



October 14, 2014

712 5th Avenue, 23rd Floor
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Dear Shareholders of Crown Castle,

Corvex is an investment advisor with a fundamental-based long/short equity strategy and approximately \$7 billion of assets under management. We focus on investing in high quality, North American businesses in industries with positive secular tailwinds, and we look for situations where change and event-specific volatility enable us to buy the securities of strong businesses at discounts to intrinsic value. We believe in engaging regularly with the management teams of our portfolio companies with the goal of developing close long-term relationships underpinned by constructive two-way dialogue. We have invested in and followed Crown Castle and its tower peers since the inception of Corvex in 2011. Corvex funds have beneficial or economic ownership of approximately 12.6 million shares and share equivalents of Crown Castle which at current market prices represents approximately \$1 billion of economic exposure, making us one of the company's largest investors and the position one of our largest investments.

We are optimistic that many of you share our view that Crown Castle is a great business with exceptional growth opportunities in the years ahead. However, we also believe many of you share our frustration over the company's stock price underperformance relative to peers and the market over the last eighteen months, and the company's persistent market discount relative to its peers and its own intrinsic value. We believe Crown Castle shares some of these same frustrations, and we commend management for soliciting input from its shareholders on this issue as well as the company's activities generally. We recently met with management at Crown Castle's headquarters in Houston and have had several follow-up conversations, continuing the productive dialogue we have had with the company for several years. Given the recent published speculation of a potential Verizon towers transaction (including a potential sale announcement within the next 30-60 days), we felt compelled to reach out publicly to fellow shareholders at this time as well, to further stimulate the capital allocation discussion which has intensified among investors and analysts in recent weeks.

We firmly believe Crown Castle's valuation can be improved dramatically and sustainably through a change in the company's capital allocation plan, reducing Crown Castle's cost of capital and enhancing its ability to continue to grow and compound shareholder value over the long term. Based on our analysis, **we see a near-term opportunity for Crown Castle to drive a 27% re-rating in its equity, and the potential for over 60% upside in 15 months.** Once the company's equity currency has strengthened, Crown Castle can aggressively pursue a Verizon towers transaction, creating even greater long-term value for shareholders. However, if the company does not have the right cost of capital, it should not be pursuing acquisitions or issuing equity, whether for Verizon's towers or any other transaction.

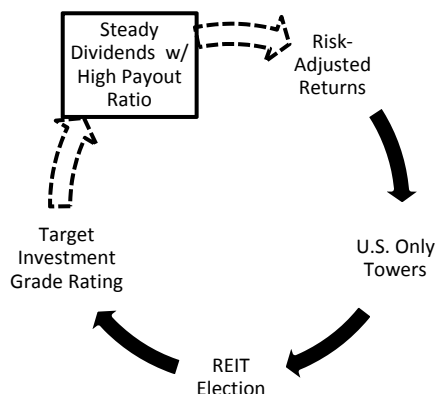
We make our case to shareholders and the company below, as well as in the attached presentation. Our analysis suggests a change in capital allocation could result in Crown Castle's stock trading for in excess of \$100.00 per share within a short time frame, and compounding further from there. Based on recent public commentary by management, we think Crown Castle may be considering the same actions we suggest. Comments from analysts and investors suggest shareholders would support our recommendations as well. Given our conviction in the need for change and the magnitude of the long-term value it creates for shareholders, **we believe it is the responsibility of the company to embrace change now or provide shareholders with a clear path to a superior alternative.**

"Betwixt and Between"

We believe Crown Castle's current capital structure and capital allocation plans taken together are sub-optimal, and that the combination of de-levering the balance sheet while maintaining an artificially low payout ratio has pressured the company's valuation and led to Crown Castle trading at a discount to its peers. **Crown Castle is now "betwixt and between" in our view, having committed to strong dividends at the end of the decade, but leaving behind an optimal leverage ratio today.** We believe last year's AT&T transaction contributed to the problem given the excessive equity funding used and relatively high price paid. It is critical that the company avoid a similar stumble in any potential Verizon transaction. **Regardless of the outcome of any particular transaction though, we believe Crown Castle must address its capital allocation plan. In our view, Crown Castle has two clear options today: (i) increase its dividend payout ratio significantly, or (ii) increase and maintain a higher leverage ratio. We summarize these two choices below. Either way, we firmly believe the status quo is unacceptable.**

Option #1: Increase Payout Ratio	Option #2: Increase Leverage	Status Quo
Quarterly Dividends	Ongoing Share Buybacks	De-Levering
\$4.00+ Dividend / Share in 2015	\$1.60+ Dividend / Share in 2015	\$1.60+ Dividend / Share in 2015
80%+ Payout Ratio	30% Payout Ratio	30% Payout Ratio
10%+ Long-Term Dividend Growth	15%+ Long-Term Dividend Growth	15%+ Long-Term Dividend Growth
Maintain ~4.5x Leverage	Maintain ~7.0x Leverage	Maintain ~4.5x Leverage
Flex to ~6.0x for M&A	Flex to ~7.5x for M&A	Flex to ~6.0x for M&A
Target Investment Grade Rating	Non-Investment Grade	Target Investment Grade Rating
Organic Growth and M&A	Organic Growth and M&A	M&A Challenged
Valued on Dividend Yield	Valued on AFFO / Share	Valued on AFFO / Share

We believe increasing the company's payout ratio to 80% - 90% of AFFO and paying a dividend of at least \$4.00 per share, or increasing and maintaining leverage of approximately 7.0x net debt / EBITDA and buying back stock regularly to shrink the company's float, will both create significant long-term value for Crown Castle shareholders and help to restore the company's capital allocation halo. We think increasing the company's payout ratio and targeting an investment grade rating represents a strategy which is consistent with Crown Castle's business plan and DNA. We also believe we are in a once-in-a-generation credit environment, with interest rates near all-time lows and credit terms highly accommodating. While we cannot be certain, our sense from our meetings and conversations with management has been that Crown Castle would prefer to target being an investment grade company with a high payout ratio to re-levering the balance sheet to 7.0x, and therefore we have focused our analysis on "option one." We agree with management's decision to focus on the U.S. wireless market and driving predictable, attractive risk-adjusted returns for shareholders. Option one is entirely consistent with this strategy. Option one also has the benefit of aligning with Crown Castle's long-term financial model as a REIT. We believe an increase in the company's payout ratio will strengthen Crown Castle's equity currency, enhance the company's long-term growth prospects, increase management's credibility, and "close the circle" for shareholders. We believe the "missing link" has been the largest contributor to the company's stock price underperformance, and the company can and should remedy this issue immediately.



Dividend Policy Discussion

To borrow one of our favorite phrases, we believe that once you know how you want to live your life, you should start right away. Given our view of management's likely preference for option one, we believe Crown Castle should **immediately embrace the full payout structure it has publicly stated it will eventually adopt** once its net operating losses expire in 2018-2020, rather than artificially deferring strong dividends until the end of the decade. **All the current plan does is defer shareholder returns and stock performance in our view.** We believe that Crown Castle could conservatively trade at a 4.0% dividend yield based on the multiple sets of comparable companies we outline in our presentation (and should trade at an even better yield over time). These comparables include other REITs and companies in the telecom and media industries, energy infrastructure companies, utilities, REITs broadly, and other high dividend paying companies in the S&P 500. As one example, utilities trade at a 4.0% 2015E dividend yield on average, with approximately 3% - 4% earnings per share and dividend per share growth. To be clear, we believe Crown Castle is significantly undervalued on an absolute basis and not simply relative to dividend paying companies, and we view a change in the company's payout ratio as a catalyst for narrowing this discount and correcting its cost of capital. Assuming the company earns approximately \$5.00 per share of AFFO in 2015 (we recognize the company will likely guide more conservatively on its upcoming earnings call¹), **an 80% payout ratio would equate to a dividend of approximately \$4.00 per share, which based on our analysis translates to a stock price of \$100.00 (27%**

¹ Since Crown Castle began providing annual guidance on its third quarter earnings calls in 2007, the company has exceeded its initial AFFO per share or RCF per share (the predecessor metric to AFFO per share) guidance by 10.2% on average.

upside) at a 4.0% dividend yield. We believe Crown Castle should in fact trade closer to a 3.5% dividend yield over time as yield investors gain familiarity with the company, driving even higher long-term upside for shareholders. Assuming low double-digit dividend growth and a 2016 dividend of approximately \$4.50 per share, a 3.5% dividend yield equates to a stock price of \$128.57 in 15 months, or over 60% upside plus dividends received based on our analysis.

Moreover, we believe changing Crown Castle's capital allocation strategy would enable the company to attract a new class of yield-oriented investors. While the company and the tower industry have worked hard to try to win over "traditional" REIT investors, we have found that many of these investors have a common checklist of issues which it will be difficult for the company to reasonably satisfy. Crown Castle (and American Tower) may be too large to join benchmark REIT indices without having undue weight in the eyes of certain REIT investors, will likely always suffer from the perceived overhang of technology risk, and may not make a sufficient case for alternative uses of land and hard assets. In contrast to the demands of REIT investors, the priorities of yield-oriented investors are simply the stability and growth of dividends to shareholders. We believe Crown Castle's combination of long-term predictability and growth is highly unique and attractive among equities today, and aligns very well with a yield-oriented shareholder base – regardless of whether or not interest rates rise, which they will undoubtedly do at some point. Additionally, we believe a byproduct of the change to a higher payout ratio will also be increased appreciation from traditional REIT investors, who are accustomed to healthy dividend payments as we show in our presentation.

We acknowledge there may be different investor preferences for dividend payout ratios along a spectrum of 70% - 90% of AFFO. A lower payout ratio gives management greater flexibility among alternative capital allocation options (including share repurchases and small cells), while a higher payout ratio is more likely to maximize value today and drive down the company's cost of capital. A lower payout ratio should result in higher dividend per share growth over time, whereas a higher payout ratio provides higher current returns and greater predictability. As Chief Financial Officer Jay Brown highlighted at a recent investor conference, all policies along this spectrum of 70% - 90% of AFFO would require Crown Castle to access the capital markets for large M&A transactions. **However, a high payout ratio should not impact ongoing growth investments and would not rely on the capital markets in our view.** Note that \$150 million of EBITDA growth alone (or only 7% organic growth from the company's projected 2014 EBITDA base of \$2.1 billion) drives \$675 million of discretionary investment capacity at a 4.5x leverage ratio, in comparison to the company's total expected growth capital spending of \$550 - \$650 million in 2014. If shareholders support a large M&A transaction, the company will have access to the capital markets to do the deal. If the company does not have shareholder support, it is likely because the deal is not accretive or otherwise attractive, and the company should not be doing it. This model is the same one many REITs and MLPs use to facilitate attractive inorganic growth opportunities.

In our view the key to attracting yield investors is providing a strong dividend, cash flow stability, and credible growth, and we believe a 90% payout ratio optimizes this formula for Crown Castle's business and long-term plans. While we suspect management may wish to start at a lower payout ratio than 90% initially, we believe Crown Castle should pay a dividend of at least \$4.00 per share in 2015 (an approximately 80% payout ratio) in order to provide an attractive current yield. Yield-oriented investors do not give companies sufficient credit beyond 10% dividend growth in our experience, and so we would advise against a lower payout ratio with much higher growth or a halfway solution. Any half measures will leave the company in no man's land again, which benefits no one. At an optimal payout ratio of 90% (or 1.10x Coverage of AFFO), a dividend of \$4.50 per share in 2015 (again based on 2015 AFFO per share of approximately \$5.00) would position Crown Castle as the 8th highest dividend yield in the S&P 500 at the company's recent stock price. A dividend of \$4.00 per share would place Crown Castle as the 13th highest dividend yield in the S&P 500. Either way, we would argue this represents a severe valuation disconnect which simply could not persist. In our view, the other companies on this list generally trade at high dividend yields because their businesses are facing real secular challenges and the market questions the ability of these companies to sustainably pay their dividends. In contrast, Crown Castle's cash flows represent the re-packaged credit of America's largest wireless operators – critical network payments which one could argue should trade even tighter than secured debt. **A sizable dividend backed by the credit quality of America's largest wireless operators in a business with one of the brightest areas of growth within the telecom sector would be incredibly well received by yield-oriented investors in our view.**

Verizon Towers Discussion

To a certain degree, the Verizon deal is only a small piece of the discussion of the company's long-term capital allocation strategy. We believe the company is faced with two clear choices regardless of a deal. On the other hand, the transaction highlights the fact that Crown Castle is betwixt and between, trades at a discount, and can't compete cost-effectively for M&A opportunities. Furthermore, the AT&T transaction has been an overhang for Crown Castle, and shareholders do not want to see a repeat occurrence one year later. **But let's be clear, we want Crown Castle to correct its capital allocation plan, reduce its cost of capital, and then bid for the Verizon towers.** A Verizon tower deal would diversify Crown Castle's revenues and deepen the company's relationship with arguably the U.S.'s strongest wireless company and operator of the country's most robust network. As the largest and most-focused U.S. tower operator and the largest operator of legacy carrier portfolios, Crown Castle could be the best strategic acquirer of Verizon's tower assets. That does not mean the company will be best positioned financially to provide the highest and best bid though. By definition, if Crown Castle does not have a strong equity currency or

higher leverage than peers, the company should not win any competitive M&A process (unless it accepts lower returns, which we hope is not the case).

We believe a potential Verizon towers sale can serve as a positive catalyst for the company to change its capital allocation plan, leading to a re-rating of Crown Castle's equity currency and strengthening its ability to compete for M&A opportunities now and in the future. Based on recent press articles, the potential sale price for the Verizon towers could be approximately \$6.0 billion. Assuming this value is accurate and represents a cash flow multiple of approximately 20.0x, Crown Castle would need to increase its pro-forma leverage to approximately 7.2x net debt / EBITDA in order to complete a fully debt-financed purchase of Verizon's tower assets. As discussed above, we believe increasing leverage to 7.0x and maintaining this leverage level over time is an attractive capital allocation option for Crown Castle. However, given management's desire to target an investment grade rating over time, a Verizon transaction will likely require equity, and we believe this means Crown Castle **must** increase its payout ratio as well. Crown Castle should increase its dividend to at least \$4.00 per share, and then be prepared to increase leverage to approximately 6.0x net debt / EBITDA (or higher) for a Verizon deal, with plans to deleverage over time through EBITDA growth to target an investment grade credit rating. We believe this capital allocation and capital structure combination should be sufficient to drive a re-rating in Crown Castle's stock such that the company could issue any required equity at high enough prices (i.e., substantially higher than current prices) to justify completing a near-term deal.

However, we strongly believe that the company should not issue any equity at recent prices, and certainly not to acquire more tower assets at premium prices when Crown Castle continues to trade at a material discount to both transaction multiples and publicly traded peers. It simply does not make sense for the company to issue equity to acquire towers at a ~3 - 4x premium to Crown Castle's valuation when the company can borrow debt cheaply to buy back its stock (and effectively its own towers) trading at a discount. The good news is this issue has an easy fix as we have outlined. Additionally, we do not believe that the company should complete a Verizon transaction by increasing leverage and then de-levering again with no material change to its payout ratio. Increasing leverage becomes a viable capital allocation plan only if the company is willing to maintain leverage at an optimal level and buy back stock or deploy this capital on an ongoing basis. We believe shareholders have clearly indicated in the past year that de-levering without returning more cash flow to owners is an unappealing plan. Management should recognize it would be inconsistent with their long track record as thoughtful capital allocators to commit the same error in a transaction with Verizon just one year after the AT&T deal.

Conclusion

Crown Castle's capital allocation and capital structure plans taken together have left the company betwixt and between; the status quo is not working. Crown Castle has two clear options today: (i) increase its dividend payout ratio significantly, or (ii) increase and maintain a higher leverage ratio. While we cannot be certain, our sense from our meetings and conversations with management is that Crown Castle would prefer the first option, which also aligns with the company's long-term financial model as a REIT. A potential Verizon towers transaction should serve as an additional catalyst for the company to improve its capital allocation plan now. Given the increasing public debate around Crown Castle's capital allocation strategy and the potential for a Verizon towers transaction in the coming weeks, we felt compelled to release our thoughts publicly. In summary, we recommend the following:

1. Pay a dividend of at least \$4.00 per share in 2015
2. Guide to 10% or higher dividend per share growth over the next 3+ years
3. Plan to maintain leverage of approximately 4.5x net debt / EBITDA on an ongoing basis and target an investment grade credit rating over time
4. Flex leverage up to 6.0x net debt / EBITDA or higher for future M&A (including the Verizon towers), if the transaction is accretive to the standalone dividend per share plan described above
5. De-lever back to 4.5x following M&A through EBITDA growth (maintain 80%+ payout ratio over time)

Crown Castle should embrace the long-term vision it has already shared with the market: an investment grade U.S. tower REIT with a sizeable, predictable, and growing dividend. We believe this change will reduce Crown Castle's cost of capital and drive significant long-term upside for shareholders. Once accomplished, the company can then move from being on defense to being on offense, in front of a potential Verizon towers transaction (or any other attractive inorganic investment). Given its strong financial condition, Crown Castle will be in a position to both return capital regularly and continue to invest in or even accelerate growth. An attractive equity currency bolsters Crown Castle's capacity to pursue M&A, tower improvements, land purchases, and small cell builds in all future scenarios. The company could have access to billions of dollars of incremental growth capital to the extent it can credibly be used to accelerate growth and increase dividends and AFFO on a per share basis. This model is the way many world class REITs and MLPs use the capital markets to facilitate extraordinary growth. We really can have our cake and eat it, too.

To be clear, this is a capital allocation strategy which creates value over the long term for shareholders, not just through a short-term increase in the stock price. **We believe many shareholders will support this plan, and we think based on public commentary that management may already be considering it as well.** While we have a high degree of conviction in the need for change and the value created by the capital allocation plan we have described, we remain open to any ideas which can be shown to further enhance this plan or credibly demonstrate superior returns over a similar period of time. However, the onus is now on the company to embrace change or provide a clear path to a superior alternative. Taking no action after an extended period of underperformance could send a signal that Crown Castle is comfortable with its poor performance and discount to peers, something we do not expect given management's strong reputation and history of value creation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Meister', with a stylized, sweeping flourish at the end.

Keith Meister
Managing Partner
Corvex Management

Disclaimer: This letter and the attached presentation include forward-looking statements (including statements as to potential future performance or prices), estimates, projections and opinions. Such statements, estimates, projections and opinions may prove to be inaccurate and are subject to economic, competitive, financial and other risks and uncertainties. Please see the attached presentation for more detail and legal disclaimers.