Elliott Sends Letter to the Board of Crown Castle Inc.

Seeks New Executive and Board Leadership

Calls for Operational and Strategic Review of Fiber Business

Discloses $2 Billion Position

WEST PALM BEACH, FLORIDA (November 27, 2023) – Elliott Investment Management L.P. (“Elliott”), which manages funds that collectively have an investment of approximately $2 billion in Crown Castle Inc. (“Crown Castle” or the “Company”), today released a letter and presentation detailing its perspectives on the Company’s history of underperformance and calling for significant changes.

Elliott’s 2023 “Restoring the Castle” campaign follows its 2020 “Reclaiming the Crown” campaign, which called for enhanced governance and fiber-strategy improvements at Crown Castle. In its letter today, Elliott noted that the Company “disregarded our data-driven analysis, and our recommended changes were neither made nor taken seriously.” As a result, Crown Castle has continued to underperform its peers over all time periods in the last 15 years; has underperformed the S&P 500 index over one-, three- and five-year periods; and has seen its stock price recently hit a six-year low.

In its letter, Elliott wrote, “Crown Castle suffers from a profound lack of oversight by the Board, which has contributed to its irresponsible stewardship and flawed financial policy. The Company’s strategy, led by CEO Jay Brown since 2016, has been a failure, as demonstrated by the breathtaking magnitude of its underperformance.” Elliott added that “During the tenure of the current executive team, Crown Castle has underperformed its direct peers by an average of 85% in total return, which translates into nearly $26 billion of unfulfilled shareholder value.”

Elliott outlined the following steps it believes are necessary to set the Company on the right course:

1) **New Executive and Board Leadership:** Crown Castle has demonstrated minimal self-reflection on whether its strategy is working and has displayed little regard for conflicting
data and analysis. For these reasons, comprehensive leadership change is necessary to address this consistent, long-term underperformance.

2) **Strategic and Operating Review of Fiber Business:** It is evident that profligate fiber spending has pushed Crown Castle’s financial profile far away from its stated 7% to 8% dividend growth rate (despite CEO Jay Brown’s false refrain that fiber enhances the dividend). All aspects of the fiber strategy must be re-evaluated, including whether Crown Castle is the best owner of its fiber business.

3) **Optimized Incentive Plan:** The Board and its Compensation Committee have continued to dismiss a ROIC-based management-incentive program, which has enabled aggressive capital deployment without any penalty for delivering a woeful ROIC. Management must be held accountable for capital allocation.

4) **Improved Corporate Governance:** Crown Castle has a troubled track record on corporate governance, with a history of reactive entrenchment activity when challenged. For example, Crown Castle enacted extraordinarily shareholder-unfriendly amendments to its bylaws in 2021, compromising the ability of shareholders to exercise their fundamental right to nominate directors and seek change in the boardroom, which we believe violate Delaware law.

In its letter, Elliott wrote that while it prefers to pursue a constructive engagement with the Company, as it attempted in 2020, Elliott is prepared and intends to make its case directly to shareholders with a majority slate of alternative directors at the Company’s annual meeting of shareholders in May 2024.

Elliott’s letter and presentation can be downloaded at RestoringTheCastle.com.

The full text of the letter follows:

November 27, 2023

Crown Castle Inc.
8020 Katy Freeway
Houston, TX 77024

Dear Members of the Board:

We are writing to you on behalf of Elliott Associates, L.P. and Elliott International, L.P. (together, “Elliott” or “we”). We have an investment of approximately $2 billion in Crown Castle Inc. (the “Company” or “Crown Castle”), making us one of the largest investors in the Company.

It has been more than three years since our prior engagement with Crown Castle, during which we highlighted that the Company’s fiber strategy was “detracting from shareholder returns and would
continue to do so unless significant changes were made.” Unfortunately for shareholders, the Company disregarded our data-driven analysis, and our recommended changes were neither made nor taken seriously. Instead, this management team has remained committed to its value-destructive strategy.

Today, we are investing in Crown Castle during a period of significant challenge. The Company’s stock price is near six-year lows, and the underperformance we highlighted in 2020 has only worsened. As in 2020, Crown Castle has underperformed its direct peers in every time period over the last 15 years despite owning similar, high-quality tower assets. After spending $19 billion on its fiber strategy, performance remains poor and the Company’s fiber investments now generate yields that are not only below its cost of capital, but astoundingly, also below the risk-free rate of return. Because of this operational underperformance and flawed capital allocation, the investment community has been forced to question the stability of Crown Castle’s dividend and whether the Company will need to raise equity at a historically cheap valuation.

Put simply, we believe change is required at Crown Castle, and we are committed to doing our part to ensure that shareholders get the change they deserve. Crown Castle suffers from a profound lack of oversight by the Board, which has contributed to its irresponsible stewardship and flawed financial policy. The Company’s strategy, led by CEO Jay Brown since 2016, has been a failure, as demonstrated by the breathtaking magnitude of its underperformance. During the tenure of the current executive team, Crown Castle has underperformed its direct peers by an average of 85% in total return, which translates into nearly $26 billion of unfulfilled shareholder value. We believe shareholders deserve better.

Accompanying this letter, we are also sharing a presentation titled “Restoring the Castle,” which outlines our detailed analysis of the situation today and our recommended path forward. While we prefer to pursue a constructive engagement with the Company (as we attempted in 2020), we are prepared and intend to make our case directly to shareholders with a majority slate of alternative directors at the Company’s 2024 annual meeting of shareholders. Our plan includes the following key components:

1) **New Executive and Board Leadership:** The primary role of the executive leadership team and Board of Crown Castle is the management and oversight of the free cash flow generated by the core wireless tower business. It is clear that this leadership team has destroyed billions of dollars of value through its capital-allocation decisions. Even more troubling, Crown Castle has demonstrated minimal self-reflection on whether its strategy is working and has displayed little regard for conflicting data and analysis. For these reasons, comprehensive leadership change is necessary to address this consistent, long-term underperformance.

2) **Strategic and Operating Review of Fiber Business:** Crown Castle has invested $19 billion in its fiber strategy, which is now yielding a paltry 6% return-on-invested-capital (“ROIC”) after a decade of investment. On an incremental basis, Crown Castle’s fiber capex program is performing even worse, with a 4% ROIC since we shared our analysis in early 2020. When interest rates were near zero, these ROIC metrics were insufficient to create value; today, Crown Castle would be better off buying U.S. Treasuries. We believe
the public market applies intense skepticism towards the fiber strategy and values the business at ~$1 billion today, implying that the Company’s pursuit of this strategy has destroyed approximately $18 billion of value.

It is evident that profligate fiber spending has pushed Crown Castle’s financial profile far away from its stated 7% to 8% dividend growth rate (despite CEO Jay Brown’s false refrain that fiber enhances the dividend). All aspects of the fiber strategy must be re-evaluated, including whether Crown Castle is the best owner of its fiber business.

3) **Optimized Incentive Plan:** One of the critical proposals we made in 2020 was the implementation of a ROIC-based management incentive program (consistent with Crown Castle’s best-in-class peer). The Board and its Compensation Committee have continued to dismiss a ROIC-based management-incentive program, which has enabled aggressive capital deployment without any penalty for delivering a woeful ROIC. Management must be held accountable for capital allocation.

4) **Improved Corporate Governance:** Crown Castle has a troubled track record on corporate governance, with a history of reactive entrenchment activity when challenged. For example, only after Elliott released a public letter and presentation on July 6, 2020 did Crown Castle address the exceptionally long tenure of its directors. Less than four weeks later, Crown Castle announced that five directors (including the Chairman of the Board) with an average tenure of 20 years would not stand for reelection. Then, one year later, in an egregious governance relapse, Crown Castle enacted extraordinarily shareholder-unfriendly amendments to its bylaws, compromising the ability of shareholders to exercise their fundamental right to nominate directors and seek change in the boardroom.

For the avoidance of doubt, Elliott is not deterred. In fact, we believe key provisions of these bylaw amendments violate Delaware law, as virtually identical provisions were litigated and rejected by the Delaware Court of Chancery not less than six months before this Crown Castle Board approved them. Accordingly, we believe the Board requires a culture shift, from one in which investors are treated as adversaries to be managed to one in which they are treated as rightful owners of the Company.

We have long admired Crown Castle and the strategic value of both its tower and fiber businesses. However, it is past time for new leaders who can serve as trusted stewards for the Company’s shareholders. While we hope to achieve this outcome by working constructively with the current Board, we are highly confident in our conclusions and believe our fellow investors will support these views.

We look forward to meeting to discuss our perspectives and align on a path forward.
Best regards,

Jesse Cohn
Managing Partner

Jason Genrich
Senior Portfolio Manager

About Elliott

Elliott Investment Management L.P. (together with its affiliates, “Elliott”) manages approximately $59.2 billion of assets as of June 30, 2023. Founded in 1977, it is one of the oldest funds under continuous management. The Elliott funds' investors include pension plans, sovereign wealth funds, endowments, foundations, funds-of-funds, high net worth individuals and families, and employees of the firm.

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