

Consolidated Communications Holdings, Inc.

Form 10-Q

November 07, 2013

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**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 September 30, 2013

or

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

Commission File Number 000-51446

**CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

02-0636095  
(IRS Employer  
Identification No.)

121 South 17th Street, Mattoon, Illinois  
(Address of principal executive offices)

61938-3987  
(Zip Code)

(217) 235-3311

(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  X  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  X  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. (Check one):

Large accelerated filer   Accelerated filer  X

Non-accelerated filer   (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes   No  X

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On October 23, 2013, the registrant had 40,111,518 shares of Common Stock outstanding.

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	<b>Quarter Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net revenues	\$ 150,773	\$ 151,025	\$ 453,621	\$ 324,033
Operating expense:				
Cost of services and products (exclusive of depreciation and amortization)	55,780	55,442	166,774	118,515
Selling, general and administrative expenses	33,715	34,733	100,385	72,537
Financing and other transaction costs	355	14,525	712	19,909
Depreciation and amortization	34,756	38,140	104,306	81,822
Income from operations	26,167	8,185	81,444	31,250
Other income (expense):				
Interest expense, net of interest income	(20,632)	(20,624)	(65,929)	(52,117)
Investment income	9,687	8,229	27,164	21,457
Other, net	(687)	232	(712)	431
Income (loss) from continuing operations before income taxes	14,535	(3,978)	41,967	1,021
Income tax expense (benefit)	4,205	(2,667)	15,219	(1,166)
Income (loss) from continuing operations	10,330	(1,311)	26,748	2,187
Discontinued operations, net of tax:				
Income (loss) from discontinued operations, net of tax	92	467	(156)	1,759
Gain on sale of discontinued operations, net of tax	1,333	-	1,333	-
Total discontinued operations	1,425	467	1,177	1,759
Net income (loss)	11,755	(844)	27,925	3,946
Less: net income attributable to noncontrolling interest	61	121	254	366
Net income (loss) attributable to common shareholders	\$ 11,694	\$ (965)	\$ 27,671	\$ 3,580

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Net income (loss) per common share - basic and diluted								
Income (loss) from continuing operations	\$	0.26	\$	(0.03)	\$	0.65	\$	0.05
Discontinued operations, net of tax		0.03		0.01		0.03		0.05
Net income (loss) per basic and diluted common share attributable to common shareholders	\$	0.29	\$	(0.02)	\$	0.68	\$	0.10
Dividends declared per common share	\$	0.39	\$	0.39	\$	1.16	\$	1.16

See accompanying notes.

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**CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(Unaudited; Amounts in thousands)*

	<b>Quarter Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net income (loss)	\$ 11,755			