



# **NEWS RELEASE**

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## **FiberTower Reports Third Quarter 2006 Results**

**San Francisco, CA. – November 9, 2006** – FiberTower Corporation (NASDAQ: FTWR), a wireless backhaul services provider, today reported results for the third quarter and nine months ended September 30, 2006. Please note that the following information include the results of FiberTower Corporation, following the merger of First Avenue Networks and FiberTower Corporation that closed on August 29, 2006, and represent the first consolidated quarter of results for the merged entity. Additionally, on November 9, 2006, FiberTower filed an 8K-A per SEC requirements covering a predecessor company's ("Old FiberTower") second quarter 2006 results.

Service revenues for the three months ended September 30, 2006 increased \$2.4 million, or 135%, to \$4.0 million from \$1.7 million for the corresponding period in 2005. Cost of service revenues (excluding depreciation and amortization) for the third quarter of 2006 increased \$5.2 million, or 105%, to \$10.1 million from \$4.9 million for the corresponding period in 2005. Sales and marketing expenses for the third quarter of 2006 increased \$883,000, or 105%, to \$1.7 million from \$841,000 for the corresponding period in 2005. General and administrative expenses for the three months ended September 30, 2006 increased \$4.1 million, or 354%, to \$5.2 million from \$1.2 million for the corresponding period in 2005.

Net loss was \$14.5 million for the third quarter ended September 30, 2006 compared to a net loss of \$4.9 million for the corresponding period in 2005. The third quarter net loss per share was \$(0.27) compared to a net loss per share of \$(1.07) for the corresponding period in 2005.

The increase in service revenues was driven primarily by an expansion in new billing sites and an increase in billing T-1 equivalents during the previous twelve months coupled with new customers on existing sites.

	<u>9/30/05*</u>	<u>6/30/06*</u>	<u>9/30/06</u>
Sites Deployed	594	1,359	1,768
Billing Sites	524	800	974
Customer Locations Billing	623	1,105	1,334
Billing T-1 Equivalents	2,540	4,552	5,156

*\*Includes both historical results for both First Avenue Networks and FiberTower Corporation prior to merger.*

Sites deployed in the third quarter of 2006 were 1,768 representing an increase of 1,174 sites, or 198%, from 594 sites deployed in the corresponding period in 2005. New billing sites in the third

quarter of 2006 were 974 representing an increase of 450, or an increase of 86%, from the corresponding period in 2005. Customer locations billing in the third quarter of 2006 were 1,334 representing an increase of 711, or an increase of 114%, from the corresponding period in 2005. Billing T-1 equivalents were 5,156 in the third quarter of 2006 representing an increase of 2,616, or an increase of 103%, from the corresponding period in 2005.

“We are very pleased with the solid and continued growth we experienced in the third quarter as confirmed by increases in all of our key operating metrics,” said Michael Gallagher, President and Chief Executive Officer of FiberTower. “We continue to build-out our networks in pace with our customers’ demands for high capacity, scalable backhaul networks that support their ever-increasing wireless voice and data traffic. Wireless carriers ongoing efforts to enhance their subscribers’ broadband experience coupled with our high-quality network and first-mover status will continue to drive our growth and increase long-term shareholder value.”

Service revenues for the nine months ended September 30, 2006 increased \$5.7 million, or 146%, to \$9.7 million from \$3.9 million for the corresponding period in 2005. Cost of service revenues (excluding depreciation and amortization) for the first three quarters of 2006 increased \$12.8 million, or 104%, to \$25.0 million from \$12.3 million for the corresponding period in 2005. Sales and marketing expenses for the nine months ended September 30, 2006 increased \$1.6 million, or 61%, to \$4.2 million from \$2.6 million for the same period in 2005. General and administrative expenses for the nine months ended September 30, 2006 increased \$6.4 million, or 215%, to \$9.4 million from \$3.0 million for the same period in 2005.

Net loss was \$31.0 million for the first nine months of 2006 compared to a net loss of \$14.9 million for the corresponding period in 2005. The nine months net loss per share was \$(1.45) compared to a net loss per share of \$(3.34) for the corresponding period in 2005.

### Liquidity and Capital Resources

For the first nine months of 2006, FiberTower’s capital expenditures were \$75.3 million directed primarily towards investments in network equipment, site constructions costs and back-office systems. Consolidated cash and cash equivalents at September 30, 2006 were \$73.2 million.

On November 9, 2006, FiberTower closed on the sale of \$402.5 million of 9% Convertible Senior Secured Notes to several institutions in a private placement. Subsequent to the initial sale, the initial purchasers of the Notes exercised their option to acquire up to \$52.5 million of additional Notes. The Notes will be guaranteed by FiberTower and each of its subsidiaries and will be secured by substantially all of the Company’s assets (subject to a prior lien to secure a working capital facility of up to \$50 million). The Notes will mature on November 15, 2012 and will bear interest at 9% payable in arrears on May 15 and November 15 each year. The holders of the Notes may convert the Notes into common shares at an effective price of \$8.29 per share. However, the conversion price may be reduced if certain conditions set for the Company are not met. The sale of the Notes generated net proceeds of \$390.4 million, which will be applied to fund the first two years of interest payments on the Notes, fund capital expenditures to expand FiberTower’s existing network, open new markets and for general corporate purposes.

With the proceeds generated from completion of the offering, the Company believes that its liquidity requirements have been met for the time being, enabling it to continue with its network expansion plans for the foreseeable future.

### Conference Call Details

FiberTower has scheduled a conference call for Friday, November 10, 2006 at 9:00 a.m. Eastern Time to discuss third quarter 2006 results. Please dial 303-262-2211 and ask for the FiberTower call at least 10 minutes prior to the start time. A telephonic replay of the call will be available through 11:59 p.m. Eastern Time on Friday, November 17, 2006 and may be accessed by dialing 303-590-3000 using the passcode 11074538#. An audio archive will also be available on FiberTower's website at <http://www.fibertower.com> shortly after the call and will be accessible for approximately ninety days.

### **About FiberTower**

FiberTower is a backhaul and access services provider focusing on carrier, enterprise and government markets. With its nationwide spectrum footprint in 24 GHz and 39 GHz bands, carrier-class networks in 12 major markets, and customer commitments from five of the leading wireless carriers in the U.S., FiberTower is the leading alternative carrier in the backhaul space. FiberTower also delivers high capacity transport and access solutions that are highly reliable, scalable and cost-effective, satisfying the ever increasing demand for mission and business critical connectivity. For more information, please visit our website at [www.fibertower.com](http://www.fibertower.com).

### **Forward Looking Statements**

Statements included in this news release which are not historical in nature are "forward-looking statements" within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934 and the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These include, without limitation, statements regarding the expected private placement of notes and the expected terms thereof. There are many risks, uncertainties and other factors that can prevent the achievement of goals or cause results to differ materially from those expressed or implied by these forward-looking statements including, without limitation, interest rates, market prices for our securities, investors' assessment of our prospects, and those risk factors described in the Company's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

**FIBERTOWER CORPORATION**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**  
**(in thousands, except share and per share data)**

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Service revenues	\$ 4,038	\$ 1,678	\$ 9,654	\$ 3,922
Operating expenses:				
Cost of service revenues (excluding depreciation and amortization)	10,060	4,897	25,029	12,256
Sales and marketing	1,724	841	4,203	2,614
General and administrative	5,239	1,153	9,449	3,004
Depreciation and amortization	2,085	814	4,403	2,146
Total operating expenses	<u>19,108</u>	<u>7,705</u>	<u>43,084</u>	<u>20,020</u>
Loss from operations	<u>(15,070)</u>	<u>(6,027)</u>	<u>(33,430)</u>	<u>(16,098)</u>
Other income (expense):				
Interest income	658	1,152	2,628	1,376
Interest expense	(54)	(33)	(152)	(169)
Miscellaneous income (expense), net	(3)	(16)	(3)	(16)
Total other income, net	<u>601</u>	<u>1,103</u>	<u>2,473</u>	<u>1,191</u>
Net loss	<u>\$ (14,469)</u>	<u>\$ (4,924)</u>	<u>\$ (30,957)</u>	<u>\$ (14,907)</u>
Basic and diluted loss per share	<u>\$ (0.27)</u>	<u>\$ (1.07)</u>	<u>\$ (1.45)</u>	<u>\$ (3.34)</u>
Weighted average number of shares used in per share amounts:				
Basic and diluted	<u>52,753,653</u>	<u>4,585,241</u>	<u>21,329,861</u>	<u>4,465,331</u>

**FIBERTOWER CORPORATION**  
**Condensed Consolidated Balance Sheets**  
**(unaudited)**  
**(in thousands, except share and per share data)**

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
Current assets:		
Cash and cash equivalents	\$ 52,906	\$ 112,936
Certificates of deposit	20,327	—
Restricted cash and cash equivalents	—	1,844
Accounts receivable, net	3,566	822
Prepaid expenses and other current assets	2,000	1,113
Total current assets	<u>78,799</u>	<u>116,715</u>
Long-term restricted cash and cash equivalents	2,181	1,636
Property and equipment, net	157,869	77,199
FCC licenses	342,000	—
Goodwill	143,531	—
Intangible and other long-term assets	5,678	299
Total assets	<u>\$ 730,058</u>	<u>\$ 195,849</u>
Current liabilities:		
Accounts payable	\$ 11,763	\$ 18,927
Accrued compensation and related benefits	3,503	1,782
Deferred revenue, current portion	157	—
Accrued restructuring liabilities, current portion	744	—
Other accrued liabilities	7,693	1,484
Total current liabilities	<u>23,860</u>	<u>22,193</u>
Deferred revenue, less current portion	223	—
Accrued restructuring liabilities, less current portion	177	—
Accrued property and use taxes pertaining to a predecessor entity	4,123	—
Deferred rent	958	320
Asset retirement obligations	1,233	571
Long-term accounts payable	145	629
Total liabilities	<u>30,719</u>	<u>23,713</u>
Commitments and contingencies		
Convertible preferred stock, \$0.0001 par value; 225,000,000 shares authorized, 223,850,026 shares issued and outstanding at December 31, 2005	—	220,675
Stockholders' equity (deficit):		
Common stock, \$0.001 par value at September 30, 2006 and \$0.0001 at December 31, 2005; 400,000,000 and 325,000,000 shares authorized at September 30, 2006 and December 31, 2005, respectively, 144,558,743 and 5,370,798 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	145	2
Additional paid-in capital	775,273	682
Notes receivable from stockholders, including accrued interest of \$79 at December 31, 2005	—	(4,079)
Deferred stock-based compensation	—	(22)
Accumulated deficit	(76,079)	(45,122)
Total stockholders' equity (deficit)	<u>699,339</u>	<u>(48,539)</u>
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	<u>\$ 730,058</u>	<u>\$ 195,849</u>

**FIBERTOWER CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**  
**(in thousands)**

	<u>Nine Months Ended September 30,</u>	
	<u>2006</u>	<u>2005</u>
<b>Operating activities:</b>		
Net loss	\$ (30,957)	\$ (14,907)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,403	2,146
Accretion of asset retirement obligations	76	54
Employee stock-based compensation	3,748	203
Loss on disposal of equipment	102	6
Net changes in operating assets and liabilities (excluding impact of business acquisition):		
Restricted cash and cash equivalents	1,433	1,188
Accounts receivable	(2,244)	(315)
Prepaid expenses and other current assets	(524)	(526)
Deposits and other long-term assets	(206)	(141)
Accounts payable	(8,963)	3,389
Accrued compensation and benefits	764	334
Other accrued liabilities and deferred rent	6,376	2,133
Deferred revenues	22	—
Accrued interest on notes receivable from stockholders	79	(37)
Net cash used in operating activities	<u>(25,891)</u>	<u>(6,473)</u>
<b>Investing activities:</b>		
Purchase of property and equipment	(75,312)	(26,445)
Cash and cash equivalents acquired in merger	36,957	—
Net cash used in investing activities	<u>(38,355)</u>	<u>(26,445)</u>
<b>Financing activities:</b>		
Proceeds from issuance of convertible preferred stock, net	—	149,860
Proceeds from exercise of stock options	216	47
Repayment (issuance) of notes receivable from stockholders	4,000	(4,000)
Net cash provided by financing activities	<u>4,216</u>	<u>145,907</u>
Net increase (decrease) in cash and cash equivalents	(60,030)	112,989
Cash and cash equivalents, beginning of period	<u>112,936</u>	<u>25,620</u>
Cash and cash equivalents, end of period	<u>\$ 52,906</u>	<u>\$ 138,609</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 69</u>	<u>\$ 77</u>
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Fair value of First Avenue Networks' common stock at date of merger	<u>\$ 520,160</u>	<u>\$ —</u>
Fair value of First Avenue Networks' common stock options and warrants assumed at date of merger	<u>\$ 27,501</u>	<u>\$ —</u>
Accrual of merger-related costs	<u>\$ 505</u>	<u>\$ —</u>
Conversion of convertible preferred stock to common stock	<u>\$ 220,675</u>	<u>\$ —</u>