Council of Institutional Investors®
The voice of corporate governance

October 6, 2017

Lead Independent Director Donald D. Snyder
Director Tom Thomas
Director Bryan Wolf
Director Larry Krause
Director Zareh Sarrafian
c/o President and Corporate Secretary Thomas Morton
Switch, Inc.
7135 S. Decatur Blvd.
Las Vegas, NV 89118

Dear Mr. Snyder and Fellow Non-Employee Board Members:

I am writing on behalf of the Council of Institutional Investors (CII), a nonpartisan, nonprofit association of employee benefit plans, foundations and endowments with combined assets exceeding $3 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families, and with very long investment horizons. Our associate members include a range of asset managers with more than $20 trillion in assets under management, many or most also with long-term investment horizons.[1]

CII members share a commitment to healthy public capital markets and strong corporate governance. As our members have long-term investment horizons, we are concerned about the decision of Switch, Inc. to go public with a stock structure designed to insulate incumbent management by distorting the alignment of economic ownership and voting power.[2] This distortion will limit accountability to public shareholders indefinitely, as the terms of the IPO provide for a toothless sunset provision. As you are aware, exclusively "Founder Members and their permitted transferees" are permitted to hold Class C common stock carrying 10 votes per share, and yet Class C shares lose their super-voting rights (through conversion to a low-vote class) only if that same group holds less than 50 percent of Class C shares.[3]

The principle of one-share, one-vote is a foundation and core value of good corporate governance and equitable treatment of investors. When CII was formed in 1985, the very first policy adopted was the principle of one-share, one-vote.[4] The importance of this approach has been underlined repeatedly by investors since then, including the January 2017 launch of the "Framework for

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[1] For more information about the Council of Institutional Investors (Council or CII) and our members, please visit the Council's website at http://www.cii.org/about_us.
[2] Switch Inc. amended S-1 filed September 25, 2017 at https://www.sec.gov/Archives/edgar/data/1710583/000119312517291962/d393780ds1a.htm.
[3] We believe going public with dual class shares in the first place is a poor idea, but that if a company does decide to do so, the board should insist on a time-based sunset that eliminates the super-voting shares within five years or less, subject to extension by holders of the class of shares with low voting rights, voting on a one-share/ one-vote basis, to extend such provision for a term of no more than five years.
[4] CII Corporate Governance Policies (Section 3.3) provides that, "Each share of common stock should have one vote. Corporations should not have classes of common stock with disparate voting rights. Authorized, unissued preferred shares that have voting rights to be set by the board should not be issued without shareowner approval."

Promoting Long-Term Value Creation for U.S. Companies."[5] The Framework, backed by 48 leading asset managers and owners that are members of the Investor Stewardship Group, states that "Shareholders should be entitled to voting rights in proportion to their economic interest," and that "companies should adopt a one-share, one-vote standard and avoid adopting share structures that create unequal voting rights among their shareholders." The leaders of 13 major companies, who signed a separate July 2016 Commonsense Corporate Governance Principles, also said dual class voting structures are not best practice.[6]

As long-term investors, we believe the decision by Switch to go public with a multi-class structure undermines confidence of public shareholders in the company. Independent boards accountable to owners should be empowered to actively oversee management and make course corrections when appropriate.

We note Chairman and CEO Rob Roy will have the ability to retain super-voting rights even if he quits employment with the company and shifts his attention elsewhere. Moreover, he will be able to transfer his Class C shares to lineal descendants without those shares converting to a low-vote class. Founders are not always the best CEOs forever, as companies evolve and grow. And sometimes, like all humans, they do not perceive their shortcomings. There is substantial evidence that board members of dual-class stock companies controlled by management are less likely to challenge management, notwithstanding some notable exceptions at a handful of public and private companies.

We acknowledge that in recent years, some young companies with dynamic leadership and promising products have attracted capital on public markets despite having dual class structures. However, the performance record of dual class companies is decidedly mixed in the long-run and even in the medium term, notwithstanding selection bias affecting which companies pursue the dual class experiment.[7]

The disenfranchisement of public shareholders is problematic when the company encounters performance challenges, as most companies do at one point or another, and especially where management essentially is accountable only to itself and the board that it effectively appoints.

We are encouraged that index providers are becoming more sensitive to concerns of long-term holders on dual-class structures. Switch as structured will never be added to the S&P 1500 Composite or its component indexes, including the S&P 500. It appears Switch may avoid exclusion from the Russell 3000 and other FTSE Russell indexes for some period of time, given that slightly

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[5] See https://www.isgframework.org/.

[6] See http://www.governanceprinciples.org/.

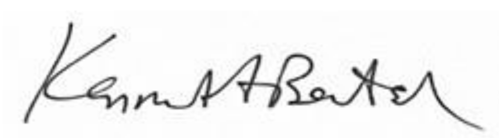
[7] Studies on 10-year performance in total shareholder return published in 2012 and 2016 by the IRRC Institute found that multi-class companies significantly underperformed by that metric. (IRRC Institute, *Controlled Companies in the Standard & Poor's 1500: A Ten Year Performance and Risk Review*, October 2012; and *Controlled Companies in the Standard & Poor's 1500: A Follow-Up Report of Performance & Risk*, March 2016.) In the more recent study, average annual TSR at multi-class companies over 10 years was 5.7 percent, compared with 8.5 percent at non-controlled companies and 7.4 percent at controlled companies with single-class structures. Other indicators fail to show outperformance by multi-class companies, despite the premise that such structures should protect the flexibility of dynamic leadership to innovate, without concerns on short-term share price impacts, and create value longer-term. The 2016 study concludes that "Controlled companies featuring multiple classes of stock generally underperformed on a broad swath of financial metrics over the long term [and] are perceived as having more financial risk" than non-controlled firms. Multi-class companies in the S&P 500 pay CEOs substantially more than companies with single-stock structures (especially as compared with single-class controlled companies), which accrues to CEOs but without comparable payoff for shareholders.

more than 5 percent of voting power could fall in the hands of "unrestricted" investors, assuming underwriters exercise their option to purchase additional shares. We note, however, FTSE Russell's commitment to annually review whether such a threshold remains sufficient.[8] And sustainability indexes are likely to pay increasing attention to dual class under pressure from clients who want focus on the "G" in ESG, as well as environmental and social factors.

Public company investors have demonstrated time and again that they will support innovation and investment for the long-term, as has been the case for many years at Amazon and many other companies. While establishing accountability to new owners does not always maximize comfort and compensation for management, we believe accountability is important for performance longer-term, including through bumps in the road that every company will experience.

The S-1 filing points out that Chairman and CEO Rob Roy has "instilled the practice of "Switchful Thinking" –the state of constant willingness to change and adapt to produce the best solutions." We urge the board to pursue steps with Mr. Roy to switching to one-share, one-vote. There are several examples of public companies that have migrated to a single class. Making the switch would not prevent Mr. Roy from performing well, and would establish clear accountability to the public shareholders providing the vast majority of the company's capital.

Sincerely,



Kenneth A. Bertsch
Executive Director

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[8] See July 2017 FTSE Russell statement at http://www.ftse.com/products/downloads/FTSE_Russell_Voting_Rights_Consultation_Next_Steps.pdf.