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July 6, 2020

Crown Castle International Corp.
1220 Augusta Drive
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Houston, TX 77057

Dear Members of the Board:

We are writing to you again on behalf of Elliott Associates, L.P. and Elliott International, L.P. (together, "Elliott" or "we"), which collectively own an economic interest of $1 billion of Crown Castle International Corp. (the "Company" or "Crown Castle"). We have strong conviction in this investment and believe that Crown Castle's premier wireless infrastructure in the United States is highly valuable and well positioned to benefit from the upcoming wave of 5G deployment.

Over the past month, we have been engaged in a private dialogue principally with Crown Castle management about ways to maximize value for Crown Castle's shareholders. We appreciate your time and participation in this private dialogue and, while we currently appear to have differing views on the right path forward, we are hopeful that this discussion can continue.

The purpose of today's letter and accompanying presentation – which we are making public in order to facilitate a broader discussion on the best path forward for Crown Castle – is to outline a comprehensive plan to remedy the Company's chronic underperformance, unlock significant, sustainable value for its shareholders and improve its businesses for the long-term.

While we admire Crown Castle's investments in the wireless tower industry, we believe that the Company's expansion away from its core and into fiber infrastructure has detracted from shareholder returns and will continue to detract from shareholder returns unless significant changes are made. Fiber infrastructure businesses can be attractive investments, but it is our considered view that Crown Castle's fiber strategy has not been successful and that the return on these investments has significantly underperformed.

Fortunately, we are confident that these problems can be remedied, and that the solution includes a refined fiber investment strategy with greater investment returns and higher cash flow. The result would be a better Crown Castle with enhanced strategic flexibility.

A detailed analysis of Crown Castle's strategy to date, resulting underperformance and solutions to unlock value can be found in the accompanying presentation, which is also available at www.reclaimingthecrown.com. However, we thought it would be helpful to use the balance of this letter to briefly summarize these issues and lay out the key elements of our plan to help Crown Castle "reclaim the crown" and realize its full potential.

Crown Castle's Long-Term Underperformance

There is no debating that investing in wireless towers as an asset class has created enormous equity value over the last two decades. Like its peers, Crown Castle has prospered over the years from strong industry tailwinds and the industry-wide increase in tower valuation multiples. However, in evaluating any company's track record, it is necessary to compare its performance to comparable peers on a *relative basis* as a better way to assess how a company has performed within its industry. This perspective helps identify potential issues in company strategy, operational execution, capital allocation and management and board oversight.

Such relative comparisons are especially relevant in the tower industry, and they are easy to make given that Crown Castle and its peers, American Tower and SBA (the "Big Three"), are highly comparable. While there are certainly differences in tower portfolios, Crown Castle sells the same "product" to the same group of customers as American Tower and SBA. As of 10 years ago, the Big Three all derived ~100% of revenue from wireless towers.

Since then, Crown Castle has diverged from American Tower and SBA by investing $16 billion in a strategic pivot away from its core and into the fiber industry, while American Tower and SBA have remained exclusively focused on tower ownership and have instead invested excess capital in building international tower portfolios. Crown Castle's decision to enter the fiber industry at scale has been its most important capital allocation decision in the last decade. Today, looking back, it is fair for shareholders to ask: How has it worked?

The table below illustrates the impact of Crown Castle's pivot to fiber on shareholder returns. **Relative to its close industry peers, Crown Castle has underperformed on a consistent basis for more than a decade.** The level of underperformance is profound, and the power of compounding has resulted in a staggering gap between Crown Castle and its comparable peers. For example, Crown Castle has underperformed American Tower and SBA by 125% and 313%, respectively, over the last 10 years. These same metrics increase to more than 400% and more than 1,000%, respectively, when we compare Crown Castle to American Tower and SBA over the last 15 years.

Total Shareholder Return

Crown Castle's TSR Relative to:	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year	15-Year
American Tower	2 %	(21)%	(22)%	(55)%	(58)%	(46)%	(112)%	(70)%	(64)%	(125)%	(415)%
SBA Communcations	(1)%	(15)%	(36)%	(83)%	(8)%	(13)%	(110)%	(161)%	(257)%	(313)%	(1,074)%
Tower Peer Average	1 %	(18)%	(29)%	(69)%	(33)%	(30)%	(111)%	(115)%	(161)%	(219)%	(744)%

Source: Market data per Bloomberg as of June 29, 2020 (unaffected price prior to significant purchases by Elliott).

Long-term stock-price performance accurately serves as a verdict on a company's aggregate decisions and its execution of those decisions over a multi-year timeframe. In this case, the verdict is clear: Crown Castle's performance can be significantly improved.

Crown Castle's Fiber Strategy Has Driven Its Underperformance

We are strong believers in the fundamental value of fiber infrastructure as the core foundation of telecommunications and a major beneficiary of exponential data growth as a megatrend. Owners of facilities-based fiber infrastructure can generate attractive returns through prudent capital deployment and the network-effect benefits of an expanding fiber footprint. We believe metro fiber networks with unique routes, high density and large fiber counts are especially good investments.

The relevant question for Crown Castle is not whether fiber is an attractive asset class. Rather, the critical question is whether Crown Castle's fiber investment and the rate of return on this investment is an effective use of the Company's capital and whether this strategy, as currently implemented, is beneficial to the Company and its long-term value.

Crown Castle has spent $11.2 billion on fiber acquisitions, highlighted by the $7.1 billion acquisition of Lightower in 2017. In addition to its acquisitions, Crown Castle has spent $4.6 billion of capex on fiber and small cells. This level of capex exceeds its tower capex of $2.5 billion by a factor of ~2x during the same period. In total, the Company has deployed $15.8 billion of capital to build its fiber business.

We believe the empirical evidence demonstrates that the implementation of Crown Castle's fiber strategy has not been effective and has significantly detracted from shareholder returns.

- <u>The market is penalizing Crown Castle with a lower valuation multiple than its peers</u>: Today, Crown Castle trades at an average AFFO multiple discount of 15% to American Tower and SBA. By contrast, before the major investments in fiber, Crown Castle traded at an average discount of only 3% five years ago. This growing discount reflects investors' skepticism regarding the Company's undisciplined investment in fiber.

- <u>Crown Castle's fiber investment weighs down its return on invested capital (ROIC)</u>: Since Crown Castle embarked on its fiber strategy, the gap between its ROIC and those of its peers has widened dramatically. Today, every dollar of capital invested at American Tower and SBA generates 65% and 55% more profit than Crown Castle, respectively. Over many years, this difference in ROIC has had profound implications, as evidenced by the shareholder return comparisons.

- <u>Crown Castle has deeply underperformed through the lens of adjusted funds from operations (AFFO)</u>: Crown Castle's CEO has previously stated, "We evaluate the decisions that we make in the business based on the long-term impact to cash flow per share, and AFFO is the best proxy for this." However, over the past five years, American Tower and SBA have grown AFFO per share 41% and 21% faster than Crown Castle, respectively.

- <u>The valuation of Crown Castle's fiber business suggests significant value-destruction and opportunity cost</u>: As laid out in the accompanying presentation, the implied value of Crown Castle's fiber business is only $11 billion. This implied valuation compares to the $16 billion spent to build the fiber business, resulting in $5 billion of value destruction. Had Crown Castle invested its capital in other areas, especially additional tower assets, shareholders would have been significantly better off.

- Crown Castle's low return on investment (ROI) in fiber capex is dilutive to shareholders: As explained in detail in the accompanying presentation, Crown Castle's fiber capex of $4.6 billion over the last five years has generated only $135 million of organic EBITDA growth, representing a yield of 3%, well below the cost of capital required for fiber investments. This yield on fiber capex is also far lower than the yields generated by American Tower and SBA on their international tower investments. Unless Crown Castle improves the return threshold for its fiber capex, continued investment will perpetuate its stock-price underperformance relative to peers.

The Board should consider this conclusion: **Crown Castle is deploying more capital into fiber than towers even though the fiber business dilutes the Company's ROIC and the public market values fiber at a significantly lower multiple. This is a bad formula for the Company, its strategic priorities and its shareholders.**

Reclaiming The Crown: A Path Forward for Crown Castle

Crown Castle enjoys an enviable position with the premier portfolio of tower assets in the United States. Based on our analysis, the tower portfolio is superior to the domestic towers of American Tower and SBA across multiple parameters. Given the attractive locations of these tower assets in the top 100 MSAs, the Company will benefit from continued tower activity as 5G deployments ramp over the next several years, especially from T-Mobile and potentially DISH. Given our large investment, we have strong conviction in the opportunity represented by Crown Castle's tower business.

It is clear, however, that Crown Castle's fiber investment strategy is in need of significant changes. The question is how to fix the present issues. One potential solution is to sell or spin off the fiber business. While we do not believe Crown Castle is the right owner of these assets, extricating itself from fiber would likely be disruptive and more costly than the value created. Especially in this market environment, we believe a separation will involve unnecessary execution risk for shareholders. In addition, while we are critical of Crown Castle's investment approach, we believe fiber infrastructure is an attractive asset class and, if operated properly, can compound strong investment returns.

Fortunately, we believe the problems in the fiber business today can be addressed and the Company's results in this business can be improved. To Crown Castle's credit, the Company has assembled a network of high-quality fiber properties located in large metro markets. The demand for fiber is healthy. However, the fiber business needs optimization.

We outline our recommendations as follows:

I. **ROI-Focused Fiber Capex**: Crown Castle's return on investment (ROI) in fiber is well below industry benchmarks. The Company should refocus on its highest return opportunities and target a fiber capex revenue ROI of at least 40%.

II. **Optimized Incentive Plan**: Crown Castle's current incentive program is not aligned with the capital-intensity of its fiber strategy. Crown Castle should incorporate return-on-invested-capital (ROIC) to appropriately align capital allocation decisions with compensation.

III. **Enhanced Returns**: The RTC Plan will increase free cash flow by 35% while still allowing for $600 million per year of discretionary fiber capex, providing capacity to increase the dividend by 46% to $7.00 per share in 2021 and growing 7-8% thereafter ($8.00+ per share in 2023).

IV. **Improved Oversight**: Crown Castle should address its extraordinarily long-tenured Board to improve oversight of its capital allocation approach and ensure Crown Castle's underperforming fiber business has the appropriate management skillset to deliver improved results. Additionally, Crown Castle's Board would meaningfully benefit from greater diversity to improve its performance, culture and value for all stakeholders.

Working Together

We have high conviction regarding our investment in Crown Castle and see significant opportunity ahead for the tower business as 5G deployments accelerate and ongoing densification continues. We also share your optimism for the fiber business, but we strongly believe that the changes described in this letter are necessary. We hope you agree.

Finally, we want to emphasize our continuing desire to work together. We have deep experience in these types of investments and have a long track record of thoughtful, constructive engagement with companies in which we invest. In making our views public today, we are hopeful that you can benefit from the perspectives of other stakeholders regarding these ideas as we continue our discussions.

We have great admiration for Crown Castle and appreciate your consideration of our perspectives. As a next step, we look forward to maintaining our dialogue and hope to meet with you again in the near term to discuss our presentation and its findings.

Best regards,

Jesse Cohn
Partner

Jason Genrich
Portfolio Manager