CROWN CASTLE INTERNATIONAL
SECOND QUARTER 2015 EARNINGS CALL

Operator: Good day, and welcome to the Crown Castle International Q2 2015 Earnings Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Son Nguyen. Please go ahead, sir.

Son Nguyen: Thank you, Audra, and good morning, everyone. Thank you for joining us today as we review our second quarter 2015 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 Investors 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 risks, uncertainties and assumptions, and actual results may vary materially from those expected.

Information about potential risk factors which could affect our results is available in the press release and the Risk Factors section of the company's SEC filing. Our statements are made as of today, July 23, 2015, and we assume no obligations to update any forward-looking statements.

In addition, today's call includes discussion of certain non-GAAP financial measures. Tables reconciling these non-GAAP financial measures are available in the Supplemental Information package in the Investors section of the company's website at crowncastle.com. Unless otherwise indicated, our results and outlook that we will be discussing on this call reflects the Australian subsidiary as a discontinued operation. As such, all contribution from the Australian subsidiary has been removed from our historical continuing results and outlook, including for periods prior to May 28, 2015 when we completed the sale of our Australian subsidiary.

With that, I'll turn the call over to Jay.

Jay Brown: Thanks, Son, and good morning, everyone. The second quarter was another great quarter for our business. Based on the strong results we achieved during the second quarter and our view for the remainder of the year, we are raising our full-year outlook for 2015 for site rental revenues, site rental gross margins, Adjusted EBITDA, and AFFO.

While I'm going to spend a significant portion of my prepared remarks walking through the various impacts of the two transactions that we announced during the second quarter, I would like to summarize my comments by highlighting, first, that our base business is performing better that our previous expectations. And secondly, the net impact of the sale of our Australian subsidiary and the acquisition of Sunesys is expected to basically be a push with respect to run rate AFFO per share as we exit 2015.

We believe the combination of these two transactions is additive to our long-term growth rates and further solidifies our leadership position in the U.S. market for wireless infrastructure. By many measures, the U.S. wireless market is the most attractive market in the world for wireless investments, driven by consumers who have a seemingly insatiable appetite for mobile data and the need for wireless carriers to invest to meet such demand.

Based on the quality of our portfolio of towers and small cell networks, we believe we are uniquely positioned for the long-term to help carriers further densify their networks to keep pace with consumer demand. And we are well-priced to provide shareholders with predictable, long-term AFFO and dividend per share growth.

Turning to our second quarter results on slide 4, site rental revenue grew 4% year-over-year, from $711 million to $737 million. Organic site rental revenue grew 6% year-over-year, comprised of approximately 10% growth from new leasing activity and cash escalations, net of approximately 4% from non-renewals.

Moving to slide 5, Adjusted EBITDA and AFFO exceeded the high-end of our previously provided second quarter 2015 outlook, driven by higher than expected network services gross margin contribution, inclusive of $7 million of equipment decommissioning fees.

Turning to investment activities, as shown on slide 6, during the second quarter we invested $219 million in capital expenditures. These capital expenditures included $27 million in sustaining capital expenditures and $28 million in land purchases. During the second quarter, we completed over 600 land transactions, of which approximately 20% were purchases. The remaining transactions were lease extensions averaging approximately 38 years.

Today, approximately one-third of our site rental gross margin is generated from towers on land we own and approximately three-quarters on land we own or lease for more than 20 years. This number increases to 90% when we include ground leases of 10 years or more. Where we have ground leases, the average term remaining on our ground leases is approximately 30 years.

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 growing cash flow over time. Of the remaining capital expenditures, we invested $164 million in revenue-generating capital expenditures, consisting of $103 million on existing sites and $60 million on the construction of new sites, primarily small cell construction activity.

Let me turn now to our strategic moves during the quarter. As I previously mentioned, at the end of May, we completed the sale of our Australian subsidiary for approximately $1.6 billion. Net proceeds to Crown Castle was $1.3 billion after accounting for our 77.6% ownership, repayment of the intercompany debt owed to us by our Australian subsidiary, and estimated transaction fees and expenses. We expect to utilize approximately $1 billion of our approximately $2 billion net operating loss carryforward to fully offset the tax gains from the sale of our Australian subsidiary. Additionally, as a result of the sale, we expect a significant portion of our common stock dividend distributions during 2015 will be characterized as capital gain distribution.

The sale was opportune as it allows us to redeploy capital from a slower growth asset towards an opportunity with an expected higher growth profile in Sunesys. Sunesys owns or has rights to nearly 10,000 miles of fiber in major metro markets across the U.S., where we already have a small cell presence today.

Sunesys well-located high-quality fiber footprint, more than doubles our fiber footprint available for small cell deployments. The acquisition of Sunesys is expected to close during the third quarter. Due to the timing difference between the completion of the sale of Australia and the expected closing of Sunesys, we applied the net proceeds from the sale of Australia to pay down our revolving credit facility and term loan.

As such, we expect to re-borrow under our revolving credit facility and use cash on hand to fund the Sunesys acquisition at the time of closing. Sunesys is expected to contribute approximately $80 million to $85 million to site rental gross margin with approximately $20 million of general and administrative expenses during our first full year of ownership. We believe that as mobile demand continues to grow, carriers will need to deploy small cells in conjunction with macro towers to address network congestion. And while it is still early days, we are seeing evidence that supports our investment thesis.

Year-over-year, site rental revenues from small cells grew in excess of 30%. Today, small cells represent about 8% of our site rental revenue. Our small cells consists of approximately 7,000 miles of fiber supporting approximately 15,000 nodes on-air or under construction with another approximately 2,300 node opportunities awarded but not yet under construction.

Needless to say, we are very excited by the opportunities presented in small cells, which we believe builds on our core competency as the leading provider of U.S. wireless infrastructure, leverages our existing relationships with the wireless carriers and enhances our long-term growth in AFFO and dividend per share.

Shifting to financing activities, during the quarter, we paid a quarterly common stock dividend of $0.82 per share or $274 million in aggregate. During the second quarter, we issued $1 billion of securitized notes to refinance other indebtedness. The notes were issued at a weighted average interest rate of 3.5% and a weighted average expected maturity of nine years. Today, our weighted average cost of debt stands at 4.2% with a weighted average maturity of six years with no meaningful maturities until 2017.

As of June 30, our total net debt to last quarter annualized adjusted EBITDA is 5.2 times. We continue to maintain our target leverage at 5 times as we remain focused on achieving an investment-grade credit rating. We were pleased that we were recently upgraded to investment-grade by Fitch Ratings, which is an excellent step towards our goal of accessing the investment-grade, unsecured bond market at our holding company.

We believe maintaining an appropriate balance sheet will provide us with flexibility to opportunistically pursue growth opportunities, broaden our access to capital, and lower our cost of capital. As we think about funding potential discretionary growth investments that exceed our ability to fund with cash flow and continue on our path towards investment grade with the other rating agencies, we anticipate financing our discretionary investments in a manner consistent with our leverage target, using a combination of debt and equity as appropriate.

As such, during the third quarter, similar to many other REITs, we intend to put in place an at-the-market program of $500 million which will give us the ability to opportunistically raise limited equity capital if we have opportunities to make investments that we believe will increase our growth rate and future dividends per share. Obviously, we would only expect to utilize equity or debt to the extent the investments exceeded our ability to fund with cash flow, and we believe were accretive to dividends and growth after factoring in the full cost of the capital raised. Moving on to full-year 2015 outlook on slide 7, we have increased our expectation for the operating results of our business. Compared to our previously provided outlook adjusted for the disposition of Australia, we have increased the midpoint of our full-year 2015 outlook for site rental revenue, site rental gross margin, Adjusted EBITDA and AFFO.

Our outlook for the third quarter and full-year 2015 does not include the expected contribution from the Sunesys acquisition, which again is expected to close during the third quarter of 2015. The increased outlook for site rental revenue and site rental gross margin reflects the strong results from the second quarter, an increase in our expectations for leasing in the back half of the year and an adjustment to the expectation of tenant non-renewals to occur later in the year than we previously expected.

It's important to note that our overall expectations for the number of tenant non-renewals during the calendar year 2015, and in aggregate, remain unchanged. Thinking forward to next year, we currently expect the impact from total non-renewals to be approximately $15 million less than what we expect in 2015. More detailed information regarding our contracted tenant leases and expectations for non-renewals is available in our Supplemental Information Package on our website.

Turning to Adjusted EBITDA, the increased outlook for Adjusted EBITDA reflects higher expectations for site rental gross margins and our increased expectations for network services gross margin contribution. Our expectation for network services gross margin compared to our previously provided outlook has increased from approximately $260 million at the midpoint to approximately $275 million to $280 million primarily driven by the strong performance year-to-date. For the full-year 2015, we expect to generate approximately $25 million to $30 million in equipment decommissioning fees, the majority of which we don't expect to repeat in future years. Our third quarter 2015 outlook assumes network services gross margin contribution of approximately $60 million to $65 million with minimal benefit from equipment decommissioning fees.

Moving on to AFFO, the increase in AFFO includes the upward guidance and Adjusted EBITDA, offset by an increase in sustaining capital expenditures. We expect an elevated amount of sustaining capital expenditures during the second and third quarter as we continue to integrate and digest our significant expansion in the U.S. Our sustained capital expenditure outlook for 2015 of approximately $90 million includes approximately $20 million in facilities investment, which we do not expect to recur in 2016.

Wrapping up, as we look at the leasing application pipeline heading into the end of the year, I am looking forward to finishing up the year strong and believe we remain on track to generate annual AFFO growth of 6% to 7% organically.

And with that, I'll turn the call over to Ben.

Ben Moreland: Thanks, Jay. And thanks to all of you for joining us on the call this morning.

As Jay mentioned, the second quarter was another terrific quarter. We continued our track record of delivering great results driven by a strong leasing backdrop as evidenced by our gross organic site rental revenue growth of 10%.

Without going into too much detail on specific carrier deployment plans, we are pleased with what we see both in towers and small cells, and the year is ahead of our original expectations. As noted, we believe we are in a multiyear network densification cycle that will result in all four wireless carriers making significant investments and stand ready to meet their needs across the business. As shown on slide 7, we have a record of execution and growth through various cycles, whether it be macroeconomic or industry-specific cycles.

I appreciate that with the sale and discontinued operations treatment, there can be some confusion with our numbers for the quarter and full year. Let me try to simplify this for you. We expect with Sunesys to exit 2015 with run rate AFFO per share equivalent to our expectations prior to the transactions. And we have created the industry-leading portfolio of assets and expertise that is uniquely positioned and focused on the U.S. wireless market.

Today we are the only company with the capability to deliver across all means of shared infrastructure to meet the network densification needs of the U.S. wireless carriers. Of course, this includes our 40,000-tower portfolio, 71% of which are in the top 100 markets, our DAS and small cell portfolio with 15,000 nodes supported by 16,000 miles of metro fiber with the addition of Sunesys concentrated in the top 25 markets, and importantly, the capability to deploy at scale for carriers through our nationwide project management services business and implementation expertise.

The assembly of this portfolio and expertise has been a long-term objective of the Crown Castle management team where we are now 100% focused on serving the U.S. wireless market, the most attractive market in the world for wireless investment. Although wireless has become a part of our lives, we still believe we're in the early days of products, services, and business models our infrastructure will ultimately support.

Our ability to consistently execute is a function of our business model, the quality of our portfolio with towers and small cell networks, the team that operates the portfolio, and our disciplined approach to capital allocation and the balance sheet. Our focus remains on co-locating tenants on a long-term committed basis on our shared wireless infrastructure, resulting in increasing yields on our investments, while at the same time providing the wireless carriers with the most cost-effective access to wireless infrastructure as they seek to densify their networks to meet growing consumer demand. This demand in the U.S. mobile data market, as reported in a recent Cisco report, grew 63% in 2014, and going forward, Cisco projects a sevenfold increase between 2014 and 2019.

As has historically been the case, network investments by the carriers have generally kept up with consumer usage. We believe the launch of robust content-rich video, including live sports, and unbundling of cable or so-called over-the-top TV products available on wireless devices promises a new leg of growth in mobile data on wireless networks, requiring more spectrum and infrastructure to realize its full potential. Further, we anticipate current or future spectrum licensees beyond the big four wireless carriers will add to our customer base over time. The derivative demand from DISH, FirstNet and others in the future promises to extend our leasing opportunity beyond what is visible today.

For context, as explained on slide 8, during the 1990s or the 2G technology cycle, average annual U.S. wireless capital expenditures across all the wireless carriers totaled $7 billion. During the 3G cycle of the 2000s, which can be characterized as the era of basic mobile, e-mail and web browsing, average annual U.S. wireless capital expenditures increased to $21 billion across the carriers. And since 2010 with the deployment of 4G and LTE products for mobile broadband, annual U.S. wireless capital expenditures have averaged $29 billion.

Looking forward over the next several years, we believe that the current level of investment by U.S. wireless carriers will be sustained. The U.S. wireless market has one of the most compelling wireless investment stories in the world. With strong unit economics and relatively high ARPU reflecting U.S. consumers' demand for mobile data and their willingness to pay for mobile services, U.S. carriers were able to generate positive incremental returns on their capital investments.

The carriers are driven to increase this investment because as has been true since the early days of wireless, network quality continues to be the market differentiator for carriers' success. Based on this long-term need to invest by the U.S. carriers, we have focused our investments over the last several years in the U.S. market.

Our towers are well located, with over 70% of our portfolio in the top 100 markets and have significant runway for additional growth with only two tenants on average per tower or what I would consider about a 50% occupancy rate. Towers continue to be the most efficient and cost-effective for carriers to add network capacity and coverage and support our bullish long-term view on tower leasing. In addition to towers, we have also invested significantly over the last several years in building out small cell networks, with our latest investment being the pending acquisition of Sunesys, as we've mentioned.

Given what we're seeing from the wireless carriers and the challenges they face with bringing more capacity online in many urban and suburban geographies, we believe the deployment of small cells is a critical tool to improving network quality. Similar to towers, we believe some of the best assets will be those that are secured early on where franchise value will help drive future co-locations, upgrades and expansions. And that is why we're so excited about the pending acquisition of Sunesys which will bring our fiber footprint to more than 16,000 miles, more than doubling our presences in many top U.S. metro markets.

For those not familiar with small cells, this is a shareable, wireless infrastructure that provides wireless carriers with a solution to address network capacity constraints where a macro tower site is not available or is insufficient. Small cells are a fiber-fed solution connecting a network of antennas or nodes that allow wireless carriers to get closer to the consumer, increase network density and deploy spectrum more efficiently. Like tower leasing, tenant leases on small cells are typically long-term with 10 to 15 year committed terms with annual escalators. And like towers, our fiber investment for small cells is agnostic to changes in technology.

And while it is an oversimplification, small cells can be thought of as a tower laid on its side, a horizontal tower, replacing the tower structure in this example with fiber. At its core, fiber is the critical, shareable element in small cells. The vast majority of our investment in building out a small cell network consists of the investment in fiber. Today, we are building small cell networks with initial yields of 6% to 8% that should result in returns above 20% on just the second tenant, reflecting the operational leverage inherent in the business. As Jay mentioned, we recognize that small cells is in its early stages. And we're using our first mover advantage to extend our leadership in U.S. wireless infrastructure, leveraging our existing relationships with our customers, and enhancing our long-term growth in AFFO and dividends per share.

As is our practice, we constantly evaluate discretionary investments against purchasing our own stock or other available alternatives in the market on a risk-adjusted basis. We believe this disciplined approach maximizes shareholder value over time. We are very excited about the prospects to continue to extend our long and successful track record of growth and value creation.

This business has proven itself to be very durable through economic cycles due to our long-term recurring revenue contracts, contracted escalators, and organic growth profile that we enjoy. Our business, combined with a very significant dividend payout, is unique in the market yet trades with one of the highest dividend yields among S&P 500 companies. In fact, out of 421 dividend-paying companies in the S&P 500, 377 companies have a lower dividend yield than Crown Castle, putting us in the bottom 10th percentile of dividend payers.

We believe the current valuation is disconnected from the reality of the high quality, predictable yield and growth that we expect the business to deliver and represents an attractive opportunity for shareholders to benefit.

And with that, operator, I've concluded my remarks and would be happy to address questions.

Operator: Thank you, if you would like to ask a question, please press star 1 on your telephone keypad. If you're using a speakerphone, please make sure the mute function is turned off to allow your signal to reach our equipment. Once again, that is star 1 for questions.

And we'll go first to Jonathan Atkin at RBC Capital Markets.

Jonathan Atkin: Yes. Thanks for taking the question. I was interested in the small cell expectations for the year on leasing, and how much of that is going to be from new deployments and initial tenants versus second or third tenants on existing small cell infrastructure? And then secondly, if you could comment on which carriers besides Verizon that you would expect to become most active in leveraging this business?

Ben Moreland: Sure, Jon. As you've seen before, the bright line demarcation between anchor builds and co-location is a little fuzzy in this business because it's typical that you'll have pure co-location with additional laterals built on an existing system. But as a general matter today, I think the best number I can give you is probably about 80% in anchor builds and about 20% co-location. That's about as close as I can cut it. And we're going to work on obviously getting that more refined for you over time, but we're very, very pleased with what we see. We've seen a significant amount of co-location on the original NextG systems that we acquired three years ago and more to come.

And speaking of that, you asked about what are we seeing from other carriers? Well, the most active this year has been Verizon as we talked about and I think they've confirmed on their own call. But we are seeing activity from all four carriers today. And I would say that's up markedly from a year ago in terms of activity and bookings sort of where we are through the midpoint of the year. We're very excited with what we see right now in terms of the prospects for the future business.

Jonathan Atkin: Thank you.

Operator: We'll move next to Michael Rollins at Citi.

Michael Rollins: Hi. Thanks for taking the question. Two if I could. First, I was wondering if you could talk a little bit about the new revenue that you're getting from the towers specifically, and as you continue to operate the T-Mobile portfolio and the AT&T portfolio that you purchased, is there an opportunity for that new revenue contribution to get bigger over the next few years?

And then secondly, just if I could ask on small cells. Do you see a risk that a national carrier might go to a single-source supplier for small cells or become more proprietary in their approach for small cells? Or do you see this being a multiple-supplier opportunity? Thanks.

Ben Moreland: Sure, Mike. Broadly, we are very pleased with the most recent acquisitions of the T-Mobile and the AT&T towers that we've seen. In any given year, as you know, we've got – both been at this a long time. We know that the various carriers do various things across the course of the year. And the most active carriers this year – no surprise I think to anyone on this call – are Verizon and T-Mobile.

So, AT&T and Sprint less active thus far, but that gives us no less enthusiasm for what the future holds for all four carriers in terms of making investments to improve their network over time. And that ebbs and flows, and that's what's happening today. But we are seeing activity on both of those portfolios and very pleased with the outcome thus far. Again, it's I guess two and three years in on those, so it's still early days.

On the small cell side, I think what we're going to see develop there, and it's already happening, is it's a big world out there. There is going to be a number of competitors; there already are. I think ExteNet, one of our large competitors, announced a transaction this morning in a recapitalization with Digital Bridge. I think it's unlikely any one company frankly has that capability to handle a full-scale deployment for a carrier. I think you could see potentially that on the equipment side, more concentration on the equipment side.

But in terms of the infrastructure, it takes – it will take a number of firms and obviously geography matters. And so, if you've got infrastructure in the critical areas where the carriers need it, well, that's going to be more efficient to go on that existing infrastructure just like the tower model. So, it's a big world out there. It's getting larger frankly by the week as we look at additional bookings that we're getting. And I think it's going to be a very healthy and robust market for many years.

Michael Rollins: Thanks very much.

Operator: We'll go next to Phil Cusick at JP Morgan.

Phil Cusick: Hey, guys. Thanks. First, you mentioned activity levels picking up in the press release and you've alluded to this a couple of times, but can you talk about from who and in what ways activity levels are picking up? Is that more for bookings going into 2016 or could we see a little impact in 2015?

Jay Brown: Sure, Phil. The biggest drivers, as Ben just mentioned this year of leasing activity would be Verizon and T-Mobile, and to a lesser extent, AT&T and Sprint. And we've seen pickup kind of across the board as we've gone through the year, but the weighting has stayed relatively similar among those carriers. Most of the activity that we're seeing in terms of pickup relates to brand new full installations on towers. And the pickup there does have some revenue impact in our second quarter results as we were able to beat site rental revenue, our expectation for site rental revenue in the second quarter. There weren't any one-time items that really helped us there. We expect that to flow through for the balance of the year, and we've slightly raised our expectation for how leasing is going to develop over the balance of the year.

That benefits us as we go into, obviously, 2016. The only caution I would have there for you is, as we've talked about in previous calls, from a sensitivity standpoint, we're obviously trying to find every lease that we can possibly find and put as many tenants on the towers as we can possibly find, but a meaningful increase in leasing is not that impactful to our overall results. So, this year, 2015, we assume that we're going to see about $90 million to $100 million of revenue growth on towers. If leasing activity were to pick up by 20%, love to have it and we'll do everything we can to get it, that's about $20 million which would represent about 1% impact to AFFO.

So, as we've talked about and set our long-term targets of trying to organically grow AFFO per share in the neighborhood of 6% to 7%, inside of that range, we allow for some movement up or down from the current levels of activity. And we think that's a pretty good band of activity. So, we're seeing a little bit of pickup, had a little bit benefit to us this year at the margin.

Phil Cusick: Got it. And if I can ask one more, can you talk about the Sunesys deal a little bit. I assume that their sort of non-Crown revenue will mostly go into services going forward. And how do you think about that growing? I think you've been building up that team?

Jay Brown: We have been building up a team. The vast majority of their revenue will actually be in our site rental revenues line item. The average term remaining on those contracts is just over five years. So, the terms of the contracts have escalators in them, look similar to what we see on the tower side, the main focus for the acquisition of Sunesys though wasn't necessarily how they utilize the fiber, but our view over the long-term that given the location of this fiber and the activity we've seen and opportunities we have in front of us. Currently, there's a lot of opportunity to add small cells across that fiber and increase the yield on that asset. So, most of our focus is really on adding additional small cells to the base of revenue that's already there.

Phil Cusick: Got it. Thanks, guys.

Operator: We'll go next to Simon Flannery at Morgan Stanley.

Simon Flannery: Thanks a lot. Jay, you've talked a little bit about the improvement in leverage and the Fitch upgrades, can you just talk a little bit about where – if you believe – how long do you think it will take for one or two of the other rating agencies to upgrade you, and what's the opportunity there on your cost to funding from that? Thanks.

Jay Brown: Yeah. Simon, I hate to put a date on it. We're obviously been working hard with them, have had numerous conversations with them. I think from a financial policy standpoint, we've been really disciplined as we've accomplished acquisitions over the last several years of maintaining our leverage target and operating within them.

Our goal, as I stated during the conversation, is to get the five turns of leverage. We see a path towards that in the relatively near-term as we operate the business and see growth in Adjusted EBITDA. As we look at the targets that the other two agencies have published, they would suggest as we get in in that neighborhood of that leverage target, then we should see an upgrade towards investment grade.

So, we're continuing to have conversations and tell the Crown Castle story and make sure they understand where we're headed and how we're thinking about being disciplined around financial policy. But I think you'd have to ask them in terms of exact timing on when it occurs.

Simon Flannery: And on the cost opportunities?

Jay Brown: The cost opportunity is probably about 100 basis points in terms of spread. So, underlying interest rates, obviously, don't have an impact to that. But the spread we think is 100 basis points and on a good day maybe as much as a 125-basis-points reduction in the overall cost to capital. One of the things that you've heard us talk about in the past is we think it's likely, while we're not going to predict exactly when rates are going to rise, the possibility here over time given the broader environment that we enter into a rising rate environment over the next several years. And one of the reasons why we're focused on getting to the investment-grade target is to mitigate that rise in rates by reducing the overall credit spreads in the business. And so, we think we will be able to mitigate some of that and hope to achieve that rating in the near term.

Simon Flannery: Thank you.

Operator: And our next question comes from Ric Prentiss at Raymond James.

Ric Prentiss: Thanks. Good morning, guys.

Ben Moreland: Hey, Ric.

Ric Prentiss: Hey. A couple of questions focused around small cells. Fiber backbone is obviously a large part of the small cell business you guys are doing. We've been picking up some buzz that some carriers are maybe going to consider using spectrum as the primary backhaul mechanism for some small cell deployments. Where is that appropriate? Have you heard anything about that?

Ben Moreland: Yeah, Ric, we're certainly aware of other what would be called small cell architectures, and certainly, they have different applications and different power or different coverage and capacity opportunities at the particular node. I think we're going to see a variety of those be deployed over time. I think you're going to see dark service, lit service, some of it with wireless backhaul, some of it with connectivity directly. And I think you're going to see a lot of that over time for a variety of applications. I can't really get into anything specifically.

I realize there are some conversations out there among one carrier and potentially what maybe going on. Really can't comment on any of that specifically. But from how we are looking at the business, fiber connectivity will be very important for the vast majority of these connections over time. And even to the extent, you've got microwave backhaul occurring from some small cells, ultimately gets backhauled into a node that's connected to fiber. So, I think the opportunity for us and to provide meaningful capacity enhancements for these networks is ultimately going to continue to reside on fiber-fed systems.

Ric Prentiss: Okay. And then with Sunesys, I think Jay, you mentioned $80 million to $85 million in gross margins in the first 12 months. How much of that, kind of first 12 months, is the core Sunesys business that you have today? How much of that is then poking small cells on top of that fiber?

Jay Brown: Ric, almost all of that would be the margin that comes with the business. And our working assumption is that after we close, as is typically the case, it will take us 6 to 12 months to sort of get our feet on the ground and start to produce additional yield on the assets. So, virtually all of that is in the books today and then we'll look to add it once we get it integrated.

Ric Prentiss: And kind of back to Jonathan's question earlier, organic versus external, will you break out some details for us? I think Jay, you mentioned Sunesys is – most of it is going to show up into the leasing business. How can we get at kind of what Sunesys is coming under? Are you going to give us some specific reported segment information maybe?

Jay Brown: Yeah. I think – as we think about the business and the way we're going to operate it, we'll focus on the Sunesys business as being a small cell business and a part of overall small cells. So, that's how we're thinking about how we plan to operate the business. I think we're always looking at evaluating whether or not something warrants being a separate segment in the business. Obviously, over time, small cells have grown. We see more opportunity for growth there. So, as we integrate Sunesys and grow the small cell business, we'll look at whether or not it warrants being a separate segment in the overall financial statements.

I know you've seen this, Ric, but just for the benefit of others. We are providing a significant amount of detail around small cells in the supplement and trying to show both revenue growths on a separate basis there and what we're seeing in small cells. And I think over time, as the business grows, you'll see us continue to expand the amount of detail that we're providing on that business. It's going phenomenally well and we love telling a good story.

Ric Prentiss: Great. In iDEN churn today I pick up that you said, churn was a little slower but expect to come in at where it was for the year? Was there an updated iDEN churn number?

Jay Brown: iDEN is coming in as we expected. And as we completed the second quarter, we believe we basically have the vast majority of iDEN churn now behind us. It's going to start – continue to obviously roll through the financial statements for the balance of the year as the current run rate has stepped down there. But our expectation there has not changed.

The three acquired networks that we – we refer to them as acquired networks which would be the Leap, Metro and the Clearwire networks. We did take down our expectation for the contribution or amount of run rate revenues that impact us during calendar year 2015. But the absolute number of leases that we see churn there, we think holds from our previous expectation. They're just going to happen later in the year.

So, obviously, the impact of that is it will have a little more impact when considering the step between 2015 to 2016. And our best expectation, as we sit here today, and we'll give you more full detail on what we think our outlook for 2016 is when we do our third quarter call. Our expectation at this point is we see a step down in the impact from churn next year to somewhere in the neighborhood of about $15 million as we look at our outlook for 2016 and the effect of that is basically the runoff of the iDEN churn, as well as a little lower, less impact from the acquired networks.

Ric Prentiss: Great. Thanks, Jay.

Operator: And we'll go next to Brett Feldman at Goldman Sachs.

Brett Feldman: Thanks for taking the question. You've obviously been growing the DAS business significantly, and I imagine you've been investing in overhead and other operating cost items. Can you just give us a sense, I mean, what is the EBTIDA contribution from your DAS business today? And at what point should we expect to see maybe more operating leverage coming out of that segment?

Ben Moreland: Well, Brett, as you know, it's sort of one of my pet projects and I shared with my management team that we're spending a lot of time on this that we have, and I appreciate you acknowledging it, when you're growing a business with the opportunity as large as we see, we're not only investing capital but we're investing in run rate and overheard G&A. We're investing in people, facilities, everything you've seen. And that's been the case over the last couple of years.

I would expect – and we're obviously working on giving you some clarity around that for 2016 outlook. I would expect you're going to start to see more operating leverage in that business as we move into 2016. That's just the nature of we're sort of getting close to being sort of that scale. We are seeing, as we mentioned, significant increase in bookings that will turn into revenue in

2016 and 2017 and more of that will start to scale. I can't put numbers on it for you today, but that is – trust me, it's sort of our first, second and third priority around here right now.

Jay Brown: Brett, one of the things that is unique about this business and just going back from a history standpoint, as we look back to the early days of the tower business, the vast majority of the assets that we owned in the early days of the tower business were towers that we acquired from the carriers. So, we did early transactions with Bell Atlantic and GTE and BellSouth. And those towers came with about a tenant and a half and you had scale.

The hardest thing to do in the early days, when we were running the business, was building towers because we were out building 1,000 to 2,000 towers a year. And as you put those towers on line, it takes a meaningful amount of G&A to operate just purely the construction portion of the business.

And so, when you look at the amount of yield on the assets, if you look out on those two separate activities, one activity is the assets you've already built and then the potential to add cash flows to those assets. As soon as the assets are on line, you start to see incremental returns on those assets. As we add additional capital, though, as we've been doing and build out additional sites, it ends up masking the underlying strength of the business and the expansion of the margins because we're incurring G&A, as well as additional operating expense to build out new systems.

So, as we look at the business and think about how it's performing, we focused on both. We're focused on the investment of capital and evaluating each incremental activity or opportunity to invest capital and we're seeing the opportunity there, day one, of somewhere in the neighborhood of about 6% to 7% yield. And then as Ben mentioned in his comments, as we add a second tenant, we see those returns go into the mid-teens. And so, given what we're seeing on the investments we've made, so far, we are, we believe appropriately focused on looking to expand that, focused on the top markets in the U.S., and really utilizing our first-mover advantage to continue to expand the portfolio.

And in our view, this is like the early days of towers for small cells, and we've seen the movie before. It's the margin expansion takes a little bit of time. But as we add assets – as we add tenants to great assets, over time we see a tremendous amount of expansion on the returns, and that's what we're focused on doing. We think it's beneficial over the long term to our growth rate. So, we're focused on making sure we build the right assets and then grow the cash flows from there.

Brett Feldman: Great. And if I sort of combine that with some other statements you've made – Ben mentioned that you do think you're going to get more operating leverage out of DAS next year. You'd also talked about how some of the churn is expected to diminish next year, which presumably would be better for operating leverage in the tower business, and you're buying fiber in the form of Sunesys that you can deploy revenue on top of that as demand materializes. It just seems like as we sort of sanity-check our numbers for 2016, I know you're not going to give us guidance now, that one of the sanity checks would be there should be much better conversion of revenue growth into EBITDA and AFFO as we move out this year. Is that directionally correct?

Jay Brown: Yeah. I think there're a few things moving around in the numbers. If we talked about services, we're getting some benefit this year from pay-and-walk fees of about $25 million to $30 million that we would not expect to occur again in 2016. So, that will be a little bit of a headwind to us.

On the plus side, we've got sustaining capital expenditures coming down, about $20 million next year, from what we have this year. So, there's a bit of a wash there, maybe a little bit of a headwind, $10 million or so of a headwind. I think where I would go to, though, is focus on where we're focused, which is growth and AFFO per share. And our long-term target of 6% to 7% is where we're trying to operate the business to. Love it if it's more, but our view is that that's about where the business is going to perform given the current level of leasing.

In 2015 and 2016 as we've shown in the supplement, the headwinds from churn are more significant than what we would expect over the long-term in the business. So, 2015, if you're looking at that on an apples-to-apples basis, we think we're going to be below the target of 6% to 7% coming off of the base in 2014.

Next year, I think we'll probably be inside of that range maybe towards the lower end of it. But inside of that 6% to 7% long-term target. And then we'll do the best we can to do better than that over the course of the year. But once we, at least based on our current view of where churn is and where the various items are moving around, Brett, I think that's the best I can give you until we get to the third quarter is to focus on having the business operate somewhere in the neighborhood of that 6% to 7%. And given the plusses and minuses, at this point, it's probably at the lower end of that 6% to 7%.

Brett Feldman: Great. Thank you for that color.

Operator: We'll go next to Kevin Smithen at Macquarie.

Kevin Smithen: I wondered if you could give us a little color on contracted backlog or bookings in the small cell business, I think you have in the past given us a little color. And I want to see what the change was quarter to quarter and sort of what your contracted 2016 revenue under backlog would be in that segment.

Ben Moreland: Yeah. Kevin, as you know we're not segment disclosing yet on that, to the extent we ever do. But I'll give you some color. Our bookings, thus far, through midyear are up significantly compared to last year. So, that again, will turn into revenue in 2016 and 2017. I'm not prepared to quantify that directly for you, but it's up materially from what we saw last year. And against our plan for the year, we're running ahead of where you expect us to be midyear. So, we're very enthusiastic about that.

As I mentioned earlier though, a lot of that work is anchor builds. And so, that will come on with a lower margin than you would expect it to be when you lease up to second tenants over time to co-location. So, while it's a material amount of incremental revenue, it gets muted because it's an anchor build on that, so you're bringing on new operating expenses on new systems as well.

So, look, we'll get you more color I think as we look out – as we think about our 6% to 7% target over the longer term which we originally gave you in 2014. As Jay just walked you through, we pick up about a point next year on reduction in churn. If that continues to normalize, we would expect that happen over subsequent years as well. And so, we're going to continue to work towards getting that total return out there that's very attractive between the current yield and growth.

Kevin Smithen: On ExteNet, were you surprised that SBA didn't acquire this asset and doesn't this give you a sustainable product suite advantage with your largest customer or largest customer Verizon on small cells versus your public peers?

Ben Moreland: Well, look, as you can tell, we're very pleased with the business. And I think that the ExteNet transaction is – obviously, it's tremendous for the shareholders that are exiting. And I think it's a validation of the opportunity that we see in the marketplace with Digital Bridge coming in. As I mentioned earlier, it's a big world out there, and there's going to be a number of competitors. But the geography, the opportunities continue to, frankly, amaze us, and we're going about it as hard as we can. We've told you that before on the other calls and that remains true today.

Kevin Smithen: Thanks a lot.

Operator: We'll take our next question from David Barden at Bank of America Merrill Lynch.

David Barden: Hey, guys. Thanks. So, maybe just, first, Jay, in the supplements, as you kind of point out, there's a nice uptick in the expectations for the new leasing activity from 5.6% to 6% year-over-year. I imagine a portion of that is related to just stripping out the slower-growing Australia business from the comparisons and then some of it is related to kind of the activity. If you could kind of split that out between the two forces, it would be helpful.

And then, I guess, for maybe Ben, just maybe following up on something Ric mentioned earlier. I guess the big conversation now on architecture in towers there's always something new, is Cloud-RAN and whether it's wireless or fiber-based backhaul, the idea that we're not going to need as much equipment at the tower from an intelligence standpoint. Could you kind of talk about, A, whether how real it is in terms of what you see happening on the ground in the business. And, B, if it does become real, what does it really mean for your kind of core business view? Thanks.

Jay Brown: Sure. Dave, on your first question, removing Australia does help the growth rate a little bit, but Australia only represented about 5% of our site rental revenue. So, it would get lost in the rounding trying to back that out and see the benefit of it. The real 40-basis-point move or the vast majority of it is a legitimate increase in the amount of activity that we expect in the calendar year.

As I mentioned in my comments, some of that was achieved during the second quarter and flows through the balance of the year. And then some of it is an increased expectation in leasing. That increase in expectation is largely based on what we're seeing on towers. Where we are on small cells doesn't have that meaningful of an impact on that number. So, the vast majority of what you're seeing there in the uptick of 40 basis points on the growth rate is coming from towers.

Ben Moreland: And I would just add to that, the 10% gross growth we're quite proud of, obviously, that includes the organic growth of leasing and then the escalators on top of that. So, that 10% number, which is consistent for the balance of the year, is something that we think is highly indicative of a pretty robust market.

Dave, to your question about C-RAN, it's very early as we're being told by our customers as we've talked to them about some of these opportunities. But over time, I think the net impact to us as tower owners is that it probably brings some of the smaller sites that have smaller ground footprints more into play for co-location to the extent they were challenging on a ground footprint, you couldn't add to it because the C-RAN architecture typically locates what we think of as base stations offsite, more like – it frankly looks more like the architecture on a small cell network. It just happens to terminate on a tower. It looks to us like over time we could see less equipment on the ground potentially but not less in the air.

I think you're still going to have active remote radio heads and, potentially, more antennas up the tower as more spectrum is utilized in trying to get maximum spectral efficiency out of their installations. So, I think it's a material architectural evolution that will probably happen over the next decade. But from our take today, it looks like it probably has positive effects on ground space and really doesn't affect what's on the tower. And that's my best view as we sit here today.

Dave Barden: And, Ben, if I could just follow up. But just in terms of some of the contracts and thinking about kind of bucketing out the revenue contributions. I mean, obviously we're talking something way down the road. But if your average new cell is $2,000 today, and all of a sudden your carrier customers don't need as much ground space, is that a $1,900 contract all of a sudden or is it a $2,000 package deal, and you use it how you want to use it?

Ben Moreland: Yeah. I think over time, the pricing in our industry has continued to evolve a little bit.

But ultimately, it relates to what's the load on the tower, and potentially the shareable economics of the tower are always in play to the benefit of the carriers. Meaning, we as a company take that lease-up risk as you're certainly aware, and we'll make the tower available to them on a very attractive single-digit yield. That's what happened in all of the large sale leasebacks whether the initial yield was sort of in the 4% to 5% range for most of these transactions, and then we lease it up from there.

So my view on that long-term pricing scheme is that no matter how you – what the nomenclature is or how you denominate the pricing, it ultimately is going to go to yield on the asset. And I think we as a company – and I certainly won't speak for my competitors, but we as a company ultimately think about this as a shared model and providing that shareable economic to the carrier customer such that with multiple tenants on a tower, we're going to yield above our cost of capital, above the cost to own and operate that site. And that's going to be the case, no matter how you denominate how we charge for rent.

And so, it's not getting any easier to locate towers, that is for certain. And so these assets have a very significant franchise value, and I'm very confident that we'll be able to attract a yield that's above our cost of capital for the foreseeable future just as we've done on the legacy Crown sites that are over 15% per tower on a yield basis with three tenants per tower.

Dave Barden: Got it. All right. Thanks, guys.

Operator: We'll go next to Colby Synesael at Cowen & Company.

Colby Synesael: Great. Two questions if I may. First one, I just want to get some context on guidance. You mentioned, obviously, that you're expecting $25 million to $30 million in pay and walks or decommissioning. Can you tell us what was previously assumed in your guidance, I'm not sure if that had been previously disclosed? And then, as it relates to 2016, I'm sure you could appreciate that there's – from an investor perspective, a lot of excitement around what we could see in 2016 in terms of demand relative to 2015, particularly from AT&T and Sprint. I was wondering if you could talk about what you're actually seeing from those two providers as we stand here today in terms of some of the activity and what that might mean for 2016. Thanks.

Jay Brown: Sure. On the first question, Colby, originally, we had expected pay and walk fees to be about $20 million in the calendar year. So, we've increased the expectation by about $7.5 million. The vast majority of that we guided in the second quarter. So, there's a little bit left in the balance of the year but I think we – most of it is – we booked at this point.

Ben Moreland: On the 2016 outlook, Colby, I'd sort of reiterate something Jay said earlier but I think it's good for all of us on this call to be reminded. You know, if we saw a 20% or 25% step in the market next year, and that's a big if, not suggesting that's there, but I think that's directionally your question, that's $25 million of run rate exit the year or $12.5 million with the midyear convention that go into the numbers.

So, that's something just under 1% change in AFFO per share growth rate. So, I think it's important that we work hard for every percent around here. And so, if it's 6% to 7%, that's been our long-term forecast for you. If the market were up 20% to 25% in a year, into the second year, you'd see something just over a 1% increase above plan in AFFO.

At the same time, that really demonstrates the resiliency of the model, which is kind of the comments we're making about the dividend yield as we sort of concluded my remarks. I mean, you'd be hard-pressed to find a business that frankly has less volatility with more utility for these assets, or need for these assets over time. You've got the dividend yield which is obviously made up of contracted revenue. You've got escalators that result in about half of the growth that we're forecasting. And then we work hard every day on that additional 200, 300, 400 basis points of growth above that escalator. And it's frankly one of the great attributes about this business model, is how insensitive it is to changes in this market.

Colby Synesael: And no specific color I guess on increased activity potentially from either AT&T or Sprint at this point?

Jay Brown: I'm not going to let you talk us up here in June or July, whatever it is.

Colby Synesael: All right. Fair enough. Thank you.

Jay Brown: All right. Good luck.

Operator: We'll move next to Jonathan Schildkraut at Evercore ISI.

Jonathan Schildkraut: Good morning. Thanks for taking the questions. Two if I may. First, I noticed that the payout as a percent of AFFO stepped up a little bit in the quarter. And even as I look at, say, the first half of the year, free cash flow relative to dividends, it looks like dividend payments were a little higher than free cash flow. So, I guess the question here is, is the step-up in AFFO payout sort of in the free cash flow relative to dividend somewhat misleading due to timing but also the fact that you're putting out capital and then getting reimbursed from the carriers? And then I like to follow up with a second question, please.

Jay Brown: Yeah. On the first question, Jonathan, I think it's just the – honestly, the timing and the discontinued ops treatment between the sale of Australia and the purchase of Sunesys. So, at this point, all of our historical results, we've removed Australia from adjusted EBITDA and AFFO as we're printing out the payout ratio.

As we noted in our remarks, Sunesys was a complete push to Australia on an AFFO per share contribution. So, if you were to just factor in Sunesys and the way you – I think you were articulating doing the math. I think if you pro forma Sunesys as though we owned it for all of 2015, then our payout ratio would look the same as it did previously.

I think in and around that payout ratio, it's probably where we're going to manage the business. The way we've articulated that most often to people when asked about our dividend policy, is to indicate that we would expect to match the growth in AFFO per share with growth in dividend per share. So, in our long-term target of trying to grow AFFO per share of 6% to 7% annually, we would target growing the dividend at 6% to 7% organically over the longer term. So, I think that's the short answer to it. You'll see that payout ratio will be back in line once we close Sunesys would be our expectation.

Jonathan Schildkraut: Great. And then I found it really helpful that you guys provided 2014 numbers stripping out CCAL. We can sort of see what the growth rate of the remaining business is. As we come back and we layer in Sunesys whenever that closes and you give us a little bit more detail, I'm just trying to understand if we're going to have a real sense as to what happens from the business from 2015 to 2016 if Sunesys gets rolled in given that you've stripped out sort of the CCAL from 2015 now. It's an asset reallocation, and so understanding what you've done with sort of the capital you've been allocated as we move into 2016 and beyond. It might be helpful to have a sense as to the contribution of the business, at least in terms of what you owned it in the second quarter was from CCAL, any thoughts?

Jay Brown: Yeah. Jonathan, I appreciate the feedback. Obviously, it's a great story on small cells, and as we close that acquisition, we'll be able to help folks understand our numbers and our guidance for the full-year and what we expect the contribution is from the asset once we close and the impact to guidance and try to do it in a similar vein as we try to do our overall disclosure of helping folks understand the business. And one of the reasons why we talked about a longer-term target of AFFO per share growth rate is our aim is for those who are invested in our company to have the same view of growth and the future prospects of the business that we as a management team do. So, our aim in all those disclosure matters is to try to help make the business as clear as we possibly can. We're always open to feedback on that. So, we'll take that away. I appreciate the thoughts on it.

Jonathan Schildkraut: All right. Thanks so much for taking the questions.

Jay Brown: Thanks, Jon.

Operator: We'll go next to Amir Rozwadowski of Barclays.

Amir Rozwadowski: Thank you very much. I wanted to follow up on one of the prior questions about carrier strategies around small cells. And it does seem as though there's a lot of interest and activity around sort of the co-location opportunities that you folks are putting forward. But also, are there other initiatives in place in which the carriers are going to wholly own their own small cell deployments and architectures whereby they may not completely embrace the co-location based business model? And then I've got a follow-up from that side.

Ben Moreland: Absolutely. It's just like with the tower side. It was only this year that Verizon decided to sell their towers the second time. So, I think it's because of the need for capacity in these markets you're going to see carriers work on self-performing to a degree just like they've done on the tower side where, in various markets, they may be able to access vendor relationships or their own capability to supplement what we as an industry will bring to them.

So, I think it's both, Amir. I don't think it's going to be wholly third-party infrastructure-led. And I think that's fine. I mean, again, it's a big world out there. And it makes sense in terms of speed to market where you've already got fiber to work on that. And that was sort of the nature of our Sunesys interest and NextG three years ago, was when you have fiber in a market that's been purpose-built for small cell deployments, you can get on the air quicker. And that's a key determinant on whether you get the business or not. And somebody that has to start from scratch doesn't really have a competitive advantage. And that brings in the potential for the carrier to work on it themselves. So, I think it's going to be both.

Amir Rozwadowski: That's very helpful, Ben. And then in talking about sort of the current demand environment, you had mentioned that the leasing activity that you had seen has been fairly healthy out of Verizon and T-Mobile. If we start to think about sort of the opportunity set over the next 12 to 24 months, I mean, is there a potential that they are satiated with their current build requirements and sort of temper back, or do you see the introduction of new spectrum AWS-3 or anything along those lines as continuing to support the healthy demand environment that you've seen out of those carriers?

Ben Moreland: We have a very strong view that we're going to continue to see a healthy demand environment based upon the different products and services that we, as consumers, are going to be utilizing going forward. And I think the biggest driver of that, as I mentioned in my remarks, is around video and ultimately, live television content. I think that's a huge driver for our business going forward that we just, frankly today, can't really begin to quantify for you. Just as sitting here 10 years ago, we wouldn't have been able to quantify sort of the broadband Internet adoption that we're now seeing.

So, I think it's a long runway of growth. Again, in our business, we don't so much look for inflection points as we look for extended runways. And I have a very strong view about an extended runway which is how we got comfortable with sort of giving you a five-year outlook at 6% to 7%. Which I would mention, remember 2015, with the headwind of churn being the highest of all the years, is going to be a little bit more like 5%. So, in order to say 6% to 7% over five years, obviously, it has to step at some point. And we've given you a little bit of that view towards 2016, and we'll probably leave it at that.

Amir Rozwadowski: Thank you very much for the incremental color.

Operator: We'll go next to Michael Bowen of Pacific Crest.

Michael Bowen: Okay. Thank you very much. A couple of things here… with regard to the organic growth, I think you've said last quarter that 50% was from the existing book of business; I wanted to find out if that was still the same. And then secondly, with regard to the small cell business, how do you think about that in relation to the AFFO per share organic growth that you talked about of 6% to 7%? In other words, as you layer that in, what should we think about as far as incremental organic growth from that business? Thanks.

Ben Moreland: I think on your first question, the vast majority of the revenue growth that we're seeing in the business is being driven by brand-new leases on existing towers, as well as the small cell revenue. We're seeing minimal benefit from amendments to existing site. So, currently, most of it is being driven by new leases, and that's driving the organic growth at the revenue line and then obviously flowing down to the AFFO line. In the second part of the question, I think the way I would broadly answer the question is as we make investments in the case of the Sunesys acquisition of about $1 billion. That acquisition, we think, has lots of opportunities for growth over the long-term which we've articulated on this call.

When you get down to that as a contribution to the growth on that 6% to 7%, it represents a relatively small percentage of the overall enterprise value. So, we think it's additive. But it's additive in terms of basis points and not multi-percentage points to that 6% to 7%. So, one of the ways that we've thought about is it probably gives us a greater confidence that we have the opportunity to achieve the higher end of our target of 6% to 7%, but doesn't necessarily cause us to reevaluate our 6% to 7% target.

And, frankly, as we look at the opportunities that we have in front of us, I'm not sure that there are a lot of things that we would say from an investment standpoint would be of a size that would cause us to reconsider that overall target. Most of what we're working on is investing the excess cash flow that we have and opportunities that we see in front of us that makes sense. And we think continue to increase dividends over time. And then lease up the assets that we already own whether that's towers or small cells.

Michael Bowen: Okay. That's helpful. And then, I guess, lastly, with regard to that AFFO per share organic long-term target, should we assume that that's with a relatively static share count or have you made any assumptions that are maybe in the – under the covers there. Thanks.

Jay Brown: Well, I think the way I would answer that question is, obviously, anytime we look at the opportunity to invest in something, it may require that we utilize some amount of equity in order to accomplish that. But to the extent that we were to utilize equity or even debt or cash flow it's only because we think the investment warrants it. It has to increase our overall growth rate and it has to be additive to our ability to pay dividends over the long term as measured by what's the growth in AFFO per share.

So, I'm not going to presume today that we either need or don't need to utilize equity or debt to make growth opportunities. We'll have to look at them as they come and evaluate what we think the growth prospects of those individual transactions are against the cost of the capital.

I would also point out over a long period of time, we've been very diligent about reducing share count. And so, I certainly would not presume today that the opportunity over the next decade may – would not be our opportunity to reduce shares, not just to issue shares. So, we may enter an environment where the best opportunity and the best investment of capital for us, both using cash flow and potentially debt might be reducing our share count. And I certainly wouldn't close off that opportunity.

We're trying to focus on maximizing AFFO per share and maximizing dividends per share over the long term and whether that results in asset acquisitions or the reduction of shares to share purchases, I think we'll try to be smart about what that is and maximize the long-term returns for shareholders.

Michael Bowen: Okay.

Ben Moreland: Now I would just point out that as you get to that 5 times target and if we're successful in attracting the rating that we hope on the investment grade side, just to add to the Fitch Rating this quarter. At that point, then your ability to then re-lever EBITDA resumes like we've had for years. If that happens to be a 5 multiple, as Jay outlined in his remarks, well, then you're able to re-lever EBITDA at 5 times every year, which adds significant capacity once you achieve that level.

Michael Bowen: All right. Thanks for taking the questions.

Operator: We'll go next to Batya Levi at UBS.

Batya Levi: Thanks, a couple of follow-ups. First, on – as AT&T and Verizon, especially Verizon, begin to refarm some of that 850 spectrum for LTE build-outs in early 2016. Do you think that kind of activity provides upside to the current trend, or will it be enough to just sustain the level? And another question on the small cells, I think you've mentioned 2,300 nodes in the pipeline. How quickly do you think that they will be generating revenues? Thank you.

Ben Moreland: Yeah. Sure. The AT&T – I mean, sorry, the Verizon amendment activity, as you suggested, I would say that's broadly sort of baked in our view. They're a very, very steady and consistent disciplined investor in their network. And as they've talked about on their call, the refarming of the spectrum is sort of an ongoing way to maximize the efficiency of their investment in spectrum, and that's sort of implicit in our views without being – I'm not sure we're ever 100% accurate – I'm certain we're not – on exactly, by carrier, the nature of the revenue growth we get every year. We do our best to target it in the fall of the prior year. And then we do our best to see how well we predict that outcome. But it's implicit. I wouldn't say that it's additive.

Jay Brown: On your second question, typically, small cell deployments are taking us about 18 months roughly from the time we're awarded to building them, 18 to 24 months. Some portion of that pipeline would represent co-locations on existing systems, and that timeline would be much lower than the 18 to 24 months to build it out. And then the other thing I would point out to you, as we've mentioned in prior quarters, that pipeline is not a static number. So, we're constantly pursuing other opportunities given the returns that we're seeing in that business. And so, as much as we're completing projects that have been in the pipeline for 18 to 24 months, we're filling back up the pipeline with new opportunities that will be building over the next couple of years.

Batya Levi: Okay. Thank you.

Operator: We'll go next to Spencer Kurn at New Street Research.

Spencer Kurn: Hey. Thanks for taking my question. Just to follow up on Sunesys, you've identified 3,500 opportunities for small cells on the asset. Can you just provide us a little bit of context around what that means for the overall lease-up potential you see there, and also how much revenue can you drive off of those opportunities? Thanks.

Ben Moreland: Yeah. Those are opportunities that we've identified in our pipeline as opportunities to add nodes to their existing network fiber. The timeline for that, again, I would go back to my prior comment around 18 to 24 months to bring those online once we start working on them. The revenue contribution that we see from nodes is about a third of what we would typically see from a tower tenant. So, if you thought about the 3,300 nodes, those would look like in the neighborhood of about 1,000 new tenants on towers. And each tenant on a tower is in the neighborhood of about $24,000 to $30,000 on an annual basis in terms of rent.

So, the contribution there, probably in the neighborhood – somewhere in the neighborhood of $24 million to $30 million on the revenue line as we build up those nodes. We obviously expect that pipeline to build as we integrate the asset and create more opportunity, but it was obviously helpful as we thought about going into the acquisition on a yield of about 6% roughly day one and then having visibility to what equates to another couple 100 percentage points of yield – basis points of yield as we thought about the asset being able to specifically identify nodes that we thought were going to end up on that fiber.

Spencer Kurn: Great. Thank you.

Operator: And we'll go next to Jonathan Atkin at RBC Capital Markets.

Ben Moreland: Welcome back, Jonathan.

Jonathan Atkin: So, AWS-3, I just wondered what's a plausible outcome in terms of when that might start to drive some amended revenues? And in your case, you've got some MOAs and it looked like some of your sale leaseback deals, and I wondered whether that perhaps mutes your growth opportunity from AWS-3 but in terms of physical deployments at site, are there going to be RRUs and is that going to happen second half of next year or first half of next year? What's your sense of that?

Ben Moreland: Jon, my sense is you're going to start seeing it second half of next year broadly, and it will depend on the portfolio and the configuration whether it was a legacy Crown Tower or whether it was newly acquired. And then at the individual site level, what the capacity – what's currently on the site against the reserve capacity. So, it's very hard to give you an exact number, but I would tell you that across even the AT&T portfolio, we're already seeing additional revenue as we highlighted on this call before. We're already seeing additional revenue on many of those installations as they upgrade through the reserve capacity. So, again, long-term implicit in our view on growth over time, but I can't really be a lot more specific than that.

Jonathan Atkin: Thank you.

Ben Moreland: You bet. And with that, I appreciate it and recycling Jon Atkin's back around to the beginning, I think we've covered all the bases, covered the waterfront this morning with an hour and 15 minutes. I appreciate everyone's attention. We are going to work hard on delivering the second half of the year like we have the first half. Excited to welcome our Sunesys friends onboard here shortly, and I will talk to you on the next quarter call. Thank you.

Operator: And that does conclude today's conference. Again, thank you for your participation.