

CROWN CASTLE INTERNATIONAL CORP
Form 10-Q
August 05, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission File Number 001-16441

CROWN CASTLE INTERNATIONAL
CORP.

(Exact name of registrant as specified in its charter)

Delaware	76-0470458
(State or other jurisdiction	(I.R.S. Employer
of incorporation or organization)	Identification No.)

1220 Augusta Drive, Suite 500, Houston, Texas 77057-2261

(Address of principal executives office) (Zip Code)

(713) 570-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Number of shares of common stock outstanding at July 29, 2011: 286,388,789

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

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Cautionary Language Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that are based on our management's expectations as of the filing date of this report with the SEC. Statements that are not historical facts are hereby identified as forward-looking statements. In addition, words such as "estimate," "anticipate," "project," "plan," "intend," "believe," "expect," "likely," "predicted" and similar expressions are intended to identify forward-looking statements. Such statements include plans, projections and estimates contained in "Part I—Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part I—Item 3. Quantitative and Qualitative Disclosures About Market Risk" herein. Such forward-looking statements include (1) expectations regarding anticipated growth in the wireless communication industry, carriers' investments in their networks, new tenant additions, cancellations of customer contracts and demand for our towers, including the potential impact of AT&T's definitive agreement to acquire T-Mobile, (2) availability of cash flows and liquidity for, and plans regarding, future discretionary investments including capital expenditures, (3) anticipated growth in our future revenues, margins, Adjusted EBITDA and operating cash flows, and (4) expectations regarding the credit markets, our availability and cost of capital, and our ability to service our debt and comply with debt covenants.

Such forward-looking statements are subject to certain risks, uncertainties and assumptions, including prevailing market conditions, risk factors described under "Part II—Item 1A. Risk Factors" herein and in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 ("2010 Form 10-K") and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected.

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands of dollars, except share amounts)

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 108,116	\$ 112,531
Restricted cash	193,608	221,015
Receivables, net	57,093	59,912
Prepaid expenses	75,452	65,856
Deferred income tax assets	51,986	59,098
Deferred site rental receivables and other current assets, net	25,687	26,733
Total current assets	511,942	545,145
Property and equipment, net of accumulated depreciation of \$3,645,339 and \$3,451,475, respectively	4,828,564	4,893,651
Goodwill	2,030,585	2,029,296
Other intangible assets, net of accumulated amortization \$717,235 and \$636,433, respectively	2,246,507	2,313,929
Deferred site rental receivables, long-term prepaid rent, deferred financing costs and other assets, net	767,722	687,508
Total assets	\$ 10,385,320	\$ 10,469,529
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 32,691	\$ 39,649
Accrued interest	65,337	65,191
Deferred revenues	176,008	202,123
Other accrued liabilities	76,829	105,235
Current maturities of debt and other obligations	30,708	28,687
Total current liabilities	381,573	440,885
Debt and other long-term obligations	6,785,550	6,750,207
Deferred income tax liabilities	62,116	66,686
Deferred ground lease payable and other liabilities	470,244	450,176
Total liabilities	7,699,483	7,707,954
Commitments and contingencies (note 7)		
Redeemable convertible preferred stock, \$0.1 par value; 20,000,000 shares authorized; shares issued and outstanding: June 30, 2011 and December 31, 2010—6,361,000; stated net of unamortized issue costs; mandatory redemption and aggregate liquidation value of \$318,050	317,045	316,581
CCIC stockholders' equity:		
Common stock, \$.01 par value; 600,000,000 shares authorized; shares issued and outstanding: June 30, 2011—287,099,439 and December 31, 2010—290,826,284	2,871	2,908
Additional paid-in capital	5,407,010	5,581,525
Accumulated other comprehensive income (loss)	(141,746)	(178,978)
Accumulated deficit	(2,899,597)	(2,960,082)

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Total CCIC stockholders' equity	2,368,538	2,445,373
Noncontrolling interest	254	(379)
Total equity	2,368,792	2,444,994
Total liabilities and equity	\$10,385,320	\$10,469,529

See notes to condensed consolidated financial statements.

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CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND
 COMPREHENSIVE INCOME (LOSS) (Unaudited)

(In thousands of dollars, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Net revenues:				
Site rental	\$457,103	\$409,631	\$913,299	\$816,503
Network services and other	43,233	46,496	86,076	83,951
Net revenues	500,336	456,127	999,375	900,454
Operating expenses:				
Costs of operations(a):				
Site rental	121,143	115,465	239,558	229,220
Network services and other	25,906	29,927	53,130	56,223
General and administrative	41,259	40,556	86,003	80,029
Asset write-down charges	6,205	2,597	10,606	4,159
Acquisition and integration costs	490	272	1,044	272
Depreciation, amortization and accretion				