CROWN CASTLE INTERNATIONAL
FOURTH QUARTER 2014 EARNINGS CALL

Operator: Good day and welcome to the Crown Castle International Q4 2014 earnings call. Today's conference is being recorded.

At this time I would like to turn the conference over to Son Nguyen. Please go ahead sir.

Son Nguyen: Thank you Kyle, and good morning, everyone. Thank you for joining us today as we review our fourth quarter and full year 2014 results.

With me on the call this morning are Ben Moreland, Crown Castle's Chief Executive Officer, and Jay Brown, Crown Castle's Chief Financial Officer.

To aid the discussion, we have posted supplemental materials in the investor section of our Website at crowncastle.com which we will refer to throughout the call this morning. This conference call will contain forward looking statements which are subject to certain risk, uncertainties, and assumptions and actual results may vary materially from those expected.

Information about potential factors which could affect our results is available in the press release and the risk factor sections of the company's SEC filing. Our statements are made as of today January 22, 2015 and we assume no obligations to update any forward looking statements.

In addition, today's call includes discussions of certain non-GAAP financial measures. Tables reconciling these non-GAAP financial measures are available in the Supplemental Information Package in the investor section of the company's website at crowncastle.com

With that, I will turn the call over to Ben.

Ben Moreland: Thanks, Son, and good morning, everyone. Thank you for joining us on this call.

As we indicated in our earnings release last night, we had another great quarter, finishing 2014 on a very strong note, allowing us to increase our full year 2015 Outlook, which Jay will speak to shortly. In addition to the excellent financial results, we had several major accomplishments during the year that position us very well for 2015 and beyond.

First, we have successfully completed the integration of the AT&T tower portfolio of 9,700 sites and are now seeing healthy application volume on these assets. The AT&T tower transaction represents the sixth carrier portfolio we have acquired in our company's history.

As shown on slide 3, we have a portfolio of approximately 40,000 towers. Over time, we have accumulated a long track record of integrating and leasing our assets and delivering growth through various economic and industry cycles.

We believe we are well positioned and on our way to delivering the same results with the AT&T and T-Mobile portfolios. Similar to our acquisitions in the late 90's and early 2000's, we acquired the AT&T assets, as well as the T-Mobile assets, at initial yields of approximately 5 percent. Long-term, we believe that we can drive the yield on these recently acquired assets to similar levels as our legacy assets, which currently yield 15 percent on invested capital. The AT&T and T-Mobile assets represent approximately 40 percent of our tower portfolio and provide an excellent opportunity for us to extend our runway of growth.

Second, during the year, we meaningfully increased our small cell networks portfolio and capabilities. Small cell networks have many similarities to towers including the same customer base, growth drivers, and similar contractual terms. Small cells are playing an integral role in solving capacity and coverage issues in areas not traditionally served by towers.

Today, our team is executing extremely well, and we are focused on delivering on a growing pipeline. Currently, a significant majority of our small cells activity is being driven by Verizon; however, we are starting to see increased interest from other carriers to add small cell nodes across our fiber assets.

Our acquisition of NextG in 2012 cemented our leadership position in the small cell networks. At the time of the acquisition, we had a stated goal of increasing Adjusted EBITDA from small cells by 5 to 6 times over the next five years. I am happy to report that we are well ahead of this goal.

Third, at the beginning of 2014, we commenced operations as a REIT and initiated our first dividend. Subsequently, during the fourth quarter 2014, we meaningfully increased our dividend to $3.28 per share annually. On this last point, I want to spend a couple of minutes discussing how our core business supports our commitment to the dividend and how we intend to grow our dividend over time by leveraging the investments we have made over the last several years along with potential future investments.

We believe delivering a portion of shareholder returns through dividends aligns well with the fundamentals of the business. The wireless infrastructure assets that we own and operate, whether towers or small cells, are characterized by high-quality, long-term recurring cash flows that are well-suited for committed shareholder distributions.

As shown on slide 4, today we have about $22 billion of future high-quality, revenues under long-term contract primarily with the four major US wireless carriers. For context, these carriers have a combined market capitalization of approximately $415 billion, an annualized operating cash flow of $75 billion and a composite average cost of borrowing at about 4.5 percent.

The quality and contractual nature of our tenant leases provide us with great visibility. In any given year, over 95 percent of our site rental revenues are typically under contract as of January 1st.

Over time, we expect to increase our dividend commensurate with the rate of AFFO growth. Future organic growth is expected to come from a combination of contracted escalators, leasing on our existing portfolios and investment opportunities that are additive to our long-term growth. We expect that these three avenues of growth will combine to generate AFFO growth over the next five years in the range of 6 to 7 percent of which half is currently contracted via escalators in our tenant lease contracts.

Based on last night's closing share price, the combination of a dividend yield of approximately 4 percent and expected long-term organic growth in the 6 to 7 percent range delivers total returns of 10 to 11 percent. Of this expected total return, approximately two-thirds is achieved via the current dividend and the contracted escalators under our tenant leases.

Frankly, we believe this expected total return of 10 to 11 percent sells our business model short. As we look at some comparables, such as the RMZ index, which has an average dividend yield of 3.5 percent and arguably lower growth, we believe our superior business model should attract a lower cost of capital over time.

This belief is based on our intentional strategy of avoiding volatile assets with risks, such as foreign currency and country risks, into our high-quality portfolio; thus, giving us the confidence to make the commitment that we have made to a significant return of capital to shareholders.

Fundamentally, we view our dividend as a growing annuity paid to shareholders in the form of contracted bond-like recurring cash flows plus the conversion of future growth opportunities that is supported by the increasing demand for wireless broadband services.

As effectively a flow-through entity or conduit of these cash flows supporting the mission critical wireless infrastructure of the four largest US carriers, we believe that our expected total return of 10 to 11 percent compares extremely favorably to the composite bond yield of our tenant customers of 4.5 percent as I mentioned.

When we talk about the mission-critical nature of our wireless infrastructure assets, we are referring to Crown Castle’s role in enabling the US wireless carriers to deploy mobile broadband. Carriers utilize our infrastructure to provide service to their subscribers. As a result, our long-term growth potential is driven by the dynamics that play out between wireless subscriber demand for mobile broadband and incremental economics that carriers can achieve by investing in their networks.

Towards that end, we believe our focus in the US, where carriers have the most apparent economic motivation to invest in the world, will drive compelling risk-adjusted total shareholder returns over time.

As you can see on slide 5, the US market is uniquely attractive due to its relative size and robustness compared to other markets. The size of the US market is supported by the high average revenue per user, reflecting the insatiable demand the US wireless subscribers have for mobile data.

For context, a year ago, the average smartphone user consumed 1 gigabyte of data per year. Today, it is estimated that the average smartphone user consumes 2 gigabyte of data per year. So, what took six years to build up to starting with the original iPhone, took just one year to double given today’s devices and applications.

This increasing demand that US consumers are placing on the carrier networks and the consumers’ willingness to pay for such services incent the US carriers to continue to invest to improve and enhance their networks. As carriers continue to compete on the quality of their networks, such investments help maintain and drive up ARPU, encourage new device and application adoption and minimize churn.

The carriers’ ability to generate incremental returns on their capital investment can be seen by the approximately $600 in average annual revenues per subscribers that US carriers are earning compared to approximately $100 in annual investment per subscriber. Relative to other countries, US carriers have opportunities to invest and generate returns at a much larger scale.

The on-going AWS-3 spectrum auction further reinforces our belief that US carriers have a long-term and positive view on mobile broadband services. These spectrum auctions, in addition to spectrum that currently resides with wireless carriers that has not yet been deployed, require wireless infrastructure to be deployed and thus provide a long runway of future demand for our portfolio of assets.

As the US market leader with nearly 40,000 towers and a very attractive and growing small cell opportunity currently at 14,000 nodes, we are well-positioned to help the US carriers meet the growing demand by consumers for mobile broadband services.

Before turning the call over to Jay, I want to take a brief moment to thank our team of Crown Castle professionals who have worked tirelessly to make 2014 a successful year and I look forward to another successful year in 2015.

And with that I am pleased to turn the call over to Jay for some more comments.

Jay Brown: Thanks, Ben. Good morning everyone.

Turning to the financial results, we had a terrific fourth quarter, exceeding the high-end of our previously issued outlook for site rental revenue and Adjusted EBITDA. The strong leasing activity continued during the fourth quarter, and we believe that 2014's level of leasing will be sustained during 2015. The combination of excellent results and completed acquisitions during the fourth quarter 2014 allow us to increase our full year 2015 Outlook.

Turning to slide 6, in the fourth quarter, site rental revenue grew 17 percent year-over-year from $651 million to $761 million. Organic site rental revenue grew 7 percent year-over-year, comprised of approximately 4 percent growth from cash escalations in our tenant lease contracts, and approximately 7 percent growth from new leasing activity, net of approximately 4 percent from non-renewals.

As can be seen on slide 7, our Organic Site Rental Revenue growth has been enhanced by the investments we have made over the last several years, including in the T-Mobile portfolio and small cells. Our U.S. legacy tower assets, excluding T-Mobile and small cells, generated year-over-year Organic Site Rental Revenue Growth of approximately 4 percent, inclusive of non-renewal headwinds.

The 4 percent growth on our U.S. legacy tower assets compares to approximately 6 percent for the T-Mobile portfolio. We do not present the AT&T portfolio here because it was not owned for the entire period presented; however, the AT&T portfolio's performance is comparable to the T-Mobile assets after a similar period of ownership.

Based on our underwriting assumption of adding 1 tenant over 10 years, the AT&T and T-Mobile portfolios have added approximately 200 basis points to our expected long-term dividend growth target of 6 to 7 percent over the next 5 years.

Turning to small cells, we continue to see healthy growth. Site rental revenue from small cell networks is up approximately 30 percent year-over-year, contributing approximately 7 percent to consolidated site rental revenues. At the end of the fourth quarter we had over 7,000 miles of fiber serving over 14,000 small cell nodes on-air or under construction. We believe our strategically located fiber we own will continue to see meaningful additions of tenant nodes thereby driving yields higher over time.

We continue to make investments in fiber to deploy these small cells as we believe the investment is delivering attractive returns and will increase our long-term dividend capacity. On a unit economic basis, we are generally seeing initial yields from the fiber we deploy for small cells of approximately 6 to 8 percent on the anchor tenant. Similar to towers, we see these yields on our small cell network being driven up into the low to mid-teens from additional lease-up and amendments.

Turning to investments and financing activities, as shown on slide 8, during the fourth quarter, we invested $267 million in capital expenditures. These capital expenditures included $40 million in sustaining capital expenditures, which included approximately $3 million that was previously expected in our full year 2015 Outlook, but was accelerated into fourth quarter 2014.

Additionally, during the quarter, we invested $35 million in land purchases. During 2014 we completed over 2,500 transactions, of which approximately 30 percent were purchases with the remainder being lease extensions. Our proactive approach to achieving long-term control of the ground beneath our sites is core to our business as we look to control our largest operating expense and produce stable and growing cash flow over time. Having completed more than 17,000 of these transactions, we believe we have the most secure portfolio of ground interests in the industry.

Today, approximately one-third of our site rental gross margin is generated from towers on land we own and approximately 70 percent on land we own or leased for more than 20 years. Where we have ground leases, the average term remaining on our ground leases is approximately 30 years. More detailed information regarding the ground interests beneath our towers is available in our Supplemental Information Package.

Of the remaining capital expenditures, we invested $192 million in revenue generating capital expenditures, consisting of $91 million on existing sites and $101 million on the construction of new sites, primarily small cell construction activity.

Further, in the fourth quarter, we also invested approximately $286 million in acquisitions, primarily related to acquisitions of ground interests underneath towers.

During the quarter, we also paid a quarterly common stock dividend of $0.82 per share, or $274 million in aggregate.

As of December 31, our total net debt to last quarter annualized Adjusted EBITDA is 5.4 times. Our weighted average cost of debt stands at 4.1 percent with a weighted average maturity of six years.

Additionally, since the end of the quarter, we increased our revolving credit facility by $630 million. Our revolving credit facility now totals $2.1 billion, of which we have approximately $1.4 billion available.

Moving on to 2015 Outlook on slide 9, we have increased our full year 2015 Outlook for site rental revenue by $11 million, half of which is organic, and AFFO by $8 million at the midpoint. The increased Outlook reflects the strong results and completed acquisitions from fourth quarter 2014 and includes the negative impact from a decrease in foreign exchange rate assumptions related to our Australia business. We completed several acquisitions during fourth quarter 2014, which did not materially contribute to full year 2014 results and are expected to contribute approximately $5 million to AFFO in full year 2015.

We expect to generate approximately $1.46 billion in AFFO at the midpoint of our 2015 Outlook. Of this amount, we expect to distribute approximately $1.1 billion in dividends and use the remaining portion to invest around our core business to drive our organic growth. These investment activities include purchases of land underneath our towers and construction of small cell networks.

We believe the combination of continued investment in our core business, the high-quality, contracted cash flows generated by our tenant leases with built-in escalators, and as Ben mentioned, the need for our wireless infrastructure as carriers to continue improve their networks, position us to achieve AFFO and dividend growth of 6 to 7 percent organically on a compounded basis over the next five years.

We believe our strategy of focusing in the US, which is the largest wireless market in the world, will drive growth in AFFO and dividends per share over the long-term, which we believe will provide shareholders with very attractive total returns.

With that, Operator, I'd like to open the call to questions.

Operator: Thank you. If you have a question on today's conference please press star 1 on your telephone keypad. If you are on a speakerphone please make sure your mute function is turned off to low your signal to reach our equipment.

We'll take our first question from Phil Cusick with JP Morgan.

Phil Cusick: Hi guys. Thanks. I guess I'll go with my traditional question which is what is driving the services strength? It was up even more in the fourth quarter. Can that continue then into the first quarter and what do you think about the rest of the year?

Ben Moreland: Yes Phil we are forecasting 2015 to be essentially the same as 2014 which was a record year for us in terms of services margin, I think about $270 million or so.

What's driving that frankly is a lot of application volume. And we're getting extremely good at capturing the addressable market that's occurring on our towers.

And that's everything from the front end preconstruction work of permitting and zoning all the way through managing the construction of the installation or upgrade on the tower.

And so that take rate has been steadily climbing over the years. And we've gotten very good at capturing that opportunity and it's turned into a very nice business that is application driven. But for us it's opportunity.

Obviously we're making money at it. And it's a great way to stay close to our customers and control fundamentally what goes on our tower and what's happening at the tower site. So we're very pleased with the business.

Phil Cusick: Okay and then second can you talk to me about the land portfolio acquisition in the fourth quarter? And it seemed like that was at a very high multiple.

How should we be thinking about that? Is that sort of fairly typical transaction and are there more of those to do this year?

Ben Moreland: I don't think there's more to do and it was a little bit atypical. It was a portfolio of sites that are a mixture of our sites and other sites. And it had some that are more relatively short dated than we would have otherwise seen.

So when you price that you have to assume you price in rent growth over time as those expirees come up and so as a result the price is a little higher than we would have otherwise normally expected.

I don't see a lot more of those to come but in this case they were attractive assets and it made sense for us to pursue it.

Phil Cusick: Should we think you got held up a little bit on that?

Ben Moreland: I don't think so, no. That's not how I would characterize it.

Phil Cusick: Okay thanks Ben.

Operator: We'll take our next question from Simon Flannery with Morgan Stanley.

Simon Flannery: Thanks very much. Good morning. Ben it was nice to see the organic revision higher. It's still very early in the year. You don't always do that.

Can you just talk about what you're seeing that gives you the confidence to move on that? And I think you talked about expecting activity from all four players so perhaps you can just go through what's going on there?

And related to that how should we think about FirstNet. Are we going to get any revenues from that this year or how do you think about that for '16? Thanks.

Ben Moreland: Sure. Simon we finished the fourth quarter very strong run rate-wise and so we carried that through to our guidance for ‘15.

We maintain a view that we’re going to add about $100 million of organic revenue on the tower sites which is similar to where we were when we initiated guidance back in October.

So we haven’t really changed our fundamental view of activity. We think 2015 looks a lot like 2014. We’re pleased to finish strong in ‘14 and that’s what we reflected in the guidance.

We have increased guidance a little bit because we are running ahead of plan on the small cell side and now I think we’re at about $50 million in new revenue on that side.

So all in all we’re very pleased with what we see for the year. We’re three weeks in and so it’s a little early. But we’re sticking with our guns here on it looks to us like a year that is shaping up to look like 2014 a little bit upside from the run rate beat on Q4.

On the AWS auctions, I guess we take the view that obviously the auctions in terms of pricing have exceeded pretty much anybody’s expectations of approaching $45 billion today.

Our view is that that spectrum needs to get launched. It will get launched and we could potentially see some activity late this year.

It won’t be of any real significance financially this year. But, it’ll depend somewhat on the identity of the winning bidders which we’ll all know here probably in the next couple of weeks.

So we are optimistic. And any time there’s spectrum that’s auctioned, that’s unsold inventory on the shelf for a carrier and they need to deploy it and we stand ready to help them with that.

Simon Flannery: And the thing on FirstNet because they will get some of the funding from the auction obviously.

Ben Moreland: Well they will get funded which is positive and we’re staying very close to the situation.

I don’t have anything to announce this morning on the call but it is positive certainly for them that they get their funding that was mandated out of the auction proceeds and we look forward to getting some more clarity from them on how the network will proceed.

Simon Flannery: Thank you.

Operator: We’ll take our next question from David Barden with Bank of America.

David Barden: Hey guys thanks for taking the questions. Two if I could, just the first one following up maybe Ben on the AWS-3 auction.

I guess because most of the carriers have an AWS spectrum deployment already they might not be hugely incremental if at all. But AT&T doesn’t.

So do you see that at AT&T, if we find out that AT&T is one of the big winners here, does that create incremental demand do you think to the outlook that you have right now?

And then the second question would be maybe more for Jay.

I think in the release you talk about how the churn events that you’re expecting from these acquired carriers are going to be lumpy.

But do you have any specific color that you've gotten from the carriers for instance in the turn downs in the first half that you can talk about and kind of how we would model that out? Thanks.

Ben Moreland: Sure Dave. With respect to the AWS-3 launch over time, we do expect that to be incremental. As has been the case in the past that typically comes with equipment swap outs and typically more. And that would be characterized as an amendment. And to the extent the carriers do that over time that would be positive to us.

I don't look at it really as incremental to our guidance. Implicitly the guidance back in October is a little more art than science sometimes.

And so implicitly we have some of these things baked in based on our experience over time and how these things roll out.

And in particular our best guess on how each individual of the four carriers impact that $100 million of add, we probably best case get within 20% on any particular carrier's activity just because they don't know particularly what their allocations are and how things will go early in the year.

We typically get it pretty close but that's about as good as we can do back in October of the prior year.

But I don't, at least at this stage, I don't look at that as incremental to the $100 million of gross adds for the year.

Jay Brown: On our assumption around non-renewals, Dave, we made an assumption obviously when we gave the outlook around the way it was going to come and it is a bit lumpy.

The way we laid out the outlook for 2015 front end loads the churn of events over 2015, the most significant amount that we would expect for the full calendar year we currently believe will happen during the first quarter.

And as we look out over the course of the year I think you'll see our sequential revenue growth quarter to quarter actually accelerate and be a little bit higher.

So it's typically the case in the business that the year will be back end loaded from an activity standpoint. And we usually see that in terms of activity around leasing, this year that will also be the case as a result of our assumption around churn.

I don't really have any new updates to that from what we said last time. The carriers have given us very specific feedback on what sites they would expect to take down and the timing of that. So we tried to reflect that in our Outlook.

What we provided yesterday in the press release is very similar to what we provided in October.

So our assumptions are effectively unchanged from last time on both revenue growth as well as the non-renewals. And then it is front end loaded.

David Barden: Right, so the 1Q guidance includes the most significant churn event that you're going to have for the year and then it'll kind of fade over the course of the year and we'll start to see that revenue acceleration quarter to quarter?

Jay Brown: That's true in terms of if you were counting BBEs. Obviously you won't feel the impact as much in Q1. You'll start to feel it a little bit more in Q2 as those licenses are turned off during the course of Q1.

David Barden: Got it. Okay. Thanks guys.

Operator: We'll take our next question from Ric Prentiss of Raymond James.

Ric Prentiss: Thanks. Good morning guys.

Ben Moreland: Hi Ric.

Ric Prentiss: Hi, a couple questions. First can you talk a little bit about your leverage target? You guys are at 5.4 times.

As you consider transactions that are out there, Verizon, Extenet, what are you thinking about where your comfort is?

You compared yourself to the REITs, obviously in the RMZ. REITs carry a higher leverage than you guys do. Some of your competitors maybe have the US levered more than the international and the blended might look a little different.

Considering you're a US focused company, help us understand a little bit about where you're comfortable with leverage?

Jay Brown: Sure. We talked a long time about our target being four to six times and have set a course towards trying to get to an investment-grade credit rating which we think has lots of positive implications for both the debt and the equity over time.

You've heard us talk about, as we think about various assets and other things, that for the right assets and the right price we may tend towards the higher end of that range of leverage and try to be efficient and get the right returns for assets.

But I think typically you'll see us operate the business inside of that range. And we've tended towards the middle of that range we think is about what it's going to take to get to an investment grade credit rating.

So it's really going to be a facts and circumstances decision that we'll make for the right asset, you'll see us go above where we are today potentially.

But I think in normal course assuming the business is operating as it is now, I think you'll see us tend towards the middle of the range.

Ric Prentiss: And then can you update us as far as where your NOLs are at? And there were some reports out there that the minority partner in Australia might be selling, just trying to understand that process.

Jay Brown: Our NOLs today are right at about $2 billion.

Ben Moreland: Yes, on the minority partner, Ric, we're not involved in that process.

We're aware they may be exploring opportunities. I guess we've seen a press note on that. They've been in it since inception and have generated a lot of value for their company so they may be exploring options but we're not directly a party to that.

Ric Prentiss: And would that someday be an asset you guys would consider selling as well? And how would the NOLs in the US benefit the gains you would have on that nice sale if it were to occur?

Ben Moreland: I got asked this question last time and covered it real quickly. Maybe a little better description is warranted here.

We have done extremely well in Australia and we really have enjoyed our experience down there.

That business is about $100 million EBITDA business today. And I think when we bought it it was $15 million. So we've created an enormous amount of value and continue to serve our customers very well down there.

Going forward it's hard to argue, while we enjoyed the market dynamics there, it's hard to argue as far away as it is that it's strategic is what I said last time.

And so to the extent there was someone who frankly wanted to own it for a value that compelled us to sell it we would take a look at it.

I don't know if there's one there. We're not actively seeking or pursuing anything there. But it is an interesting discussion driven by the tax situation as you partially noted.

That business will actually start to lose its tax shelter inherent in the depreciation over time. So we will start paying more taxes over time which causes us to think about it.

The NOLs that we currently have would enable us to shelter essentially all of the gain if we were to divest that business and bring the proceeds back to the US.

So we probably consume about half the NOL or so with the gain.

So it's an interesting academic discussion. There's nothing that we're pursuing today. We've enjoyed and continue to enjoy our experience in that business.

And if something comes up in the future we'll let you know but as an academic discussion that's sort of where we stand.

Ric Prentiss: Great. Thanks guys.

Operator: And we'll take our next question from Johnathan Atkin from RBC.

Johnathan Atkin: Yes. So I have a question about the small cell business and just sort of the strategic outlook in terms of acquiring other operators.

And then in terms of your organic growth if you could give a little bit of color, you talked about the 6% to 8% returns going to low to mid-teens with additional tenancy.

And when you bring on additional tenants what types of additional build out do you require? Because not everybody has the same outdoor DAS needs. And so I was interested in your experience to date on when a second tenant comes on do you need to outlay more capital?

And then finally when it comes to just expanding the plant are you at the right organizational capacity or would you consider adding either contractors or employees to further make investments in that space? Thanks.

Jay Brown: Sure John. I'll take the last couple of those. As you add a second tenant, and we talked about our yields, it's very similar to the tower model. So you're adding additional yield, and you're adding across a fixed base of capital and operating expenses typically.

But the second tenant it's a little more complicated because inevitably, maybe you had 30 or 40 node system and that carrier coming on the second tenant may want most of that initial footprint but they may want additional laterals which requires then to invest additional capital for which we get capital reimbursement as well partially.

So it's always a hybrid is what I should say. It's not quite as clean as just a second tenant on a tower.

Nonetheless that yield that ultimately results with the second tenant clearly pushes us into the teens area and above that clearly you can understand how the economics work.

Johnathan Atkin: If I could briefly interrupt, and so is the yield on a kind of a same asset basis or is it inclusive of incremental capital?

Jay Brown: Inclusive, yes inclusive of total invested capital. Yes. That's the way we would look at it.

Johnathan Atkin: Got it.

Jay Brown: And so there's definitely positive leverage as you go forward. But it always involves a little more capital because you're building out additional laterals to fit a footprint requirement of that second carrier.

In terms of capacity, we have ramped it up dramatically over '13 and '14. We have in the pipeline a task in front of us in terms of build activity that suggests we'll probably continue to ramp it a little bit more but not nearly the orders of magnitude we've done over the last 24 months.

And so I think we will see the sort of incremental margins coming out of that business that we've come to expect and enjoy in the tower business.

What we've done over the last two years frankly, and I realize we don't segment report this for you so you'll just have to take my word for it, what we've done in the last two years essentially is consumed the growth in EBITDA through G&A expansion as we're adding capacity to get to the point where we can build 5,000 to 6,000 nodes a year which is where we are today. And the pipeline of engagements continues to build.

We're getting better at it, getting more efficient but we have put in a management structure that will enable us to meet customer needs at that order of scale.

And I think we're probably 80% down the road on where we're going to be on that.

Ben Moreland: John, your first question around acquiring other operators, I would tell you we've done two meaningful acquisitions in this space over a long period of time.

Next G and NewPath were the two acquisitions that we've done.

And not only did we like the assets where the fiber was located as well as the existing nodes but we were thrilled with the platform that they brought, the significant internal capabilities that both of those firms have and the talented folks that came with them.

And we view it as an opportunity for us to expand our small cell platform and give us an opportunity to continue to grow the business which has turned out to be everything that we expected and more, and given us a lot of opportunities to pursue more than we could have otherwise done if we had not been able to do those two acquisitions. So I think those two have gone very well.

And as we look at our capabilities today, I really don't see us pursuing another acquisition at the kind of multiples that we did with Next G and NewPath because we have a platform already.

And so if there was an opportunity for us I think it would look much more like a straight asset sale.

So you saw us in the fourth quarter one of the small acquisitions that we did was a small cyber company in the Northeast where we already had nodes under contract.

And we saw the opportunity to acquire fiber as a lower cost alternative to building it ourselves.

So you may see us over time do some things like that, where there are assets that make sense for us to own, and we do the buy versus build analysis and that may make sense.

But in terms of looking externally for platforms and needing to do a more strategic thing there I don’t think that’s a likely outcome for us.

Johnathan Atkin: Thanks. And just a quick follow-up on Title II broadband regulation and thoughts on how that would impact your business?

Ben Moreland: John we’ve looked at that and I don’t think there’s a direct impact on our business. And there is a lot of discussion out there and some emotion involved and so we’ll probably stay away from that question.

We’re independent and we’re a neutral host if you will. And the shared infrastructure model works quite well and we don’t really have a dog in that fight currently.

Johnathan Atkin: Thank you.

Operator: We’ll take our next question from Michael Rollins with Citi.

Michael Rollins: Hi. Thanks for taking the question. I was just curious as you look at the aspiration that you’ve laid out for the five year AFFO growth, and then I think what you talked about the dividend, is it a smooth line that investors should expect in terms of dividend growth, or do you see it being accelerated on one part of the other of this sort of five-year horizon period?

And obviously you talked about being in between some of the churn impact. I’m just curious how that all relates to what investors should expect on a year to year dividend growth? Thanks.

Ben Moreland: Sure Michael I’ll do my best. Good to talk to you.

As you can see from our guidance this year we’re guiding up on AFFO per share of about 4.2%, 4.3% so just a shade over 4%.

And again that’s with about 700 basis points of churn headwind in that number.

And so if we’re saying as we are that a compound annual growth rate we expect over five years to be 6 to 7, well then obviously it has to be higher in the back four years of that, and as Jay mentioned 2015 looks like our peak churn year in terms of headwind.

So with normal activity, which I’m not giving you five-year guidance but we’re giving you sort of a five year target on what we think the cash flow growth is, if the activity sort of holds and the churn rolls off as we expect you’ll see a pickup in that AFFO growth rate over time of a couple hundred basis points in any given year.

It obviously has to get to the sort of 7% to 8% at some point to get into that 6% to 7% area for the whole five years. And that’s our expectation.

We’re just trying to keep it very simple for everyone so they can track back to their long term modeling for us and appreciate that as you get out into the latter part of that five year period you’re coming off of bigger numbers so those percentage changes become ever more challenging off of a static asset base although we are growing the asset base particularly around small cells.

So we expect that the dividend growth will track that. Our working assumption right now is that we will stay in and around sort of the 75% payout on an annual basis.

And so you'll see it grow in that 6% to 7% CAGR overtime, obviously a little bit lighter on the front end probably, and then more over time as it tracks AFFO growth.

Michael Rollins: Thanks very much.

We'll take our next question from Kevin Smithen with Macquarie.

Kevin Smithen: Thanks. I noticed that capex was elevated in Q4. Can you talk about how we should think about the seasonality for that, and specifically small cell capex, how much of this is accelerated demand versus seasonality? Why don't we start with that?

Jay Brown: Yes Kevin we did spend more in the fourth quarter then we had in the other quarters. And that's pretty typical in the business as people try to hit year end targets.

So I expect as we talked about on the last quarterly call when we look at full year 2015, we size the dividend paying out about 75% of AFFO based on our expectation that about 25% of the AFFO will be invested in activities around the core business.

And the majority of that would be related to small cells. So I think in terms of if you're looking for sequential quarter guidance we would expect that number to come off of what we spend in the fourth quarter.

And it will, typically our expectation will be it will ramp towards the back half of the year in any given year. That would be a pretty typical investment cycle.

Ben Moreland: I would add that we are not capital constraining that business. As we see these attractive opportunities which we're continuing to pursue it is continuing to grow and we'll pursue them as they come in.

And that we think it's fundamental to what we're doing and makes a lot of sense.

Kevin Smithen: If that business goes from a negative total free cash flow to positive is there a chance that you can increase the payout ratio looking out two or three years?

Jay Brown: Well it's certainly contributing to AFFO growth and that's in our outlook. But as I mentioned in my notes, we're certainly ahead of plan over sort of a five year period. And I'm not going to forecast for you where we'll be in three years in the small cell business but it's certainly contributing to our growth over time and we expect that to continue.

And look if we're putting capital to work at high initial yields in the geographies that we're currently working where we have very high expectations that other carriers will collocate on those systems over time, well then it will be accretive to growth, and certainly will contribute to the dividend overtime. And that's our working assumption.

Kevin Smithen: Can you give it a little more granularity on capex trends by carrier? Verizon came in a little higher than they previously guided to on 2015 capex today.

We have yet to hear from Sprint or T-Mobile. But I think, AT&T caused a lot of concern in the industry.

But, how much of that is really just AT&T specifically and how much are you seeing of an industry-wide slowdown?

Jay Brown: Yes Kevin I'm not going to get into speaking for the four carriers but I will say that we have reaffirmed our guidance today to add about $100 million on the core tower business as we did in 2014.

We see a very robust pipeline of activity as we sit here three weeks into the year, we are looking at a very nice pipeline that gives us confidence to reconfirm to you that number.

And that's made up of all four carriers doing various things on their network, everything from brand-new installations that add new cell sites, to significant augmentation and that's occurring really in varying levels across all the carriers.

The one thing I would say about AT&T is there's been a lot of press about that. And in any given year carriers increase and decrease their activity for a number of reasons and that's been the case forever. And it doesn't happen on a straight line.

And over time we believe, and it's certainly borne out in history, that the carriers need to continue to invest in the network quality to support what we're all using as consumers and that we are the most efficient way for them to do that.

I mean the shared infrastructure model is alive and well. It's very compelling for them to utilize our facilities versus try to build their own. That's how our industry really has been founded. And that is continuing today.

So we have a high level of confidence that you're going to continue to see that occur. And the ebbs and flows in any particular carrier's budget year to year, we don't get really too worked up about.

And I think the last thing I'd say to that is the high value that the spectrum auction is attracting from our perspective, it just sort of solidifies the long term view of the value of these networks and the value that the carriers are obviously placing on delivering more broadband capability to all of us as consumers.

And spectrum has to be matched with infrastructure in order to utilize that and we stand ready to help.

Kevin Smithen: Thank you.

Operator: We'll take our next question from Amir Rozwadowski with Barclays.

Amir Rozwadowski: Thank you very much. And just tailing off on some of the prior questions on small cells, it seems as though you folks are seeing much more constructive trends from not just Verizon but other carriers in the marketplace.

I was wondering if you could give a little bit of color in terms of the competitive landscape?

You folks have obviously made a diligent effort to invest in this market ahead of some of this growth that we've seen. Do you anticipate shifts in the competitive landscape or do you feel comfortable in terms of your positioning whereby this can be sort of a leading driver for you folks and perhaps, sort of increasing you're share going forward?

Ben Moreland: Well Amir what I'd say is it's a big world out there with a lot of geography that carriers are either currently or I believe in the future will identify that they need to employee small cell architecture to add capacity.

And we were only scratching the surface. And we're going about as fast as we can possibly go to tell you the truth. For my guys listening on the call they would agree.

We're going to continue to ramp that capability. But I would tell you it's a competitive market. And we expect we will continue to have competitors and probably more competitors over time.

But the geographic footprint that we secure and build has the same dynamics and sort of natural barriers to entry as the tower.

Once you've got the embedded capital there it's very efficient to add that second or third tenant over time. And so the model we think is very analogous to what we see on the tower side.

And we are seeing more carriers in varying levels of interest in budget capacities become increasingly interested in what we have to offer.

And I don't have a huge announcement for you today on the number of new activities we have with other carriers.

As we said in our comments the overwhelming majority of what we're seeing right now is with Verizon.

In geographies that if I were to show everybody on the call maps of where they're going I think we'd have almost unanimous agreement that these locations make sense in terms of adding capacity in urban areas and a very high likelihood that the other carriers will come on those systems for the very same reason that Verizon has identified it initially.

So we're very comfortable with where we are. It is a competitive environment but a lot of it comes down to execution.

It is a more challenging undertaking than just leasing a tower. And we have the capability and we frankly invested in the capability and the people to get us there.

Amir Rozwadowski: And then with that if we're looking at sort of you mentioned your sort of increasing budget or allocation of budget, given sort of the thought process around capex budgets is it coming from macro cell investment and being reallocated to the small cell side or are you seeing this is sort of incremental dollars relative to your sort of macro site investments that you're receiving?

Ben Moreland: We're seeing it completely incremental. I mean as I mentioned Verizon being the majority of our first tenant adds on the new systems that we're building I wouldn't begin to suggest we have seen any slowdown from Verizon on macro sites. In fact they have been very, very active.

So I think it's incremental. Its adding capacity in these networks that are going to be needed for everything we're all doing on the systems today and more in the future.

And it's just a different way, an efficient way where a macro cell site probably won't suffice or is not available to add that capacity.

Amir Rozwadowski: Great, thank you very much for the color.

Operator: We'll take our next question from Colby Synesael with Cowen & Company.

Colby Synesael: Great, thanks two quick ones. You mentioned $5 million of AFFO coming from the M&A you did in the fourth quarter.

Is that a fully burdened number? So assuming some form of debt financing associated with the M&A which you did there arguably is an interest expense tied to that. And is that $5 million net of that number?

And then the second question I was wondering if you could just give us an update on what your expectations are for capex for 2015? Thanks.

Jay Brown: Yes on the first question Colby it is a burden number. We drew under the revolver to pay for the assets so there's about $7 million to $8 million of interest expense associated with the acquisition so that $5 million of AFFO is after that.

On your second question we've sized capex assuming that we're going to spend about 25% of AFFO on capex in calendar year 2015.

Obviously we do have some benefit of the prepaid rent on when carriers go on sites and deliver to us prepaid rent which covers a portion, a large portion of the capex that we spent to improve the site in order to hold the next tenant.

So there's a bit of an offset that we get there from a cash standpoint. But broadly in terms of capex, net capex or net cash out the door, we're sizing that right at about 25% of our AFFO for 2015.

Colby Synesael: And so M&A would be outside of that number then?

Jay Brown: M&A would be outside of that number.

Colby Synesael: Okay cool. Thank you.

Operator: We'll take our next question from Mike McCormack with Jefferies.

Mike McCormack: Hi guys. Thanks. Maybe, Jay just a comment on the AT&T and T-Mobile tower outsized rental growth. And just trying to get a sense for what you view as the longevity of that outsized growth versus the traditional core?

And then secondly thinking about carrier health we've got one of you and your peer's biggest customers that burns a tremendous amount of cash. Just trying to get a sense for how you guys sort of risk adjust that? I know you've got protections in place to some degree but just wondering how you're thinking about them?

Jay Brown: Sure. On your first question Mike the AT&T and T-Mobile portfolios have done very well since we acquired them. You can see from my comments if you look at the leasing on a percentage basis it's about 50% higher than the legacy assets.

So those assets have done exactly what we expected in terms of enhancing our growth rates. And we've been pleased with how they performed out of the gate.

Our underwriting assumptions as we looked at the assets was we believed that we were entering a cycle both in terms of spectrum auctions as well as the activity from the carriers and technology migrations, etcetera.

They were going to be focused on deploying a lot of new cell sites and increasing cell site density. So it's certainly our expectation in 2015 that will continue.

And frankly as we think about a longer period of time, I think it's very likely that those two assets and their revenue growth will outpace that of our legacy towers.

As we talk about it on a percentage basis obviously the benefit there is they're coming off of a much lower base.

So when you get down to the nominal dollars per tower the differences would be smaller. But on a percentage basis those assets that we acquired with low amounts of revenue and cash flow have a meaningful impact to our expected growth rate.

Ben Moreland: Mike on your other question just thinking about the competitive landscape of the four carriers. I guess I keep going back to what's been true really since the last 15 years, is that every time we look at our carrier landscape there's always somebody on the outside looking to get in.

And on this call I think there was a question about FirstNet which certainly has stated a need to launch a national public safety network and it's yet to be determined how it's going to occur.

Mike McCormack: I'm surprised you didn't get Google yet then?

Ben Moreland: Well we've talked about, you've got a rumor out this morning and an article in the Journal on the Google MVNO.

And then Dish with their spectrum and its unclear yet exactly how that's ultimately going to get launched so they can get a wireless product.

But ultimately there's a consumer demand of over 300 million people with multiple devices continuing to load these networks.

The node I mentioned earlier was smartphone utilization is basically, in terms of capacity, doubled in the last year. That's just incredible.

And so what's happening is the networks, regardless almost of who owns the networks, are becoming more and more utilized. And that takes capital.

And there is other sources of outside capital that stand out there potentially ready to invest to get a share of that access to the wireless consumer, Google being the most recent description of that.

So over time we're very comfortable that the business that we're in which is providing shared infrastructure in a very efficient way that is more efficient than them owning these assets on their balance sheet is the way to go.

And the competitive landscape will sort itself out over time but in my perspective the pie is only growing and attracting additional capital and that's good for us.

Mike McCormack: Great. Thanks guys.

Operator: We'll take our next question for Michael Bowen with Pacific Crest.

Michael Bowen: Okay thanks. Good morning. I wanted to go back to some comments you made a little bit earlier on the call about, in a potential Title II world, you did not think that that was going to be that impactful.

However the CFO of Verizon today was saying that while Title II, if that were enacted would not impact their 2015 capex, it definitely would have negative ramifications on 2016.

So I'm assuming that they're also, including in that wireless assets, the potential to be classified under Title II.

So can you help us think through that or do you know something that we don't know, perhaps do you not think that wireless will come under any type of Title II regulation? Thanks.

Ben Moreland: Yes Michael, I've actually spoken with all four carriers about this and there are varying levels of views about the potential outcome on this and what it means for capital spending and their long term plans for network investment and economics around that.

So I'm really not going to get into speaking for them on this. There are a variety of views. It's highly charged as you can imagine as you see comments out there.

And from our perspective the business that we're in is pretty agnostic. There will be ultimately demand on these networks.

They certainly are talking about forbearance on pricing over time. We'll see where that goes. We don't spend a whole lot of time worrying about it and obviously that's something the carriers have varying lobby efforts underway on that.

And we do pay attention to it but don't find that it directly affects our business at this point.

Michael Bowen: Have you handicapped, and that's fair obviously. But have you handicapped any downside or upside versus kind of status quo if it goes either way as far as the revenue impact.

Ben Moreland: No I haven't. I mean I could go back, we can talk about the spectrum auctions. But that spectrum's going to get put in the hands of carriers who are going to utilize it.

And I think that creates a runway that's we think far in excess of probably any potential negative that could come out of Title II regulation on net neutrality.

I think there's a long way to go on that discussion. But to the extent the spectrum auction clears at these prices which is certainly looks like it's going to that spectrum is going to get launched and it takes infrastructure to launch that spectrum. And that's about as far as we have to think through that right now.

Michael Bowen: All right thanks.

Jay Brown: And Mike one of the things I would just highlight for you and we've talked about it a lot as we talk to investors as how we think about the business.

When we talk about total long term returns to shareholders of about 10% to 11%, about 70% or 2/3 of it roughly is either in the form of the current dividend or embedded in our contracted escalators.

So the 1/3 of the balance of the returns that we're certainly chasing and working hard at, and we've obviously laid out our forecast for the next 12 months and talked a lot about leasing.

But as we get into questions like this around, okay what could the downside be, what could the upside be. we're talking about 1/3 of the total return.

And so if you wanted to take a haircut to it you're welcome to do that but it's relatively muted on an overall total return to the shareholders.

And I think that's in part why we made the decision last quarter to meaningfully increase the dividend. And we think the story is pretty compelling in virtually any kind of environment.

Michael Bowen: And then just one last thing with regard to the potential reseller agreement between or contemplated agreement between Google, T-Mobile and Sprint, can you see any scenario where that would be negative for the towers, I mean just the industry itself?

I mean I don't really see it being negative but would appreciate your thoughts?

Ben Moreland: I can see no scenario where it would be negative. MVNOs, we've had them for a long time in the industry. They add capacity to a network and utilization. And that ultimately takes additional sites.

And to the extent that came with additional revenue stream or capital infusion in the host carrier that would obviously be helpful for their continued investment in the networks.

So I can see no negative downside from that. And frankly it just reinforces what we were saying earlier that there seems to be always people on the outside looking to get access to wireless subscribers and that's good for us fundamentally.

Michael Bowen: All right thanks. Good to know you didn't have any Google revenue in your outlook. Thanks.

Operator: We'll take our next question from Spencer Kurn with New Street Research.

Spencer Kurn: Hi guys. Thanks. I just want to follow up on a comment that had been made earlier. I completely agree that you look really attractive relative to the RMZ index or other dividend and yield oriented stocks.

Are there any indices that you think you can eventually be included in? I think one of the hesitations for investors would be going out of benchmark. So inclusion of an index could be a positive catalyst for your equity. Thanks.

Jay Brown: Yes Spencer I'll take that. We obviously think that the business as we talked about for a long period of time, we're a real estate business.

And our hope would be that over time the various indexes that look at real estate will treat us and include us like they do other traditional real estate products.

So I don't necessarily have any updates to that other then we continue to have conversations and would hope that over time the tower industry is embraced as another very stable form of real estate and think there are lots of characteristics of our business that would support that.

Ben Moreland: And that's happened over time. About 50% of the market cap of REITs today are what you would consider nontraditional REITs.

Most of them have made it into the indices over time. And so we'll see how that goes over time.

We're very pleased to participate in and be evaluated against the real estate companies I think that's a relevant benchmark.

There's a much broader universe out there of income investors that I think are attracted to our company and our story, based on the predictable long term returns that we've talked about.

As Jay mentioned, 2/3 of our total return expectation is on the books when we show up in the morning. That's a very unique scenario. You don't find that very often.

We spend all day long working on that last 1/3. And that's what we're pursuing every day. But it's pretty compelling in the sort of low return and volatile environment we are today where, you got a 4% dividend yield and upwards of 4% contracted in terms of cash flow growth.

And we like that model. And it's why we've done what we've done to put us in that position.

And we think over time it attracts the lowest cost of capital which enables us to frankly continue to pursue this business model which at its core is all about sharing.

And I think it's important to go back through just real quickly when we talk about return on invested capital that comes from sharing these assets.

And as we talked about on this call our legacy sites with 15% return on invested capital, typically those towers have three tenants per tower so they're all paying about 5% a year to occupy the asset.

And that's fundamental to this business and why it's compelling for the carriers to utilize this and why it's been compelling for them to sell and lease back the sites to us and we think a very efficient model really for the long term and why we're so bullish.

Spencer Kurn: Thanks guys.

Operator: We'll take our next question from Batya Levi with UBS.

Batya Levi: Great thanks. A couple of follow-ups, one can you provide this split on the new leases and amendments that you're seeing? I think it was about 75/25 in the last quarter and how you expect that to trend into '15?

And another question on the small cell business, of the $50 million incremental growth that you expect for this year can you give us a sense on what percent is on the recurring long term contracts versus maybe one-time projects that you have planned? Thank you.

Jay Brown: Sure. On your first question similar to what we saw in 2014 we're expecting new leases to make up approximately 70% of that activity and 30% to the amendment.

So if you looked at fourth quarter activity or our full year outlook it would be in that 70, 70/30 mix.

If I understand your question correctly, on the $50 million of incremental, all of that is long term. All of that is long term contracted revenue.

So as we speak about that we're talking about site rental revenue. And the contracts that we sign for small cells are very similar to that of the tower sites. So they're, generally speaking, 10 to 15 years of initial term with embedded escalations.

There is some component of services in small cells but it's really pretty small. So as we speak about that number we're talking about the long term recurring numbers that flow through AFFO.

Batya Levi: Okay thank you.

Operator: We'll take our next question from Jonathan Schildkraut with Evercore.

Jonathan Schildkraut: Great. Thanks for fitting me in here. Two questions if I may. First I noticed that there was a small change in expected churn for the year. I think you took it down by 10 bps.

Is that just a rounding error or is there something a push out or some conversations around churn that are a little different than they were maybe a quarter ago when you point out initial guidance?

And then my second question just has to do with the organic site rental revenue growth by portfolio.

As I look at the legacy US assets and the T-Mobile assets that you've laid out here I was under the impression the T-Mobile assets had maybe 50%, maybe a little bit higher than that tenancy higher than that versus sort of a legacy assets.

And so in terms of incremental tenancy across those two bases, 4% on the legacy would imply slightly higher incremental tenancy versus the T-Mobile assets.

I just want to know if there are some other factors I should be considering when I look at that? Thanks.

Jay Brown: Sure. Yes Jonathan the list to dial in this morning was long, happy to take the question.

On your first question around churn if you look at both the escalator provision, the amount from escalation on a percentage basis as well as the churn those ticked down I think I think just by 10 basis points.

And that's because the organic site rental leasing in the fourth quarter was higher than expected so it's coming off then a higher base which causes the percent to be lower.

But on nominal dollars our assumption is unchanged. So that's just the way the percentages fall.

On your second question the T-Mobile assets had about 1.7 tenants on them at acquisition. And the legacy towers at the time we did the transaction would have been in the high twos or low threes.

So there's a lot higher leasing existing on the legacy assets than there were on the T-Mobile assets. And so as we're adding additional tenants obviously the percentage growth is going to be higher on those T-Mobile assets and we're finding a similar thing on the AT&T assets.

So there's nothing, I think you're looking for something maybe in the numbers there that may be a little different. And it's not. It's just coming off of a lower base.

And then to Batya's question around leasing components we are seeing about 70% of the activity being driven by new leases. And the result of that is that the AT&T and T-Mobile portfolios did very well and that drives the higher percent growth rates.

Jonathan Schildkraut: Great. So the incremental tenancy sort of across the base is in terms of demand and everything is looking pretty consistent?

Ben Moreland: Yes.

Jay Brown: Very consistent.

Jonathan Schildkraut: All right. Thank you for taking the questions.

Jay Brown: Sure, happy to do it.

Operator: We have time for one more question. We'll take our final question from Ana Goshko with Bank of America.

Ana Goshko: Hi. Thanks very much. So quickly two related questions just on what the read through is for the revolver upsize, and also with regard to a discretionary spending potentially an acquisition.

As you pointed out in the fourth quarter, because of the land purchases largely you had to draw on the revolver to fund the discretionary spending and the dividend.

And if we look at the AFFO for this coming year it's really earmarked for the dividend and for the capex budget.

So wondering does the $600 million upsize in revolver kind of imply that you are likely going to draw on it over the course of the year to continue to fund acquisitions?

Jay Brown: Yes I would say over time we've used the revolver as a bridge of sorts if there are acquisitions that we tuck in.

So we think it's just good corporate governance and good financial discipline to have it there. It gives us an opportunity when there's the right asset available for us to use that revolver to draw down and buy assets.

So you may see us do that over time but everything that we do, in terms of as we think about small cells or talk in acquisitions for towers or ground leases, all of those have to go through the filter of us believing that they are enhancing to the growth rate and to the dividend over time.

And if it doesn't meet that criteria then obviously we're not interested in doing acquisitions.

So to the extent that there are opportunities and acquisitions that are out there, that revolver becomes helpful in the process of us going through that.

But I wouldn't necessarily point you to assume that we're going to draw into that revolver or even use it. As we sit here today there aren't any acquisitions that I would expect us to be funding in the coming quarter. So it's opportunistic and it's based upon the returns.

Otherwise what we see in front of us is opportunities that we're likely to invest in is really limited to about 25% of AFFO as I spoke to earlier in the call.

Ben Moreland: And to the extent in size you'd pay it, you would term it out over time would be our practice.

Ana Goshko: Right. And then because you do run with a pretty lean cash balance, I mean do you target a minimum availability under the revolver?

Jay Brown: Yes. We do think about it that way. And typically we won't let it get below about $250 to $350 million at any given time.

Obviously today we have about $1.4 billion of capacity so we're well above that.

Ana Goshko: Okay.

Jay Brown: Given the nature of the business though, everybody pays rent as of the first of the month and that's the driver of all of the cash flows. So we don't have some of the working capital challenges that a lot of businesses have.

Ana Goshko: Okay great.

Ben Moreland: Okay.

Ana Goshko: Thanks for the clarification.

Ben Moreland: Sure. Well I think we're going to wrap up. I appreciate everybody staying with us an hour and 15 minutes this morning. We had a long list of questions.

Again I want to express my appreciation to the team at Crown Castle for a terrific 2014. We got a lot accomplished. More than one thing at a time is what we talk about now. We can do more than one thing at a time very well.

And we have a terrific Outlook for '15. So we're going to get to work and appreciate everybody's interest and we'll talk to you next quarter.

Operator: And this does conclude today's conference call. Thank you all for your participation you may now disconnect.