

# Press Release

## Crown Castle International Announces Sale of UK Subsidiary for \$2.0 Billion

28th Jun 2004

- UK operations of Crown Castle acquired for cash consideration of £1.1bn\*
  - In line with NGT's strategy to exploit its network management skills
  - Places NGT in a leading position in the growing mobile and broadcast infrastructure markets
  - Pre-synergies: cashflow enhancing immediately; earnings enhancing\*\* in the first full year after completion
  - Integration savings £18m per annum from combination with Gridcom UK
- National Grid Transco plc ("NGT") today announces that it has reached agreement on the terms of an acquisition of the UK operations of Crown Castle International, Inc. ("Crown Castle UK") for a cash consideration of around £1.1 billion\*.

NGT will merge Crown Castle UK with Gridcom, its wholly owned subsidiary, creating a combined business that will be the major independent provider of infrastructure to the mobile telecommunications operators in the UK, with a substantial portfolio of almost 5,000 active sites. Crown Castle UK is also one of the two providers of infrastructure for transmission of terrestrial analogue and digital television and radio in the UK and is particularly well positioned for the move towards digital television. The new business will initially trade under the "Crown Castle UK" brand name.

For the year ended 31 December 2003, Crown Castle UK had earnings before interest, tax, depreciation and goodwill amortisation of £101 million\*\*\* on revenues of £233 million and had net assets of £337 million.

\* the total consideration of \$2,035 million is subject to normal completion adjustments less an amount reflecting customer prepayments. This adjusted USD amount has already been bought forward and is expected to amount to around £1.1bn. Consideration will be satisfied by general corporate debt.

\*\* before goodwill amortisation and exceptional items

\*\*\* adjusted to exclude £5 million of management fees payable to Crown Castle International, Inc. and share option expenses

### **Roger Urwin, Chief Executive of NGT, said:**

"Crown Castle UK is a high quality infrastructure business with low risk characteristics. It is a natural extension of our own towers and sites business, Gridcom, and is clearly consistent with National Grid Transco's core focus on owning, operating and managing networks. Combining Crown Castle UK with Gridcom will, we believe, create value from integration savings and the opportunities presented by growth in the mobile and broadcast infrastructure markets."

### **John Kelly, Chief Executive of Crown Castle International, said:**

"We are proud of the success of our UK operations but recognise that this is the right time for us to realise the value we have created so that we can focus our attention

and resources on growth opportunities in the US. In National Grid Transco we have found an excellent long term owner of the business, for the benefit of its customers and employees."

### **Acquisition benefits**

The acquisition of Crown Castle UK:

- makes NGT a leader in the growing mobile and broadcast infrastructure markets while exploiting NGT's core skills of owning, managing and maintaining network infrastructure;
- is expected to enhance NGT's cash flow per share immediately following completion without taking account of synergies;
- is expected to enhance NGT's earnings per share (before goodwill amortisation and exceptional items), excluding the benefits of synergies, in the first full financial year after completion; and
- provides significant opportunities to create value from the combination of Gridcom and Crown Castle UK:
  - NGT plans to achieve annualised cost savings of £18 million in the mobile infrastructure business by the end of the first full financial year. These represent some 11 per cent of the enlarged business' controllable cost base; and
  - the increased scale and broader portfolio of undeveloped mobile sites strongly positions the business to exploit the expected growth in the mobile infrastructure market.

### **Management**

Peter Aberly, currently CEO of Crown Castle UK, will become CEO of the enlarged business following completion of the transaction. Steven Marshall, currently CEO of Gridcom UK, will become COO with responsibility for managing the integration process. Andrew Sloey, currently Finance Director of Crown Castle UK will become Finance Director of the enlarged business.

### **Approval process**

The acquisition is conditional upon approvals from the Office of Fair Trading and from the US Federal Communications Commission, and upon certain change of control consents. Completion is expected to take around 3 months.

Bear Stearns International acted as the financial adviser to NGT on the transaction. In addition, Rothshild provided independent valuation advice to the Board of NGT.