right now, which, again, makes a small difference in your growth rate in short term and a tremendous difference in the long term.

Anthony Klarman:

So then maybe help me with one other point. I mean, you're kind of at the eight and two now, so if you were to look at a strategic asset, whether it's T-Mobile assets or other assets that are reported to be out there, it would seem that your ability to do a lot of that with material additional debt might be limited, obviously, subject to however much cash flow came with that asset, but you would assume the purchase price, if largely debt finance, would be greater than your leverage multiple. Do you leave yourself less flexibility then to do things that are sort of bigger more strategic at this level or do you still feel like it's a function of what you really can sort of prove out in the longer-term model?

Ben Moreland: Well, obviously, we're not going to comment on any specific transaction at the moment. You saw what we did around the Global Signal transaction, which was for a very specific and discreet set of assets that we were very anxious and had a high level of confidence in their performance, which we are proving out this year. We were able to lever up appropriately, in our view, and now, it's coming back down. So I wouldn't suggest that -- and obviously, anything you buy, as you point out, would have cash flow with it.

So the other thing to appreciate today is when you are running in the \$750 million range of EBITDA, things that used to seem bigger are not quite as big. And so you can take on some things that, frankly, don't cost you growth rate of any material amount that are bigger than you used to probably been able to pursue. So we still focus on brining -- leverage coming down, at least sort of one term per year. And so even if you were to lever up for something a little bit, it'd come down very rapidly. But again, it is the appropriate balance. We did talk about it and I think you'll see more than likely, it'll sort of stay in and around this level. We just found the opportunity over the last 12 months to be just too compelling to pass up, in terms of share purchase and asset purchase and to do that with a, historically, aggressive credit market we think was just too compelling to pass up. And yes, it cost us some growth rate this year but I think we'll live to really enjoy that benefit really for the future.

Anthony Klarman: And final question, you mentioned a little bit the change in credit spread in the corporate market and the loan market and I guess a little bit in the ABS market. Has that changed any of your underlying assumptions, in terms of what you guys assume for discount rates, as you look at whether it's assets you'd be looking to purchases or repurchases of your own stock? Have you sort of assumed higher discount rates, as you look at those assets, assuming maybe that the credit markets, you know, were to deteriorate further from here and essentially, your weighted average cost of debt might actually increase, if you look at the business over a longer ten-year horizon?

Ben Moreland: Sure. Implicitly, it will. We, fortunately, haven't bought anything in this credit market but if this were to maintain itself in this sort of disarray, yeah, of course, it would impact asset values and how you look at things. We'll just have to wait and see. I voiced my personal opinion. I'm not sure it's something that is long tail here but we'll see. I mean, there's a lot of disruption right now and we're getting a lot of different points of data around what credit spreads would be for a company that's established, like ourselves, as opposed to, you know, a buy-in LBO or something like that. It's hard for people to really peg where the credit would come with this much supply in the market.

Anthony Klarman: Okay, thank you.

Operator: Thank you, sir. Our next question comes from the line of David Janazzo with Merrill Lynch. Please, go ahead.

David Janazzo: Good morning. You made some comments on the pipeline in the first quarter call and then again today. How has the assessment of the pipeline developed throughout the year? And then I'd be interested in hearing kind of a post mortem on Modeo. What did you learn along the way and what were the factors that led to the final exit?

John Kelly: Yeah, David, with respect to the pipeline, I think, as we mentioned on the first quarter call and then also today, I mean, it's solid and building in that there's a lot of application activity. And the real issue is just the conversion of that application and it's not always something that is within our control. It's the conversion of that application into a revenue producing broadband equivalent lease that otherwise is what we look for. And my answer to the prior question about the WiMAX 4G deployments and what the various different steps were before they were ultimately going to pull the trigger to convert applications into revenue producing broadband equivalents. There was these various and sundry different issues that they wanted to work through.

So whereas the application comes in, more than just a planning stage, we get applications from the carrier. That doesn't necessarily mean that if it came in, in the second quarter, it's going to be deployed as revenue producing in the second quarter. They can otherwise indicate to us, well, we don't want that to go live until whenever, X in the fourth quarter. And as such, we're seeing a nice prediction of increasing leasing. And as Ben pointed out, that also manifests itself in the services line and looking towards the end of the year, one can see that in the outlook for the end of the year.

So that's a precursor to what's going to occur but that's the reason why you might not necessarily be able to reconcile the leasing pipeline looks good and yet, you know, site rental revenue is whatever you might think of it. It's that simply that the precursor to what's going to be happening down the road, in our opinion.

On the issue of Modeo, you know, we accomplished what we were really interested in, in proving up, which was that DVDH is the technology for the transmission of mobile video was reliable. It was robust. It was efficient. It works very well. Certainly, the New York system was proven in that particular regard. We had very positive feedback from essentially everyone that otherwise had an opportunity to experience the service.

As we had indicated and it's consistent with our policy, however, we were not interested in funding the entire network build-out on our own balance sheet. That's not the primary business that we're in. What we are

primarily all about is facilitating the deployment of new networks so that we can realize greater leasing on our towers. That's the business that we're in. And so this was a way in which we saw an opportunity to help our wireless carriers as customers deploy more efficiently mobile video. Now, as we went through the process of looking for partners, clearly, there is a chicken and egg and that is fundamentally which carrier is signed up to serve -- to use your network? Issue being, a carrier not interested in signing up on a network that's geographically specific. They want a national build-out, so you fundamentally had yourself in a catch 22. And as we went through the capital raising process, financial sources wanted to get a carrier commitment. Carrier commitment wanted to have a financial commitment.

So you know, as we ultimately determined, we proved up everything we want to but we were not going to be able to solve that particular dilemma and we received a very compelling proposal by the team that we ultimately entered into the agreement with, where we're able to translate that lease of spectrum into now a recurring revenue stream over the next six-and-a-half years. And depending upon how these choose which option at the end of that initial term could continue beyond that for another ten or the purchase option. And have facilitated potentially here the deployment of a new wireless operator with a preferred tower, a preferred tower provider arrangement with ourselves.

So you know, the macro objective of acquiring that spectrum in the first place, I think has been met. Certainly, we would have liked to have been able to do something with a wireless carrier to help facilitate but this has worked out well, in our opinion and you know, what we've learned is that maybe we were a little bit early on the whole mobile video trend.

David Janazzo: Thank you. That makes sense.

John Kelly: Okay?

Ben Moreland: Thanks, Dave.

Operator: Thank you, sir. Our next question comes from the line of Clay Moran with Stanford Group. Please, go ahead.

Clay Moran: Okay, thanks. Pretty impressive, you guys are still taking questions and you have the patience but I have two more. Hey, just on the revenue outlook, you talk about increased activity towards the end of the year. Is that included in your site revenue outlook?

Ben Moreland: Well, Clay, it's a function of the calendar. Yes, but as you really build that pipeline into the fourth quarter, you really see almost none of that. It's imperceptible against almost \$1.3 billion of run rate. So if you're only booking leases for the last two or three months of the year, it really is

nothing. So that's why you can build that pipeline and the best indicator of that is the service, implied service activity that's in that step for the fourth quarter should suggest to you that we see a lot of activity ramping but you're not going to see a lot of it in the service -- the tower leasing revenue for this year.

Clay Moran: Okay. And the second question, you mentioned new tower builds. Is that an increase in your goal there? And what are you seeing, lately, in regards to local municipalities and zoning restrictions? And does Southpointe tell you anything about the demand for new towers going forward?

Ben Moreland: Yeah, the majority of the new sites that are proceeding with today are based upon the Southpointe sort of triangulation of where you've got multiple carriers identified with a need. And we're early days in this, really having sites really just coming out of the ground this year. It's not a huge commitment on the part of the Company. As I mentioned, we're going to see if we can build sort of 150 to 200 productive sites, based upon the majority of these being identified needs out of the Southpointe data. It's a nice incremental add to the extent we can do it and these are productive sites. Clearly, if we prove otherwise, we'll stop but that's -- we think we can and we think it's a great use of that data and a great way to augment that capability.

John Kelly: And I would just add, Clay, that a number of the sites that we're building today are through a relationship with a specific wireless carrier and it's carriers at this point in time. I mean, in essence, we had pretty much gotten out of the building of new towers and so the carriers didn't look to us for doing that. They are now aware that we are committed to helping them in that particular regard. Ben's point about Project Southpointe, we augment.

If a carrier indicates they need a site new build here, what we do is we look at the Project Southpointe data, then to determine, in addition to that carrier's demand, what more demand exists for that site and does it then make sense for us to go ahead and build it. And that's what we're doing. The 150 to 200 is not an increase from what we had previously talked about ramping up to. And we're comfortable thus far with the early results on some of the towers that have been built and are exited about being able to fill that gap for some of our wireless carriers as well.

Now, the issue about zoning, Clay, it's not getting any easier. It continues year in and year out to get harder. And that's part of the reason why it's not something that you contemplate ramping up to something much more than about 50 a quarter. Doing that is enough effort and quite frankly, is appreciated by the wireless carriers that we work with on that level, alone because it's tough. By definition, where there isn't a tower today, it's typically because it's harder to get it built there -- not impossible but harder and takes a little bit of work.

So it's an area that certainly incrementally adds and it is part of our complete solution of providing coverage and quality enhancements to our wireless customers.

Clay Moran: Okay, does Southpointe tell you anything that you want to share, from a macro perspective, in terms of new towers in the U.S. market over the next five years?

John Kelly: Well, in terms of the number, Clay, I'll hold reservation on that and perhaps what we'll do is take a look at that and release it to the market on a later call. But basically, there is still a need for a lot more towers in this country, particularly, as we continue to see the deployment of these data applications. Twice the number wouldn't surprise me but it's going to be combination of new towers and one of the prior questioners, I think, Brett brought up the Distributed Antenna Systems. It's going to be things of that sort as well because there are places in this country, notwithstanding the Telecomm Act of '96; you can't get a tower built. And in order to extend into that particular area, you're going to have to use other technologies like Distributed Antenna Systems.

But we'll look at how -- what that actual number looks like, Clay and then talk about it on a later call.

Clay Moran: Okay, thanks.

Ben Moreland: Okay, last question.

Operator: Thank you, sir and our last question comes is a follow-up from the line of Ric Prentiss. Please, go ahead.

Ric Prentiss: Hey, guys. I appreciate you taking my final question. I actually remember those days when it was just you and I on these calls. Wanted to -- I'm glad the T-Mobile comment came up but wanted to get back to Clearwire and Sprint, when they had their 4G announcement a couple weeks ago, talked about infrastructure sharing, suggested putting Clearwire equipment at Sprint sites, vice versa. What's your understanding of the master lease agreement with Sprint and other spots? What might Clearwire be suggesting or Sprint be thinking about, in that regard?

John Kelly: I think, fundamentally, Ric, what it comes down to is if the market in question is one in which Clearwire's going to take the lead, and Sprint already has an array deployed on towers, they're going to look at the opportunity to use that particular -- to use the space that Sprint is leasing, recognizing, again, that Sprint leases space for specific numbers of antennas and cables, but to use that same vertical level on the tower, as Sprint is already occupying and doing that through an amendment to the

Sprint arrangement, as opposed to a whole new lease that Clearwire might have been entering into at a different vertical level on the tower.

Now, there are specific prohibitions in wireless carrier leases which tower companies or certainly ours that prevent them from subleasing their space as it were. So there are things that we're going to need to work through with both of them in that regard but I think that's what they're thinking.

Ric Prentiss: Great. Good luck, guys. Bye-bye.

Ben Moreland: Thank you.

Operator: And there are no further questions. Please, continue.

John Kelly: All right, well, listen, again, thank you for all of you that stayed with us for this longer call today. Hope we were able to answer all your various different questions. We look forward to talking to you, again, for our third quarter call a little later in the year. Bye-bye.

Operator: Ladies and gentlemen, this concludes the Crown Castle International Corp Second Quarter 2007 Earnings Conference Call. Thank you for using ACT. You may now disconnect.

**END**