

CROWN CASTLE USA INC, #11088623
CROWN CASTLE INTERNATIONAL CORP.FIRST QUARTER 2007
EARNINGS CALL
May 3, 2007, 10:30 AM ET
Chairperson: Ben Moreland

Operator: Good morning, ladies and gentlemen, and thank you for standing by. Welcome to the Crown Castle International first 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 star, followed by the one, on your touch tone phone. If you would like to withdraw your question, please press the star, followed by the two. If you are using speaker equipment, please lift your handset before making your selection. This conference is being recorded May 3, 2007. At this time, I would like to turn the presentation over to Crown Castle's Treasurer, Jay Brown. Please go ahead, sir.

Jay Brown: Good morning, everyone. Thank you for joining us as we review our first quarter 2007 results. With me on the call this morning are John Kelly, Crown Castle's CEO; and Ben Moreland, Crown Castle's CFO. This conference call will contain certain 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 are available in the press release and in the risk factor section of the Company's filings with the SEC. Should one or more of these or other risks or uncertainties materialize or should underlying assumptions prove incorrect actual results may vary significantly from those expected. In addition, 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 measures are available under the investor section of the Company's website at crowncastle.com. With that, I will turn the call over to Ben.

Ben Moreland: Thanks, Jay, and good morning, everyone. As you've seen in the press release we've reported another good quarter of results. We're pleased to share the highlights with that -- of that quarter with you this morning. Also, as you might have noticed, we closed on the merge we are Global Signal on January 12, 2007.

The reported results for the first quarter 2007 include the effect of the merger from January 12, through March 31, and are compared to pre merger historical results of Crown Castle for prior periods. For comparison purposes we've also provided pro forma results for these three months ended March 31, 2007 and March 31, 2006 in the press release. The pro forma results combine the results of Crown Castle and Global Signal as of the beginning of the periods presented.

During the first quarter, we generated revenues of \$315.5 million. Site rental revenue increased \$137.9 million to \$299.8 million or up approximately 85.2% from Q1 2006. Service revenue was \$15.9 million in the quarter. Pro forma site rental revenue growth was approximately 10.5% comparing pro forma first quarter 2007 results to pro forma first quarter 2006 results. Gross margin from site rental revenue defined as tower revenues less the cost of operations was \$193.2 million, an increase of \$81 million, or up 72% from \$112.2 million in the first quarter of 2006. Pro forma site rental gross margin increased approximately 10% comparing pro forma first quarter 2007 results to first quarter 2006 results.

Adjusted EBITDA for the first quarter of 2007 was \$167.3 million, an increase of \$70.4 million, or up 72.7% from the first quarter of 2006. Capital expenditures during the quarter were \$47.2 million. That's comprised of sustaining capital expenditures totaling approximately \$2.8 million, revenue generating capital expenditures of \$44.3 million, and that's broken out with approximately \$26 million from land purchases, \$11 million of capex for revenue enhancements on existing sites, and \$7.3 million on new site or new site activity.

Recurring cash flow defined as adjusted EBITDA less interest expense, less sustaining capital expenditures was \$82.4 million inclusive of approximately \$16.4 million of additional interest expense from the \$1.150 billion million of borrowings in the fourth quarter of 2006 and the first quarter 2007 to reduce the potential and actual shares outstanding compared to \$62.7 million in the fourth quarter of 2006 -- I'm sorry, in the first quarter of 2006. Recurring cash flow per share was \$0.30 per share in the first quarter of 2007, again inclusive of this dilutive effect of the interest expense on the \$1.150 billion of borrowings compared to \$0.29 per share in the first quarter 2006. While additional borrowings to reduce the share count over the past two quarters have had a short-term dilutive impact to recurring cash flow per share, we believe these actions we have undertaken to deliver long-term growth in this measure is consistent with our long-term objective of growing recurring cash flow 20% to 25% annually. We also continue to believe that the comparison of recurring cash flow per share will be most useful in analyzing our future results as it includes not only the operating results but the full capital cost of the merger and the impact of the \$2 billion we have spent since 2003 on the purchases of our securities to reduce fully diluted common shares outstanding.

Turning to the balance sheet, March 31, 2007, securitized tower revenue notes totaled \$5.3 billion for the quarter; other debt totaled approximately \$714 million, for total debt at the end of the quarter of \$6 billion. The other debt was comprised of our corporate credit facility which was drawn \$650 million and \$63.8 million on our 4% convertible notes. We also had \$313.1 million of our 6.25% convertible preferred stock outstanding as of March 31. As you will have seen in our previous filings the \$5.3 billion of securitized notes are not subject to interest rate fluctuations for ten years from their respective initial issuances due to the interest rate hedges we have undertaken. At quarter end, we had approximately \$125 million of cash, excluding restricted cash and \$250 million of availability under our revolving credit facility.

As we have discussed in previous quarters, we continue to invest in our own assets through the purchase of our shares. In the first quarter of 2007 we purchased 17.7 million shares using approximately \$600 million in cash. In total, since January 1, 2003, we have spent \$2 billion to reduce our fully diluted shares outstanding by approximately 30%.

Moving to the outlook for the second quarter of 2007, we expect site rental revenue for the second quarter between \$316 million and \$321 million including -- inclusive of an expected second quarter increase in Australia site rental revenue from an annual payment we expect of \$2 million related to an agreement with one of our customers in Australia. We expect site rental gross margin for the second quarter of between \$199 million and \$204 million. Consistent with prior years this includes a seasonal increase in repairs and maintenance expense of approximately \$3.5 million for the quarter. We expect adjusted EBITDA for the second quarter of between \$175 million and \$180 million, and interest expense of between \$88 million and \$90 million. We expect sustaining capital expenditures to be between \$6 million and \$8 million and thus leaving us with recurring cash flow expectations of between \$80 million and 85 million for the quarter.

For the full year 2007 outlook, we expect site rental revenue of between \$1.265 billion and \$1.28 billion. We expect 2007 site rental gross margin to be between \$820 million and \$830 million. We expect 2007 adjusted EBITDA to be between \$735 million and \$750 million. We expect interest expense to be between \$ 346 million and \$351 million. We expect 2007 sustaining capital expenditures to be between \$19 million and \$23 million. And this translates into an expectation for recurring cash flow for the full year 2007 of between \$365 million and \$375 million, or approximately \$1.31 per share based upon the 281.6 million shares outstanding at the end of the quarter.

Implied in our full year 2007 outlook for recurring cash flow per share is growth from operating results per share of 25%, excluding the dilutive effect of the interest expense associated with the \$1.15 billion of borrowings in the fourth quarter of 2006 and first quarter of 2007 for share repurchases. Further, our full year 2007 outlook suggests a return of growth in the second half of 2007 recurring cash flow per share consistent with our long term growth objectives of 20% to 25% annually. With that I'm pleased to turn the call over to John. John?

John Kelly:

Thanks, Ben. And thanks to all of you for joining our call this morning. We had another good quarter of results in the first quarter. And while it will take more time than usual for you to analyze the results, given the complexity of doubling the number of towers in the Crown Castle portfolio, from the merger that closed a couple of weeks into the quarter, I'm pleased that we've produced site rental revenue, site rental gross margin, and adjusted EBITDA that met our expectations for the first quarter. This is a tremendous achievement, given all of the activity that's occurring in the business associated with the closing of the merger in January.

As you would expect, our employees are very busy with integrating the Global Signal towers. We are focused on quickly and efficiently integrating these assets and increasing the level of customer service on these towers to the level that our customers have come to

expect from us. To date we have completed the transition of the majority of the asset and financial information on the Global Signal towers into our systems. We are also prioritizing the remaining asset information that needs to be added into our systems based on the applications received to date and the markets and towers that our predictive model will be the most likely to see applications for colocation in the next six to nine months.

Thus far, I absolutely believe that we were correct in our assessment of the Global Signal towers, that those towers are well-located assets and will have significant demand from our customers. In fact, in the merger, we inherited a pipeline of leasing activity that significantly exceeded our expectations, and we are working hard to fulfill these customer requests. While the speed at which we will be able to facilitate these applications turning into leases on the towers will be slower than the Crown Castle pace that our customers typically experience on our assets, we're working to close this gap quickly. This difference in speed is a function of the immature systems and information at Global Signal that is now being corrected through our integration efforts. Further, we're finding that our original synergy estimates were conservative and we expect that we'll see an annualized run rate of G&A synergies by the fourth quarter of this year to exceed \$20 million.

On the prospects for leasing activity I'm increasingly optimistic that 2007 will be a good year for leasing activity. The new leasing pipeline for the second half of 2007 is continuing to grow and we're having significant conversations with our customers about their plans for the deployment and improvement of their wireless networks. In fact, in the first quarter of 2007 approximately 78% of our leasing was from first-time installations on towers, which is higher than in past quarters. And then, 22% of the leasing activity was from amendments to existing installations.

Through the first four months of this year, we have seen a significant spike in leasing applications, significantly exceeding the level of applications that we saw in the fourth quarter of 2006. Consistent with our past policy we're going to guard our customers' specific deployment plans but I can say that we're seeing an increase in activity across many customers and we're seeing the early activities associated with the deployment of the AWS Spectrum that was auctioned by the FCC in 2006.

With regards to our Modeo subsidiary we have been very pleased with the feedback we have received from our extensive beta trial that started in December 2006 in New York City. The coverage and quality of the services has exceeded our expectations and we're hearing similar feedback from potential partners.

Also in the first quarter we received a waiver from the FCC to increase our transmission power threshold in certain markets ten-fold in urban markets, and a 20-fold increase in rural markets. This power increase reduces the number of sites required to deploy the spectrum by nearly 80%, which both reduces overall costs and increases the speed of future market deployments. We're continuing to work with potential distribution partners as well as potential capital sponsors, and as we have said numerous times we do not plan on funding significant network expansion on our own balance sheet, but are looking to

secure a capital partner to fund the future deployment of the service. We remain open to maintaining a majority position with a minority partner or giving up control if we can achieve the right opportunity and valuation.

So in summary, we had a very good first quarter in my opinion. We're making going progress on the integration, we're pleased with the early results of the new assets, and we're seeing an increase in leasing activity. I believe that our combined tower portfolio, coupled with our employees' focus on delivering the highest level of customer service in the industry, in what is a promising leasing environment, combined with the efficient way that we've capitalized this company, will drive long-term recurring cash flow per share growth and yield significant returns for us in the years to come. With those comments, operator, I will turn the call back over to you to organize the question and answer, please.

Operator: Thank you, sir. Ladies and gentlemen, at this time, we will begin the question and answer session. As a reminder, if you would like to ask a question, please press the star, followed by the 1, on your touch tone phone. If you would like to withdraw your question, please press the star, followed by the two. If you are using speaker equipment, we ask you to please lift your handset before making your selection. One moment, please, for our first question. And our first question will come from the line of Jim Ballan.

Jim Ballan: A few questions. One is can you talk a little bit about where you are on a run rate basis with your net leverage at the end of the quarter? You reported a 9.2X, but we don't have the full quarter on Global Signal. Maybe based on March or the end of the quarter, something like that, can you say it's below 9X at this point?

Ben Moreland: It's right about 9X. If you look out at the guidance for the year, Jim, it will drop to in the range of 8X, and on a run rate basis obviously lower than that, if we can achieve our fourth quarter results. So, we don't give you specific fourth quarter results but it's meaningfully below 8X by the end of the year if we're on pace there. So it drops rapidly obviously when you're growing, as we are. Interest coverage, which we focused on, is right about 2 times, just a shade over 2 times. And again we're fully hedged, an average cost of 5.18% on the underlying LIBOR out ten years on the rollover of all the \$5.3 billion of securitized notes, so we feel very comfortable about all of that.

Jim Ballan: I would think with the synergies it's going to help that leverage go down as well. I've got you at 7.3X. A little bit on the GSL integration. Can you give us an idea of maybe when you think you might be through with that, maybe a little bit on what's left to do, and if you're not done before the fourth quarter is there potential for more upside to the cost synergies beyond the 20 million run rate?

John Kelly: Yes, Jim, as I mentioned in the comments, we're through some of the original big tasks, which included the transition of the financial data from GSL systems in Florida to our systems, and the asset information that they had on their systems into our systems. The work that we're progressing on through the balance of the year is going to be augmenting the information on the asset side in the systems to reflect that information that we as a

company like to have on all of our assets, so as to make them more efficiently available for colocation. I think it's fair to say that the asset information that Global had collected, by virtue of the fact that a large part of their portfolio was the Sprint assets and didn't close on that prior to about a year or so before they were otherwise contemplating some of their options would not have developed as what we have as Crown Castle, and so the bigger part of the work that's going on through the rest of this year is collecting that information and getting it into our systems.

For the most part, as I said, we're working hard to ensure that we've prioritized the information by site, so that we're getting it on those that we already have applications for that we see into the future based on project sales point could have application sooner than other towers and could there be some of that that continues on into 2008? There could be some. Which the bottom line is, I think something that we had mentioned and we had otherwise talked about synergies on our original call announcing the transaction, we're very focused, Jim, on ensuring that we haven't reached for too many at the expense of getting leasing on our towers. That's the primary effort and focus of the company, which is to ensure that we're delivering at the level of service our customers have come to expect and that we can expeditiously get them on these towers. We've got a great portfolio in great locations but we have to ensure that we can get them on quickly. So that's where our primary focus is.

Now, given that we're able to achieve that objective, we're certainly looking for any and all efficiencies, and that's where you see that the number that we had originally suggested certainly as we get to the fourth quarter on a run rate basis was conservative, and that 12 to 15, be able to realize that this year but the 20 million on run rate is more than what we had originally contemplated and we're always going to be looking for ways to ensure that we're running the business efficiently without compromising our ability to get people on these towers quickly.

Jim Ballan: That's very helpful. One last question if I may. On the guidance, if I look at the pro forma 1Q '07 tower cash flow, is at \$202 million, let me just take you through a little bit of math. If there's a \$3.8 million in off run rate revenue that you had, I mean if I bring that back to \$198.2 million and I'm just looking at that, and I compare that to the low end of the range for the second quarter of \$199 million, is it fair to say that, there's the expected growth in the quarter and that to get to sort of the low end of the range that that growth is somewhat comparable to the incremental maintenance expense that you're going to have in the second quarter? Is that a good way to think about it?

Ben Moreland: Yes, that's pretty good. We've got a little more -- if you were generous enough to say we hit the midpoint of the range of \$201 million or so, then that plus the additional R&M expense we would expect to take on in the second quarter is pretty much your growth rate.

Jim Ballan: Okay. Great. Thanks.

Ben Moreland: Then we would continue to see that ramp. The only thing I would add to John's synergy comment is the savings and the expense we incur in the business is definitely a function of the application activity. So as we move into '08 it really kind of depends on what the fourth quarter run rate of activity looks like as we move into '08 in terms of are there more than \$20 million in the run rate. There could be no more than that, and that might be a good thing if we've got an application pipeline that looks like it does now as we move through the year and on into '08. Obviously, spending the G&A dollars on things that drive long-term contractual revenue growth is a terrific investment.

Jim Ballan: I agree. Thanks a lot, guys.

Operator: Our next question comes from Brett Feldman.

Brett Feldman: Thanks for taking the question. Jim made a good point when he was talking about the pace at which you're going to be de-leveraging through the year. You're basically going to delever by about 1.5 turns over the next three quarters so I know that your flexibility to do something is a little bit constrained as of today, that's going to open up a lot as we move through the year so I guess my question is, as you move into the second half and your balance sheet has got more room in it what are going to be some of your priorities for that capital? And a very specific question I have is as you think about buybacks you have already demonstrated willingness to buyback shares from the former Global Signal holders. If that were available again would you still be an interested buyer, or do you have other priorities for your cash?

Ben Moreland: Brett, I think we would approach that as we've approached it before. That is we would continue -- we don't distinguish necessarily their shares from anyone else's. We would look at that opportunity against any other asset opportunity that might be on the market, and as you say, we will have increasing flexibility as we move out through the quarters this year, so it's not an insignificant amount of capacity we would have if we chose to deploy it, recognizing that in the near term, when you do those activities, whether it's assets or stock, with borrowed money you're creating short-term dilution in that recurring cash flow per share metric at the expense of the short-term dilution for the benefit of the long-term growth rate, either adding more leasing opportunities across a given asset -- share base, or shrinking the share count. But, yes, we'll approach it just as we have in the past, and that is to assess what the future leasing dynamic looks like, on whether it be our own company or other assets we would acquire, and we would expect to sort of continue to run in -- not necessarily at nine times, but as we get back down into the sort of six to eight times, as we've talked about before, certainly it creates capacity.

Ben Feldman: T-Mobile has announced that they're selling their towers. Since that's a potential interesting idea do you think it's important that maybe you keep a little bit of an extra cushion on the balance sheet to make sure you have time to look at that, or are you looking at things differently?

Ben Moreland: Well, I would say we'd absolutely have an interest in looking at that, and our strategy is fairly straightforward. We believe we would have financing capacity to do that even upwards of today. It would come with its own financing capacity, probably half the purchase price, just use round numbers, and then we would look at how we would finance the balance. If it's a good deal, and we're not going to overlever the Company, look, we're pretty clear, we wouldn't even rule out issuing equity for the right transaction, as we've done in Global Signal. So from our perspective we've got a lot of flexibility, even today, and we'll use it in ways we think drives the highest growth rate in RCF per shares.

Ben Feldman: One more quick question. Looks like your tower count increased in the U.S. and in Australia excluding the Global Signal stuff. I'm just wondering, are you buying towers? Building towers? What's going on there?

Ben Moreland: We're building a handful. This year, we'll do somewhere between 50 and 100, probably.

Operator: And your next question comes from Michael Rollins. Please go ahead.

Michael Rollins: Just a couple quick questions. First, can you talk about, in terms of the Global Signal revenue contribution in the quarter, I'm not sure I caught that in the release this morning. If you have that detail, that would be great. Secondly, just from of a strategic perspective, at what percent would you say your sales capacity is now at on that Global Signal portfolio? Would you say you're at like 50% capacity, given the integration so far? 75%? 25%? And where do you think that is, call it 6 to 12 months from now? Thanks.

Ben Moreland: Mike, I'll take the first one, I'll let John speak for the sales group. They would tell you that's pretty flat out but I'll see what he thinks. On your question about the Global Signal numbers for the first quarter, we've sort of debated this internally in how we think about integration. We've given you the pro forma results quarter over quarter for the combined company, and I think that's the most effective way to really look at this. We don't find a lot of value in, frankly, looking back at what the specific -- whether it was Global or Crown separately, we will tell that you there is a very robust pipeline of activity on the global assets, as John said in his remarks, that are probably more than we had expected. But we own these towers, and we paid for them with debt and shares we issued, and so it is what it is from that respect, and we operate and are working very hard to integrate these assets into one portfolio that we don't draw distinctions around.

If you look at the full-year guidance, and as I was mentioning in some of my comments earlier, if you look at the full-year EBITDA guidance and you sort of back out what the interest expense was for the stock purchases, it's 25% growth in recurring cash flow per share delivered from the operating results of the Company year-over-year. That's off the \$1.23 we did last year. And so in our mind, and maybe this is simplistic for some of you, is we focus on that recurring cash flow per share measure because it normalizes for everything. Tower count, debt cost, number of shares, et cetera, and that's the number we're focused on driving. So we give that you pro forma number. We clearly believe we will grow revenue in the new company faster than Global was doing it on their own, as a

result of all the things we're working on, and the activity we see. But we don't find a lot of value in frankly, going forward sort of splitting out the results. Then on the sales activity, John?

John Kelly: So I guess the question, Mike, I'm not sure exactly what your question alluded to whether or not it was sales activity or I think you said capacity, whether that's the capacity of the sales force or the capacity of the towers.

Michael Rollins: More the capacity of the sales force in terms of, are they running -- is your sales force today running at 100% in terms of selling the Global Signal portfolio, or with the integration that's required does it take time for that sales force to be able to ramp up and sell that capacity that you have?

John Kelly: Got it. Yes, great. Well, a couple different things. The first thing that's great, of course, is that the customers we would have been historically selling at Crown Castle are still the same customers that we sell now in this new combined portfolio. So we haven't had to kind of increase or augment, as it were, the selling team to otherwise handle additional new customers, per se. There's some additions to the sales team just because of the geographic reach, and ensuring that we're otherwise able to deliver, and I would say that that team would respond this way, Mike, that they are able to sell 100% of the portfolio. That includes the Global towers and the Crown towers, that there has been enough information integrated into our systems to date to be able to allow them to sell 100% of the portfolio.

The issue that clearly is one, if you were to talk to any of the customers that they will readily agree is that it will take you two to three times longer to get on a Global Signal tower, not because of the selling activity, but because of the simple logistics post the sale to get them on the tower, and that's simply because of a lack of detailed information on some of the physical attributes of the tower, exactly what antennas are already located on the tower, are the databases up to date in those particular regards, things of that sort, compound space requirements and so forth. We just simply have a more complete database on the Crown side. So it takes a little longer on the Global side but they're able to sell is and what we're finding is, you go back and look at certainly where all of the new activity tends to be focused, and that's whether or not you're talking about the AWS licensees or some of the big four wireless carriers initiatives around 3G data deployments for the first time in one case, deployments around 4 G in another case. Those tend to be focused on the large U.S. markets. And what we're very pleased with and our sales force has suggested this in unison, is the fact that the addition of the Global Signal assets have provided us now with a product portfolio that in those most important markets, the ones where our customers are deploying, we simply have a breadth of product that we didn't have before. We had a great portfolio but we didn't have the breadth of product. So we're able to satisfy more of their needs in one interaction with them than would have been the case prior to Global being acquired by us.

Michael Rollins: Great. Thank you very much.

Operator: Thank you. Our next question comes from Seth Potter. Please go ahead.

Seth Potter: Good morning. Just a question on your land purchases this quarter. It looks like you purchased as much land on a dollar basis this quarter as did you almost all of last year. Just wondering if you're being more aggressive or I guess opportunistic. Thanks.

Ben Moreland: Yes, Seth, we've said on a number of prior calls, it's an activity we're going to continue to pursue as a company. We're doing that. We think it's attractive financially and strategically, so we'll continue to do what we can and perhaps you'll continue to see that ramp if we're successful and think it's a very good use of capital and of strategic value.

Seth Potter: Are you going out into the marketplace more aggressively or is it just, as I said, this quarter just happened to hit right and there was, I guess, a higher amount of capital spent on that?

Ben Moreland: Well, we've got an activity that's focused on it, and we're working both internally and with some external contractors, and it's just an ongoing business activity that I think you will continue to see us pursue. And, again, it's just part of we think a normal deployment of appropriate capital and strategically important as well.

Seth Potter: Okay, great. Thanks.

Operator: Thank you. Our next question comes from the line of Jonathan Atkin. Please go ahead.

Jonathan Atkin: Yes, a follow-up on the land purchase topic. The \$26 million this quarter, how many ground leases does that represent, and was that primarily legacy Crown or legacy Global assets or kind of an even split?

Ben Moreland: John, it's both. Both companies were pursuing it as they had previously disclosed last year, and are we, and so that's somewhat the combined activity. In terms of getting into specific numbers, we're really not going to get into that. In fact, I don't even think I have that in front of me. Remember, at the same time we're out doing lease extensions as well. So it's a really coordinated activity around purchases and extensions, and we're having very good success with that, as we move forward. And like I say, you should expect it will continue and potentially ramp up over time.

Jonathan Atkin: Does the extension activity show up in capex?

Ben Moreland: No, no.

Jonathan Atkin: And then what portion of your towers now do you own the land underneath?

Ben Moreland: We own about 17%, and the average -- the average -- weighted average life of the entire portfolio of leased assets is well in excess of 20 years.

Jonathan Atkin: And can you give us a rough idea as to how many leases you extend in any given 3 or 12-month period?

Ben Moreland: We probably will at some point. We really haven't disclosed that yet, John. We're still sort of work on that activity and ramping it up but over time we'll probably talk more about that.

Jonathan Atkin: Finally on the top line, you talked about 78% of the leasing being first-time installations, the balance being amendments. Of those first-time installations, what was kind of the mix of national carriers versus start-ups or carriers that were expanding footprint due to auctions?

John Kelly: Yes, in that kind of breakdown, 75% or, so John, was wireless telephony, of the activity in the quarter the remainder being from some of the new technology oriented companies, broadband wireless and so forth. But between the two, looking at it real quick, the big four of that wireless telephony number would still have been -- I'm going to try to give you a quick and accurate number over here-- was about 75% of that total. So 25% of the wireless telephony activity was coming from new deploying, but remember, I mean, it's one of those things that I know you know. The first quarter, of course, was going to be licensing activity that was based on applications that came in under a prior quarter, and so the activity that you're seeing in applications is probably increasing on that 25% that I was just mentioning to you. The 25% coming from new deploying carriers that won licenses in auction 66. So you're going to be seeing a bigger portion of the new activity in subsequent quarters, John, coming from those types of carriers than you would in the first quarter because they had just recently been awarded their licenses and would not have at that juncture been ready to go ahead and go on the air in the first quarter.

Jonathan Atkin: Right. Thank you very much.

Ben Moreland: Thanks, John.

Operator: Thank you. Our next question comes from David Barden. Please go ahead.

David Barden: Hey, guys, thanks. Couple questions. First, just could you talk about what Modeo contributed in terms of expense and capital in the quarter so we can kind of look at a more normal number there. Second, you guys -- your name, Crown Capital, have been popping up from time to time around the world looking at international tower opportunities. Obviously you guys are open to all sorts of things but there seems to be a lot on the plate domestically. Just wondering if you could give us your overall vision on the international side?

Then the last thing is just want to kind of talk a little bit about the guidance picture. I guess, John, when we were talking about the merger at the close it was lots of opportunity, rapid realization of synergies, and we had guidance of X. The guidance for the full year is still the same, but we've got \$3.8 million of one-timers, some of which was expected in this quarter, another \$2 million next quarter. Sounds like things are kind

of slow to get up off the ground because there are complexities with Global Signal. The tone seems to be a little more conservative. The guidance doesn't come up with the one-timers. Could you talk to that issue? If there's anything in the quarter, I think that underlying trends are still very strong but I think if there's anything in the quarter the tone seems to have changed just a little bit more to the conservative side of how long it's going to take to get the GSL stuff up and running. Thanks.

Ben Moreland: I'll answer the first. We certainly didn't mean to leave that impression. I'll let John speak to that at the end. On Modeo, Dave, for the quarter we spent \$1.75 million in sort of run rate G&A. That's abnormally low from a little bit low quarter. It's still a run rate of about 10 million a year is what we would expect. That's what it was last year and what we'd expect this year. As you know, we do segment report that. You'll be able to see it. Capex just finishing up the New York build was about \$1.8 million in the quarter and we're basically done. So that covers off that question.

John Kelly: Yeah, on the international question, David, yes, as we've talked about, and talked about with others on this call, we do seem to get mentioned in the paper a lot. I guess we should take that as a compliment. I would suggest that some of the things that I've read really do point out that you can't always believe what you read because some of what we have been attributed to doing was unbelievably wrong in that the parties that we were attributed to be in detailed discussions with I didn't even know. And so in reality, our focus, David, is on the work that is at hand, which is realizing all of the value in this recent merger that we just closed on in January.

I think the reason our name is mentioned is certainly both opportunistic for those that are otherwise looking at developing a market, and I think secondarily we are known, I think around the world in the community that is focused on tower infrastructure as one that has done some of the most work on developing internal systems and processes to be able to efficiently run large infrastructure bases. And so I would not say that we have not been contacted and that we haven't met with interested parties that are interested in bringing to bear our internal systems and processes as they develop new markets. We have not determined that there's anything we want to do in that particular regard. We don't think that there is anything that is of higher and better use of our time at this point than focusing on the work around the GSL integration and realizing value from that, but that's more than likely where you get some of the rumors in the paper, and all I can say is that we remain very focused and I think many know us through the years now that when we say we're focused on something we tend to be very much focused on it, which really gets to the last question that you asked about the change in tone.

I think that when we did talk about this year on the fourth quarter earnings call back in the February time frame, one of the things that we had mentioned was that certainly we saw this year shaping up where it was the back half of the year that was going to be the more active part of the year relative to leases turning on and producing revenue. And that's entirely consistent with what we're seeing. A lot of activity in the applications side of the equation, which is great, because that tends to then lead to revenue-producing leasing in the second half of the year. But as we had mentioned on that fourth quarter

call, some of the activity that had been realizing the incremental growth in 2006, predominantly, and many people are aware of this from their own calls, Cingular's UMTS overlay had come to pretty much a conclusion at the end of 2006. They had done a lot of the work that they had wanted to do in that particular regard, and as they had indicated on their earnings calls, they were otherwise taking a breather, as it were. And so that was part of the rationale clearly for the statements we were making, which was that the first half of the year was not going to look like the first half last year, because last year, 2006, that initiative was just launching.

In this year, the activity that is going to be additional to kind of a steady state investment in these wireless networks, namely the AWS launch as some of these new deployments, in one case their initial 3G deployment, in another case moving forward with 4G deployment, those are things that are going to be manifesting in our opinion in the second half of the year and we're seeing all the activity in the applications today but that's where, perhaps, you're looking at the numbers and seeing that first quarter, second quarter, it would appear to be slower, but it's entirely consistent with what we have thought and what we see as second half of the year ramping up nicely.

David Barden: Good. Thanks, John.

John Kelly: Okay.

Operator: Thank you. Ladies and gentlemen, if there are additional questions at this time, please press the star, followed by the one. If you are using speaker equipment, you will need to lift the handset before pressing the numbers. One moment for our next question, please.

Management, at this time I would like to turn the conference back to you for any closing remarks.

John Kelly: All right, perfect. Well, what I'd like to do is just end on this one point, which was maybe taking off on what David had just been discussing with us. We're very happy with the first quarter. It is developing as we had contemplated and as we were attempting to convey in our fourth quarter call. We're excited about the progress we're making on integration. There's been a lot of work in that particular regard, and for all the employees that listen in on these calls, I thank you for all the work that's going on in that regard, because there's a lot of work in any integration this one being no exception, and I think we're making excellent progress in terms of the integration. We're also very pleased with the early results of these new assets. As we look at the product portfolio that we have we're excited about what we're able to offer our customers, both existing and new customers, and that clearly has been leading to this increase in leasing activity, the application activity, so on balance we continue to see the year moving forward as we had contemplated in February, and we look forward to reporting to you the results of the second quarter in the months to come. And other than that, wish you all a good day and we'll talk to you soon.

Operator:

Thank you. Ladies and gentlemen, at this time we will conclude today's teleconference. We do thank you for your participation on the program. If you would like to listen to a replay of today's conference call please dial 1-800-405-2236 or 303-590-3000. You will be asked to enter an access code of 11088623. Once again, ladies and gentlemen, if you would like to listen to a replay of today's presentation please dial 1-800-405-2236, or 303-590-3000, with the access code of 11088623. We thank you for your participation on today's conference. At this time we will conclude. You may now disconnect, and please have a pleasant day.

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