

CROWN CASTLE INTERNATIONAL CORP
Form 10-Q
May 03, 2012

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 March 31, 2012

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

(State or other jurisdiction
of incorporation or organization)

76-0470458

(I.R.S. Employer
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 April 27, 2012: 293,010,896

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

INDEX

| | Page |
|--|-----------|
| <u>PART I—FINANCIAL INFORMATION</u> | <u>2</u> |
| ITEM 1. <u>FINANCIAL STATEMENTS</u> | <u>2</u> |
| <u>CONDENSED CONSOLIDATED BALANCE SHEET</u> | <u>2</u> |
| <u>CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND</u> | |
| <u>COMPREHENSIVE INCOME (LOSS) (Unaudited)</u> | <u>3</u> |
| <u>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)</u> | <u>4</u> |
| <u>CONDENSED CONSOLIDATED STATEMENT OF REDEEMABLE</u> | |
| <u>CONVERTIBLE PREFERRED STOCK AND EQUITY (Unaudited)</u> | <u>5</u> |
| <u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL</u> | |
| <u>STATEMENTS—Unaudited</u> | <u>6</u> |
| ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION</u> | <u>15</u> |
| <u>AND RESULTS OF OPERATIONS</u> | |
| ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u> | <u>24</u> |
| ITEM 4. <u>CONTROLS AND PROCEDURES</u> | <u>25</u> |
| <u>PART II—OTHER INFORMATION</u> | <u>26</u> |
| ITEM 1A. <u>RISK FACTORS</u> | <u>26</u> |
| ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u> | <u>27</u> |
| ITEM 6. <u>EXHIBITS</u> | <u>28</u> |
| <u>SIGNATURES</u> | <u>29</u> |

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 and small cell operations and technologies, including the expected impacts of the WCP acquisition and the NextG acquisition, (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, 2011 ("2011 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)

| | March 31, 2012 (Unaudited) | December 31, 2011 |
|---|----------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,063,684 | \$ 80,120 |
| Restricted cash | 288,969 | 252,368 |
| Receivables, net | 79,872 | 77,258 |
| Prepaid expenses | 99,212 | 80,529 |
| Deferred income tax assets | 87,262 | 85,385 |
| Deferred site rental receivables and other current assets, net | 29,010 | 23,492 |
| Total current assets | 1,648,009 | 599,152 |
| Deferred site rental receivables, net | 680,876 | 621,103 |
| Property and equipment, net of accumulated depreciation of \$3,928,242 and \$3,824,136, respectively | 4,836,152 | 4,861,227 |
| Goodwill | 2,114,624 | 2,035,390 |
| Other intangible assets, net | 2,243,389 | 2,178,182 |
| Long-term prepaid rent, deferred financing costs and other assets, net | 601,606 | 250,042 |
| Total assets | \$ 12,124,656 | \$ 10,545,096 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 31,909 | \$ 32,055 |
| Accrued interest | 55,259 | 65,392 |
| Deferred revenues | 174,176 | 167,238 |
| Other accrued liabilities | 86,722 | 104,904 |
| Current maturities of debt and other obligations | 77,776 | 32,517 |
| Total current liabilities | 425,842 | 402,106 |
| Debt and other long-term obligations | 8,343,156 | 6,853,182 |
| Deferred income tax liabilities | 104,290 | 97,562 |
| Deferred ground lease payable and other liabilities | 514,702 | 500,350 |
| Total liabilities | 9,387,990 | 7,853,200 |
| Commitments and contingencies (note 10) | | |
| Redeemable convertible preferred stock, \$0.1 par value; 20,000,000 shares authorized; shares issued and outstanding: March 31, 2012—0 and December 31, 2011—6,111,000; stated net of unamortized issue costs; mandatory redemption and aggregate liquidation value: March 31, 2012—\$0 and December 31, 2011—\$305,550 | — | 305,032 |
| CCIC stockholders' equity: | | |
| Common stock, \$.01 par value; 600,000,000 shares authorized; shares issued and outstanding: March 31, 2012—292,928,485 and December 31, 2011—284,449,372 | 2,929 | 2,844 |
| Additional paid-in capital | 5,591,191 | 5,312,342 |
| Accumulated other comprehensive income (loss) | (93,043) | (116,996) |
| Accumulated deficit | (2,764,543) | (2,811,945) |
| Total CCIC stockholders' equity | 2,736,534 | 2,386,245 |

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| | | |
|------------------------------|--------------|--------------|
| Noncontrolling interest | 132 | 619 |
| Total equity | 2,736,666 | 2,386,864 |
| Total liabilities and equity | \$12,124,656 | \$10,545,096 |

See notes to condensed consolidated financial statements.

2

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 March 31, | |
|--|---------------------------------|------------|
| | 2012 | 2011 |
| Net revenues: | | |
| Site rental | \$497,529 | \$456,196 |
| Network services and other | 54,216 | 42,843 |
| Net revenues | 551,745 | 499,039 |
| Operating expenses: | | |
| Costs of operations(a): | | |
| Site rental | 122,871 | 118,415 |
| Network services and other | 31,521 | 27,224 |
| General and administrative | 51,001 | 44,744 |
| Asset write-down charges | 3,044 | 4,401 |
| Acquisition and integration costs | 1,680 | 554 |
| Depreciation, amortization and accretion | 139,400 | 137,273 |
| Total operating expenses | 349,517 | 332,611 |
| Operating income (loss) | 202,228 | 166,428 |
| Interest expense and amortization of deferred financing costs | (137,472) | (126,686) |
| Gains (losses) on retirement of long-term obligations | (7,068) | — |
| Interest income | 354 | 171 |
| Other income (expense) | (1,077) | (606) |
| Income (loss) before income taxes | 56,965 | 39,307 |
| Benefit (provision) for income taxes | (6,695) | 817 |
| Net income (loss) | 50,270 | 40,124 |
| Less: Net income (loss) attributable to the noncontrolling interest | 239 | 107 |
| Net income (loss) attributable to CCIC stockholders | 50,031 | 40,017 |
| Dividends on preferred stock | (2,629) | (5,201) |
| Net income (loss) attributable to CCIC stockholders after deduction of dividends on preferred stock | \$47,402 | \$34,816 |
| Net income (loss) | \$50,270 | \$40,124 |
| Other comprehensive income (loss): | | |
| Available-for-sale securities, net of tax of \$0 and \$0, respectively: | | |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | — | (6,377) |
| Derivative instruments net of taxes of \$0 and \$0, respectively: | | |
| Net change in fair value of cash flow hedging instruments, net of taxes | — | (425) |
| Amounts reclassified into results of operations, net of taxes | 16,338 | 17,889 |
| Foreign currency translation adjustments | 6,889 | 4,070 |
| Total other comprehensive income (loss) | 23,227 | 15,157 |
| Comprehensive income (loss) | 73,497 | 55,281 |
| Less: Comprehensive income (loss) attributable to the noncontrolling interest | (487) | 483 |
| Comprehensive income (loss) attributable to CCIC stockholders | \$73,984 | \$54,798 |
| Net income (loss) attributable to CCIC common stockholders, after deduction of dividends on preferred stock, per common share: | | |
| Basic | \$0.17 | \$0.12 |
| Diluted | \$0.17 | \$0.12 |
| Weighted-average common shares outstanding (in thousands): | | |

| | | |
|---------|---------|---------|
| Basic | 284,913 | 286,998 |
| Diluted | 285,853 | 289,005 |

(a) Exclusive of depreciation, amortization and accretion shown separately.

See notes to condensed consolidated financial statements.

3

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(In thousands of dollars)

| | Three Months Ended | |
|---|--------------------|------------|
| | March 31, | |
| | 2012 | 2011 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$50,270 | \$40,124 |
| Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation, amortization and accretion | 139,400 | 137,273 |
| Gains (losses) on retirement of long-term obligations | 7,068 | — |
| Amortization of deferred financing costs and other non-cash interest | 24,465 | 25,801 |
| Stock-based compensation expense | 9,035 | 9,496 |
| Asset write-down charges | 3,044 | 4,401 |
| Deferred income tax benefit (provision) | 4,813 | (2,012) |
| Other adjustments | 4 | 180 |
| Changes in assets and liabilities, excluding the effects of acquisitions: | | |
| Increase (decrease) in accrued interest | (10,853) | (10,670) |
| Increase (decrease) in accounts payable | (238) | (9,471) |
| Increase (decrease) in deferred revenues, deferred ground lease payables, other accrued liabilities and other liabilities | (3,270) | (22,113) |
| Decrease (increase) in receivables | (2,080) | 6,534 |
| Decrease (increase) in prepaid expenses, deferred site rental receivables, long-term prepaid rent, restricted cash and other assets | (59,446) | (52,029) |
| Net cash provided by (used for) operating activities | 162,212 | 127,514 |
| Cash flows from investing activities: | | |
| Payments for acquisitions of businesses, net of cash acquired | (221,316) | (435) |
| Capital expenditures | (65,052) | (52,650) |
| Other investing activities, net | 1,195 | 293 |
| Net cash provided by (used for) investing activities | (285,173) | (52,792) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | 2,095,000 | — |
| Proceeds from issuance of capital stock | 195 | 651 |
| Principal payments on debt and other long-term obligations | (13,631) | (8,521) |
| Purchases and redemptions of long-term debt | (648,385) | — |
| Purchases of capital stock | (35,476) | (42,225) |
| Payments under revolving credit facility | (251,000) | (50,000) |
| Payments for financing costs | (40,237) | — |
| Net (increase) decrease in restricted cash | 948 | (526) |
| Dividends on preferred stock | (2,481) | (4,969) |
| Net cash provided by (used for) financing activities | 1,104,933 | (105,590) |
| Effect of exchange rate changes on cash | 1,592 | 657 |
| Net increase (decrease) in cash and cash equivalents | 983,564 | (30,211) |
| Cash and cash equivalents at beginning of period | 80,120 | 112,531 |
| Cash and cash equivalents at end of period | \$1,063,684 | \$82,320 |

See notes to condensed consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF REDEEMABLE CONVERTIBLE PREFERRED STOCK
 AND EQUITY

(In thousands of dollars, except share amounts) (Unaudited)

| | CCIC Stockholders | | | | | | | | |
|--|--|-----------|--------------|----------------|----------------------------------|-------------|------------------------|----------------------------|-------------------------|
| | Redeemable Convertible Preferred Stock | | Common Stock | | | | | | |
| | Shares | Amount | Shares | (\$.01 Par) | Additional Paid-In Capital | AOCI | Accumulated Deficit | Noncontrolling Interest | Noncontrolling Total |
| Balance, January 1, 2012 | 6,111,000 | \$305,032 | 284,449,372 | \$2,844 | \$5,312,342 | \$(116,996) | \$(2,811,945) | \$619 | \$2,386,864 |
| Stock-based compensation related activity, net of forfeitures | — | — | 883,941 | 9 | 9,221 | — | — | — | 9,230 |
| Conversion of redeemable convertible preferred stock into common stock | (6,111,000) | (305,180) | 8,285,905 | 83 | 305,097 | — | — | — | 305,180 |
| Purchases and retirement of capital stock | — | — | (690,733) | (7) | (35,469) | — | — | — | (35,476) |
| Other comprehensive income (loss)(a) | — | — | — | — | — | 23,953 | — | (726) | 23,227 |
| Dividends on preferred stock and amortization of issue costs | — | 148 | — | — | — | — | (2,629) | — | (2,629) |
| Net income (loss) | — | — | — | — | — | — | 50,031 | 239 | 50,270 |
| Balance, March 31, 2012 | — | \$— | 292,928,485 | \$2,929 | \$5,591,191 | \$(93,043) | \$(2,764,543) | \$132 | \$2,736,666 |

| | CCIC Stockholders | | | | | | | | |
|--|--|-----------|--------------|----------------|----------------------------------|-------------|------------------------|----------------------------|-------------------------|
| | Redeemable Convertible Preferred Stock | | Common Stock | | | | | | |
| | Shares | Amount | Shares | (\$.01 Par) | Additional Paid-In Capital | AOCI | Accumulated Deficit | Noncontrolling Interest | Noncontrolling Total |
| | 6,361,000 | \$316,581 | 290,826,284 | \$2,908 | \$5,581,525 | \$(178,978) | \$(2,960,082) | \$(379) | \$2,444,994 |

| | | | | | | | | | |
|---|-----------|--------------|-------------|-----------|-------------|-------------|---------------|-----------|-------------|
| Balance, January 1, 2011 | | | | | | | | | |
| Stock-based compensation related activity, — net of forfeitures | — | 917,919 | 9 | 10,138 | — | — | — | 10,147 | |
| Purchases and retirement of capital stock | — | (1,026,331) | (10) | (42,215) | — | — | — | (42,225) | |
| Other comprehensive income (loss)(a) | — | — | — | — | — | 14,781 | — | 376 | 15,157 |
| Dividends on preferred stock and amortization of issue costs | — | 232 | — | — | — | — | (5,201) | — | (5,201) |
| Net income (loss) | — | — | — | — | — | — | 40,017 | 107 | 40,124 |
| Balance, March 31, 2011 | 6,361,000 | \$316,813 | 290,717,872 | \$2,907 | \$5,549,448 | \$(164,197) | \$(2,925,266) | \$104 | \$2,462,996 |

(a) See the statement of operations and other comprehensive income (loss) for the allocation of the components of "other comprehensive income (loss)."

See notes to condensed consolidated financial statements.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited
(Tabular dollars in thousands, except per share amounts)

1. General

The information contained in the following notes to the consolidated financial statements is condensed from that which would appear in the annual consolidated financial statements; accordingly, the consolidated financial statements included herein should be reviewed in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2011, and related notes thereto, included in the 2011 Form 10-K filed by Crown Castle International Corp. ("CCIC") with the SEC. All references to the "Company" include CCIC and its subsidiary companies unless otherwise indicated or the context indicates otherwise.

The Company owns, operates and leases shared wireless infrastructure, including: (1) towers, (2) distributed antenna systems ("DAS"), a type of small cell ("small cells"), and (3) third party land interests, including ground lease related assets, (unless the context otherwise suggests or requires, references herein to "wireless infrastructure" include towers, small cells and third party land interests). The Company's core business is renting space on its towers, small cells and, to a lesser extent, third party land interests (collectively, "site rental business") via long-term contracts in various forms. The Company also provides certain network services relating to its wireless infrastructure, primarily consisting of installation services, as well as site development services relating to existing and new antenna installations on its wireless infrastructure. The Company conducts its operations through wireless infrastructure portfolios in the United States (including Puerto Rico) and Australia.

Basis of Presentation

The condensed consolidated financial statements included herein are unaudited; however, they include all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at March 31, 2012, and the consolidated results of operations and the consolidated cash flows for the three months ended March 31, 2012 and 2011. The year end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the Company's consolidated financial statements are disclosed in the Company's 2011 Form 10-K.

New Accounting Pronouncements

No accounting pronouncements adopted during the three months ended March 31, 2012 had a material impact on the Company's consolidated financial statements. No new accounting pronouncements issued during the three months ended March 31, 2012 but not yet adopted are expected to have a material impact on the Company's consolidated financial statements.

3. Acquisition

WCP Acquisition

On January 12, 2012, the Company announced a definitive agreement to acquire certain subsidiaries of Wireless Capital Partners, LLC ("WCP"). On January 31, 2012 the Company closed the acquisition ("WCP acquisition"). Upon closing, WCP held various contracts with wireless site owners, including approximately 2,300 ground lease related assets. The results of operations from WCP have been included in the consolidated statements of operations since the date of acquisition. The Company paid a purchase price that resulted in goodwill at CCUSA primarily because of the

strategic opportunities.

The purchase price of \$214.7 million includes \$39.2 million of restricted cash and excludes the assumption of \$336.3 million (after fair value adjustments) of debt. The Company utilized a portion of the borrowings under the senior secured term loans issued in January 2012 ("2012 Term Loans") to fund the cash consideration.

6

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
 (Tabular dollars in thousands, except per share amounts)

The preliminary purchase price allocation for the WCP acquisition is based upon a preliminary valuation and the Company's estimates and assumptions, which are subject to change as the Company obtains additional information within the measurement period. The preliminary allocation of the total purchase price for the WCP acquisition was primarily allocated to restricted cash, long-term prepaid rent, other intangible assets, goodwill and debt. The preliminary purchase price allocation to long-term prepaid rent was approximately \$318 million and had a weighted-average amortization period of 38 years. See notes 4 and 5. See also note 14.

4. Goodwill and Intangible Assets

Goodwill of \$76.9 million was recorded in connection with the WCP acquisition, of which \$62.9 million is not expected to be deductible for tax purposes.

The following is a summary of the Company's intangible assets.

| | As of March 31, 2012 | | | As of December 31, 2011 | | |
|--|----------------------|--------------------------|----------------|-------------------------|--------------------------|----------------|
| | Gross Carrying Value | Accumulated Amortization | Net Book Value | Gross Carrying Value | Accumulated Amortization | Net Book Value |
| Site rental contracts and customer relationships | \$2,929,569 | \$ (785,754) | \$2,143,815 | \$2,823,832 | \$ (748,850) | \$2,074,982 |
| Other intangible assets | 152,235 | (52,661) | 99,574 | 152,375 | (49,175) | 103,200 |
| Total | \$3,081,804 | \$ (838,415) | \$2,243,389 | \$2,976,207 | \$ (798,025) | \$2,178,182 |

The components of the additions to intangible assets during the three months ended March 31, 2012 are as follows:

| | Three Months Ended March 31, 2012 | |
|---|-----------------------------------|---|
| | Amount | Weighted-Average Amortization Period (In years) |
| Site rental contracts and customer relationships(a) | \$105,502 | 29.5 |
| Other intangible assets | 573 | 10.8 |
| Total | \$106,075 | 29.4 |

(a) Predominately related to the WCP acquisition.

Amortization expense related to intangible assets is classified as follows on the Company's consolidated statement of operations and comprehensive income (loss):

| Classification | Three Months Ended March 31, | |
|--|------------------------------|----------|
| | 2012 | 2011 |
| Depreciation, amortization and accretion | \$40,172 | \$39,571 |
| Site rental costs of operations | 808 | 1,120 |
| Total amortization expense | \$40,980 | \$40,691 |

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
 (Tabular dollars in thousands, except per share amounts)

The estimated annual amortization expense related to intangible assets (inclusive of those recorded to "site rental costs of operations") for the nine months ended December 31, 2012 and years ended December 31, 2013 to 2016 is as follows:

| | Nine Months | | | | |
|-------------------------------|-------------------------|--------------------------------|-----------|-----------|-----------|
| | Ended December 31, 2012 | Years Ending December 31, 2013 | 2014 | 2015 | 2016 |
| Estimated annual amortization | \$119,473 | \$156,673 | \$154,383 | \$145,473 | \$145,466 |

See note 14.

5. Debt and Other Obligations

| | Original Issue Date | Contractual Maturity Date | Outstanding Balance as of March 31, 2012 | Outstanding Balance as of December 31, 2011 | Stated Interest Rate as of March 31, 2012(a) | |
|--|---------------------|---------------------------|--|---|--|------|
| Bank debt - variable rate: | | | | | | |
| Revolver | Jan. 2007 | Sept. 2013 | \$— | \$251,000 | N/A | |
| 2012 Revolver | Jan. 2012 | Jan. 2017 | — | (b) — | N/A | (c) |
| 2007 Term Loans | Jan./March 2007 | March 2014 | — | 619,125 | N/A | |
| 2012 Term Loans | Jan. 2012 | 2017/2019 | 2,091,000 | — | 3.7 | %(c) |
| Total bank debt | | | 2,091,000 | 870,125 | | |
| Securitized debt - fixed rate: | | | | | | |
| January 2010 Tower Revenue Notes | Jan. 2010 | 2035 - 2040 (d) | 1,900,000 | 1,900,000 | 5.8 | %(d) |
| August 2010 Tower Revenue Notes | Aug. 2010 | 2035 - 2040 (d) | 1,550,000 | 1,550,000 | 4.5 | %(d) |
| 2009 Securitized Notes | July 2009 | 2019/2029 (e) | 211,954 | 216,431 | 7.0 | % |
| WCP Securitized Notes | Nov. 2010 | Nov. 2040 (f) | 334,638 | (f) — | 5.4 | %(g) |
| Total securitized debt | | | 3,996,592 | 3,666,431 | | |
| High yield bonds - fixed rate: | | | | | | |
| 9% Senior Notes | Jan. 2009 | Jan. 2015 | 815,914 | 817,799 | 9.0 | %(h) |
| 7.75% Secured Notes | April 2009 | May 2017 | 959,242 | 978,983 | 7.8 | %(i) |
| 7.125% Senior Notes | Oct. 2009 | Nov. 2019 | 497,954 | 497,904 | 7.1 | %(j) |
| 7.5% Senior Notes | Dec. 2003 | Dec. 2013 | 51 | 51 | 7.5 | % |
| Total high yield bonds | | | 2,273,161 | 2,294,737 | | |
| Other: | | | | | | |
| Capital leases and other obligations | Various | Various (k) | 60,179 | 54,406 | Various | (k) |
| Total debt and other obligations | | | 8,420,932 | 6,885,699 | | |
| Less: current maturities and short-term debt and other current obligations | | | 77,776 | 32,517 | | |
| Non-current portion of long-term debt and other | | | \$8,343,156 | \$6,853,182 | | |

long-term obligations

(a) Represents the weighted-average stated interest rate.

(b) As of March 31, 2012, the undrawn availability under the \$1.0 billion senior secured revolving credit facility ("2012 Revolver") is \$1.0 billion.

The 2012 Revolver and the Term Loan A bear interest at a per annum rate equal to LIBOR plus 2.0% to 2.75%, based on CCOC's total net leverage ratio. Term Loan B bears interest at a per annum rate equal to

(c) LIBOR plus 3.0% (with LIBOR subject to a floor of 1% per annum). The Company pays a commitment fee of 0.4% per annum on the undrawn available amount under the 2012 Revolver.

If the respective series of the January 2010 Tower Revenue Notes and August 2010 Tower Revenue Notes are not paid in full on or prior to 2015, 2017 and 2020, as applicable, then Excess Cash Flow (as defined in the indenture) of the issuers (of such notes) will be used to repay principal of the applicable series and class of the 2010 Tower Revenue Notes, and additional interest (of approximately 5% per annum) will accrue on the respective 2010 Tower

(d) Revenue Notes. The January 2010 Tower Revenue Notes consist of three series of notes with principal amounts of \$300.0 million, \$350.0 million and \$1.3 billion, having anticipated repayment dates in 2015, 2017 and 2020, respectively. The August 2010 Tower Revenue Notes consist of three series of notes with principal amounts of \$250.0 million, \$300.0 million and \$1.0 billion, having anticipated repayment dates in 2015, 2017 and 2020, respectively.

The 2009 Securitized Notes consist of \$142.0 million of principal as of March 31, 2012 that amortizes through (e) 2019, and \$70.0 million of principal as of March 31, 2012 that amortizes during the period beginning in 2019 and ending in 2029.

(f) The WCP securitized notes ("WCP Securitized Notes") were assumed in connection with the WCP acquisition. The WCP Securitized Notes include a fair

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)

(Tabular dollars in thousands, except per share amounts)

value adjustment that increases the debt carrying value by \$15.6 million as of March 31, 2012. The anticipated repayment date is 2015 for each class of the debt assumed in connection with the WCP acquisition.

(g) The effective yield is approximately 4.0%, inclusive of the fair value adjustment.

(h) The effective yield is approximately 11.3%, inclusive of the discount.

(i) The effective yield is approximately 8.2%, inclusive of the discount.

(j) The effective yield is approximately 7.2%, inclusive of the discount.

(k) The Company's capital leases and other obligations bear interest rates up to 10% and mature in periods ranging from less than one year to approximately 20 years.

2012 Credit Facility

In January 2012, the Company refinanced and repaid the Revolver and 2007 Term Loans with the proceeds of a \$3.1 billion senior credit facility ("2012 Credit Facility") issued by CCOC. The 2012 Credit Facility consists of (1) a \$1.0 billion 2012 Revolver which will mature in January 2017, (2) a \$500 million Term Loan A which will mature in January 2017, and (3) a \$1.6 billion Term Loan B which will mature in January 2019. The Term Loan B was fully drawn at closing and the Revolver and the Term Loan A were undrawn at closing. In March 2012, the Company drew the full amount under the Term Loan A.

The 2012 Credit Facility is secured by a pledge of certain equity interests of certain subsidiaries of CCIC, as well as a security interest in CCOC and certain of its subsidiaries' deposit accounts (\$46.1 million as of March 31, 2012) and securities accounts. The 2012 Credit Facility is guaranteed by CCIC and certain of its subsidiaries.

The proceeds of the 2012 Credit Facility were used in part to repay the existing Revolver, repay the 2007 Term Loans and to fund the cash consideration of the WCP and NextG acquisitions (see note 14). The balance of the proceeds will be available for general corporate purposes, including purchases of shares of the Company's common stock.

WCP Securitized Notes

In January 2012, the Company assumed \$320.1 million face value of secured debt in connection with the WCP acquisition. The anticipated repayment date is 2015 for each class of the WCP Securitized Notes. If the WCP Securitized Notes are not repaid in full by their anticipated repayment dates, the applicable interest rate increases by an additional approximately 5% per annum. If the WCP Securitized Notes are not repaid in full by their rapid amortization date of 2017, monthly principal payments commence using the excess cash flows of the issuers of the WCP Securitized Notes. The Company also acquired restricted cash of \$29.5 million that if not spent on third party land interests by November 2012 will be required to be used to repay principal amounts outstanding on the WCP Securitized Notes. Interest and principal are paid monthly on the WCP Securitized Notes. The provisions of the WCP Securitized Notes are similar to those of our 2010 Tower Revenue Notes. See note 6 of our 2011 10-K for the provisions of our 2010 Tower Revenue Notes.

Contractual Maturities

The following are the scheduled contractual maturities of the total debt and other long-term obligations outstanding at March 31, 2012. These maturities reflect contractual maturity dates and do not consider the principal payments that will commence following the anticipated repayment dates on the Tower Revenue Notes and the rapid amortization date on the WCP Securitized Notes. See herein for a further discussion on the WCP Securitized Notes.

| | Nine Months Ended December 31, 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total Cash Obligations | Unamortized Adjustments, Net | Total Debt and Other Obligations Outstanding |
|-----------------------|--|----------|----------|-----------|-----------|-------------|---------------------------|------------------------------------|---|
| Scheduled contractual | \$61,715 | \$86,360 | \$95,984 | \$969,577 | \$110,499 | \$7,148,726 | \$8,472,861 | \$ (51,929) | \$8,420,932 |

maturities

9

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
 (Tabular dollars in thousands, except per share amounts)

Retirement of Long-Term Obligations

The following is a summary of the retirement of long-term obligations during the three months ended March 31, 2012.

| | Three Months Ended March 31, 2012 | | |
|------------------------|-----------------------------------|--------------|-------------------|
| | Principal Amount | Cash Paid(a) | Gains (Losses)(c) |
| Revolver | \$251,000 | \$251,000 | \$(1,445) |
| 2007 Term Loans | 619,125 | 619,125 | (1,893) |
| 9% Senior Notes | 5,624 | 6,207 | (957) |
| 7.75% Secured Notes(b) | 20,988 | 23,053 | (2,773) |
| Total | \$896,737 | \$899,385 | \$(7,068) |

(a) Exclusive of accrued interest.

These debt purchases were made by CCIC rather than by the subsidiaries that issued the debt, because of (b) restrictions upon the subsidiaries that issued the debt; as a result, the debt remains outstanding at the Company's subsidiaries.

(c) Inclusive of \$3.7 million related to the write off of deferred financing costs.

Interest Expense and Amortization of Deferred Financing Costs

The components of "interest expense and amortization of deferred financing costs" are as follows:

| | Three Months Ended | |
|---|--------------------|-----------|
| | March 31, 2012 | 2011 |
| Interest expense on debt obligations | \$113,007 | \$100,885 |
| Amortization of deferred financing costs | 4,812 | 3,722 |
| Amortization of adjustments on long-term debt | 3,763 | 3,865 |
| Amortization of interest rate swaps | 16,338 | 17,889 |
| Other, net of capitalized interest | (448) | 325 |
| Total | \$137,472 | \$126,686 |

6. Income Taxes

During the three months ended March 31, 2012 and 2011, the Company's provision for federal income taxes was reduced by a partial reversal of the valuation allowance on the Company's federal deferred tax assets, as a result of utilizing net operating losses that previously had a full valuation allowance. For the three months ended March 31, 2012 and 2011, the effective tax rate differed from the federal statutory rate predominately due to the Company's federal deferred tax valuation allowances. The Company expects to reverse up to \$100 million of its federal valuation allowance as an income tax benefit in the second quarter of 2012 due to the NextG acquisition. See note 14.

7. Redeemable Convertible Preferred Stock

In January 2012, the Company exercised its right to convert all of the outstanding 6.25% Redeemable Convertible Preferred Stock. In February 2012, the Company issued 8.3 million shares of common stock associated with the previously outstanding 6.25% Redeemable Convertible Preferred Stock.

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)
 (Tabular dollars in thousands, except per share amounts)

8. Fair Value Disclosures

| | Level in Fair Value Hierarchy | March 31, 2012 | | December 31, 2011 | |
|--|-------------------------------------|--------------------|---------------|--------------------|---------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Assets: | | | | | |
| Cash and cash equivalents | 1 | \$1,063,684 | \$1,063,684 | \$80,120 | \$80,120 |
| Restricted cash, current and non-current | 1 | 293,969 | 293,969 | 257,368 | 257,368 |
| Liabilities: | | | | | |
| Long-term debt and other obligations | 2 | 8,420,932 | 9,007,977 | 6,885,699 | 7,355,652 |

The fair value of cash and cash equivalents and restricted cash approximate the carrying value. The Company determines fair value of its debt securities based on indicative, non-binding quotes from brokers. Quotes from brokers require judgment and are based on the brokers' interpretation of market information including implied credit spreads for similar borrowings on recent trades or bid/ask prices or quotes from active markets if available. There were no changes since December 31, 2011 in the Company's valuation techniques used to measure fair values.

9. Per Share Information

Basic net income (loss) attributable to CCIC common stockholders, after deduction of dividends on preferred stock, per common share excludes dilution and is computed by dividing net income (loss) attributable to CCIC stockholders after deduction of dividends on preferred stock, by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) attributable to CCIC common stockholders, after deduction of dividends on preferred stock, per common share is computed by dividing net income (loss) attributable to CCIC stockholders after deduction of dividends on preferred stock, by the weighted-average number of common shares outstanding during the period plus any potential dilutive common share equivalents as determined under the if-converted method. The Company's restricted stock awards are considered participating securities and may be included in the computation pursuant to the two-class method. However, the Company does not present the two-class method when there is no difference between the per share amount under the two-class method and the treasury stock method.

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2012 | 2011 |
| Net income (loss) attributable to CCIC stockholders | \$50,031 | \$40,017 |
| Dividends on preferred stock | (2,629) | (5,201) |
| Net income (loss) attributable to CCIC common stockholders after deduction of dividends on preferred stock for basic and diluted computations | \$47,402 | \$34,816 |
| Weighted-average number of common shares outstanding (in thousands): | | |
| Basic weighted-average number of common stock outstanding | 284,913 | 286,998 |
| Effect of assumed dilution from potential common shares relating to stock options and restricted stock awards | 940 | 2,007 |
| Diluted weighted-average number of common shares outstanding | 285,853 | 289,005 |
| Net income (loss) attributable to CCIC common stockholders after deduction of dividends on preferred stock, per common share: | | |
| Basic | \$0.17 | \$0.12 |
| Diluted | \$0.17 | \$0.12 |

For the three months ended March 31, 2012, 1.1 million restricted stock awards were excluded from the dilutive common shares because certain stock price hurdles would not have been achieved assuming that March 31, 2012 was

the end of the contingency period. See note 12.

10. Commitments and Contingencies

The Company is involved in various claims, lawsuits and proceedings arising in the ordinary course of business. While there are uncertainties inherent in the ultimate outcome of such matters and it is impossible to presently determine the ultimate costs or losses that may be incurred, if any, management believes the resolution of such uncertainties and the incurrence of such costs should not have a material adverse effect on the Company's consolidated financial position or results of operations.

11

CROWN CASTLE INTERNATIONAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Unaudited (Continued)

(Tabular dollars in thousands, except per share amounts)

11. Operating Segments

The Company's reportable operating segments are (1) CCUSA, primarily consisting of the Company's U.S. operations and (2) CCAL, the Company's Australian operations. Financial results for the Company are reported to management and the board of directors in this manner.

The measurement of profit or loss currently used by management to evaluate the results of operations for the Company and its operating segments is earnings before interest, taxes, depreciation, amortization and accretion, as adjusted ("Adjusted EBITDA"). The Company defines Adjusted EBITDA as net income (loss) plus restructuring charges (credits), asset write-down charges, acquisition and integration costs, depreciation, amortization and accretion, amortization of prepaid lease purchase price adjustments, interest expense and amortization of deferred financing costs, gains (losses) on retirement of long-term obligations, net gain (loss) on interest rate swaps, impairment of available-for-sale securities, interest income, other income (expense), benefit (provision) for income taxes, cumulative effect of change in accounting principle, income (loss) from discontinued operations and stock-based compensation expense. Adjusted EBITDA is not intended as an alternative measure of operating results or cash flow from operations (as determined in accordance with GAAP), and the Company's measure of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. There are no significant revenues resulting from transactions between the Company's operating segments. Inter-company borrowings and related interest between segments are eliminated to reconcile segment results and assets to the consolidated basis.

| | Three Months Ended March 31, 2012 | | | | Three Months Ended March 31, 2011 | | | |
|----------------------------|-----------------------------------|----------|--------------|--------------------|-----------------------------------|----------|--------------|--------------------|
| | CCUSA | CCAL | Eliminations | Consolidated Total | CCUSA | CCAL | Eliminations | Consolidated Total |
| Net revenues: | | | | | | | | |
| Site rental | \$468,119 | \$29,410 | \$ — | \$ 497,529 | \$430,643 | \$25,553 | \$ — | \$ 456,196 |
| Network services and other | 46,968 | 7,248 | — | 54,216 | 37,664 | 5,179 | — | 42,843 |
| Net revenues | 515,087 | 36,658 | — | 551,745 | 468,307 | 30,732 | — | 499,039 |
| Operating expenses: | | | | | | | | |
| Costs of operations:(a) | | | | | | | | |
| Site rental | 113,944 | 8,927 | — | 122,871 | 110,425 | 7,990 | — | 118,415 |
| Network services and other | 26,802 | 4,719 | — | 31,521 | 23,957 | 3,267 | — | 27,224 |
| General and administrative | 43,653 | 7,348 | — | 51,001 | 39,597 | 5,147 | — | 44,744 |
| Asset write-down charges | 3,033 | 11 | — | 3,044 | | | | |