Council of Institutional Investors®
The voice of corporate governance

June 9, 2026

Elon Musk
Founder, Chief Executive Officer, Chief Technical Officer and Chairman of the Board Space Exploration Technologies Corp.
1 Rocket Road
Starbase, Texas 78521

The Board of Directors
Space Exploration Technologies Corp.
1 Rocket Road
Starbase, Texas 78521

**Re: Corporate Governance Provisions in the Proposed Initial Public Offering of Space Exploration Technologies Corp.**

Dear Mr. Musk and Members of the Board:

I am writing on behalf of the Council of Institutional Investors (CII), a nonpartisan, nonprofit association of U.S. asset owners with associate members that include leading global asset managers.[1] Our member funds are long-term shareowners with a fiduciary duty to protect the retirement savings of millions of working people and their beneficiaries. This letter has been cosigned by CII members listed below. As long-term investors, we recognize that dynamic, founder-led companies can and do create substantial value, and we do not doubt the company's ability to attract capital. Our concern is with accountability to shareholders who provide the company capital. Stronger governance may make initial as well as longer term share pricing more attractive and stable.

CII is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state, and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately $5.2 trillion. Our member funds include major long-term shareowners with a duty to protect assets providing retirement benefits for millions of workers and their families, including public pension funds with more than 15 million participants. Our associate members include non-U.S. asset owners and a range of asset managers.

CII has a deep commitment to healthy public capital markets and to the accountability of boards and management to the shareowners they serve. Having reviewed the second amended Form S-1/A that Space Exploration Technologies Corp. ("SpaceX" or the "Company") filed with the

[1] For more information about CII and its members, see https://www.cii.org/about.

Securities and Exchange Commission on June 3, 2026,[2] we are concerned that the Company proposes to enter the public markets with a combination of governance and shareholder-litigation provisions that, taken together, would leave public investors in Class A common stock with little ability to hold the board and management accountable. We respectfully urge the Company to reconsider the provisions described below before completing the offering, and we request a meeting with you and your advisers to discuss them.

**One share, one vote.** The principle of one share, one vote is a bedrock principle of good corporate governance and the equitable treatment of investors. When a company raises money from public investors, those investors should have voting rights in proportion to their economic interest, and a single class of voting stock keeps the board accountable to all shareowners.[3] This was the very first policy CII adopted when it was formed in 1985, and it remains a core CII position today: under CII's member-approved Corporate Governance Policies, each share of common stock should have one vote, corporations should not have classes of common stock with disparate voting rights, and companies should not adopt alternative structures or mechanisms that similarly misalign voting rights and economic ownership.[4] CII policy likewise provides that the shareowner's right to vote is inviolate and should not be abridged, and that boards should not assign decision-making rights disproportionate to economic ownership over issues central to the board's responsibility.[5]

The structure disclosed in the amended S-1/A departs from these principles in two reinforcing ways. First, the Company proposes two classes of common stock with unequal voting rights — ten votes per share for Class B and one vote per share for the Class A shares sold to the public. Second, and independent of those weighted votes, holders of Class B common stock voting separately as a class would be entitled to elect 51% of the Company's directors (and to remove them) for as long as a single share of Class B remains outstanding.[6] As disclosed, Mr. Musk would hold a majority of the Class B shares and a majority of the Company's overall voting power, giving him control over the election of the entire board and the outcome of substantially all matters submitted to shareowners. The result is that purchasers of Class A common stock in this offering would have little or no voice in the governance of the Company, even as their economic stake grows over time. We note that the amended S-1/A discloses Mr. Musk's pre-

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[2] See Space Exploration Technologies Corp., amended Form S-1/A, filed with the SEC on June 3, 2026, available on SEC EDGAR (Registration No. 333-296070), including the descriptions of the dual class structure, the Class B board-election right, controlled-company status, the forum-selection and arbitration bylaw, the Texas reincorporation and related bylaw provisions, and Mr. Musk's roles and control.

[3] CII, "Dual-Class Stock," https://www.cii.org/dualclass_stock ("one share, one vote" as a bedrock principle; investors should have voting rights proportional to their holdings; a single class of voting stock keeps the board accountable to all shareholders).

[4] CII, Policies on Corporate Governance, § 3.3 (Voting Rights), https://www.cii.org/corp_gov_policies. CII's first policy, adopted in 1985, endorsed one share, one vote.

[5] Id., § 3.1 (Right to Vote is Inviolate) and § 2.6c (boards should not assign decision-making rights disproportionate to economic ownership; misalignments of governance rights and economic ownership should be clearly disclosed).

[6] Space Exploration Technologies Corp., amended Form S-1/A, filed with the SEC on June 3, 2026, available on SEC EDGAR (Registration No. 333-296070), p. 59.

offering 85.1% control *increasing* to 88.4%, following what is widely anticipated to be the largest IPO in history. We urge the Company to go to market with a single class of voting stock.[7]

**At a minimum, a time-based sunset.** If the Company nonetheless proceeds with a multi-class structure, we urge it to commit to a sunset that converts to one share, one vote within a reasonably limited period. CII has long called for exchanges to require companies listing with weighted voting rights to sunset those super-voting rights, and CII has specifically advocated that multi-class structures convert to one share, one vote within seven years of an IPO unless holders of each class of stock vote to extend.[8] An increasing share of dual-class companies have adopted such time-based sunsets. The provisions described in the S-1/A contain no time-based sunset; the superior Class B rights would instead persist indefinitely, converting only upon transfer. A perpetual structure is precisely the arrangement our members find most problematic, and CII separately tracks the directors who approve dual-class structures at the IPO stage.[9] We believe, moreover, that unequal-voting structures tend to entrench management and damage shareholder value over the longer term.

**Board and committee independence.** The amended S-1/A states that, as a "controlled company" under Nasdaq and Nasdaq Texas listing rules, the Company intends to rely on exemptions from requirements that it maintain a majority-independent board and fully independent nominating and compensation committees.[10] While these exemptions are technically permitted under listing criteria, CII's policies call for at least two-thirds of directors to be independent while the audit, nominating and compensation committees should each be composed entirely of independent directors. Further, CII's policies also recommend that the board should be chaired by an independent director, with the roles of CEO and chair combined only in very limited circumstances with a written explanation why the combined role is in the best interests of shareowners. In those cases the board should designate a lead independent director with approval over information flow to the board, meeting agendas and meeting schedules to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors.[11] SpaceX proposes to combine the roles of Chairman, Chief Executive Officer and Chief Technical Officer in Mr. Musk, who under the charter could be removed from the board and those positions only by the Class B holders he

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[7] Id., p. 248. (The amended S-1/A discloses the pre-offering ownership and voting power of Mr. Musk, other executive officers, and directors, but does not disclose their post-offering beneficial ownership or voting power.)

[8] CII, "Dual-Class Stock," https://www.cii.org/dualclass_stock (CII petitions to the NYSE and Nasdaq seeking listing standards that require newly listed multi-class companies to sunset unequal voting rights, converting to one share, one vote within seven years of IPO absent approval by each class; CII draft federal legislation to the same effect; CII as co-founder and member of the Investor Coalition for Equal Votes).

[9] CII, "Dual-Class Enablers," https://www.cii.org/dualclassenablers (CII tracks directors involved in pre-IPO decisions to adopt dual-class structures since 2018, as a resource for engagement and for members considering voting against such directors).

[10] See Space Exploration Technologies Corp., amended Form S-1/A, filed with the SEC on June3, 2026, available on SEC EDGAR (Registration No. 333-296070), p. 231.

[11] CII, Policies on Corporate Governance, § 2.3 (Independent Board — at least two-thirds independent), § 2.5 (All-independent Board Committees — audit, nominating and compensation), § 2.4 (Independent Chair/Lead Director), and § 7 (Independent Director Definition), https://www.cii.org/corp_gov_policies.

controls.[12] We urge the Company to establish a substantially independent board, fully independent key committees, and appoint either an independent chair or a clearly empowered lead independent director.

**Access to the courts: exclusive forum and forced arbitration.** The proposed bylaws would require that essentially all shareholder disputes, including claims under the federal securities laws, be brought exclusively in the Texas Business Court and, failing that, be resolved through mandatory arbitration, while barring shareholders from proceeding on a class or other collective basis and waiving the right to a jury trial.[13] CII policy provides that companies should not restrict the venue for shareowner claims by adopting charter or bylaw provisions establishing an exclusive forum, and should not bar shareowners from the courts through forced arbitration clauses.[14] CII has opposed forced-arbitration provisions for more than a decade as a threat to investors' ability to uphold their rights.[15] We urge the Company to remove the mandatory-arbitration, class-action waiver and jury-waiver provisions and to refrain from adopting an exclusive-forum bylaw of the breadth proposed.

**Reincorporation and the diminution of shareholder rights.** The S-1/A discloses that the Company reincorporated from Delaware to Texas in February 2024 and would adopt bylaws invoking recently enacted Texas provisions that, among other things, impose a 3% ownership threshold for any shareholder to bring a derivative suit and condition a shareholder's ability to submit a shareholder proposal on holding at least 3% of voting shares for six months and soliciting holders of at least 67% of the voting power.[16] CII policy provides that companies should not reincorporate in jurisdictions where corporate governance structures are less robust, and should not adopt articles or bylaws that diminish investor rights and protections in conjunction with a reincorporation.[17] These provisions also contravene several specific CII policies: the ability to submit and vote on shareholder proposals is a fundamental shareholder right; advance-notice and holding requirements should not be so onerous as to limit the pool of eligible proponents or make it impractical to submit proposals; a majority of outstanding shares should be sufficient to act, and supermajority requirements should be avoided; and the litigation of meritorious claims is a legitimate and important stewardship tool.[18] We urge the Company not to adopt these rights diminishing provisions and to preserve shareholders' practical ability to make proposals and to pursue meritorious claims.

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[12] Space Exploration Technologies Corp., amended Form S-1/A, filed with the SEC on June 3, 2026, available on SEC EDGAR (Registration No. 333-296070), p. 251.

[13] Space Exploration Technologies Corp., amended Form S-1/A, p. 254-256.

[14] Id., § 1.9 (Judicial Forum — companies should not adopt charter or bylaw provisions establishing an exclusive forum for shareowner claims, nor bar shareowners from the courts through forced arbitration clauses).

[15] CII, "Safeguarding Investors' Legal Rights," https://www.cii.org/mandatory_arbitration (CII's longstanding opposition to forced-arbitration clauses in corporate charters and bylaws and related advocacy).

[16] Space Exploration Technologies Corp., amended Form S-1/A, p. 256.

[17] CII, Policies on Corporate Governance, § 1.8 (Incorporation and Reincorporation) and § 1.4 (Accountability to Shareowners), https://www.cii.org/corp_gov_policies.

[18] Id., Preamble (litigating meritorious claims among the stewardship tools CII supports); § 1.5 (Shareowner Participation); § 3.4 (Advance Notice, Holding Requirements and Other Provisions); and § 3.6 (Voting Requirements — majority of outstanding shares should suffice; supermajority votes should not be required).

**Conflicts of interest and related-party dealings.** The amended S-1/A discloses that the charter would renounce certain corporate opportunities as to Mr. Musk and certain directors and their affiliates, that those persons would face no duty to refrain from competing with the Company, and that the Company has and expects to continue significant dealings with Musk-affiliated entities, including Tesla (for example, the Terafab and Macrohard initiatives).[19] CII policy provides that a director with a conflict of interest should disclose the conflict and abstain, with deliberation confined to the non-conflicted directors, and CII's independence standards treat employment by or service to an affiliate as compromising a director's independence.[20] We urge the Company to adopt robust procedures for the identification, disclosure and independent review of conflicts and related-party transactions, and to reconsider the breadth of the proposed corporate-opportunity renunciation.

**Lock-up structure and share traceability.** SpaceX's proposed lock-up structure departs from the conventional 180-day arrangement in a manner that we believe will materially shorten the period during which public investors can exercise their rights under Section 11 of the Securities Act of 1933.[21] As CII explained in its February 29, 2024 rulemaking petition on share traceability, Section 11 provides what the Supreme Court has described as a "virtually absolute" remedy for material misstatements or omissions in a registration statement[22], but only for shareholders who can "trace" their shares to that statement, a tracing requirement the Court reaffirmed in *Slack Technologies, LLC v. Pirani*.[23] A conventional lock-up preserves that remedy by keeping unregistered, restricted securities held by insiders and pre-IPO investors out of the market in the months following the offering, so that the shares trading publicly remain cleanly traceable to the registration statement.[24] Once a lock-up lapses and unregistered shares enter the market, registered and unregistered shares become commingled and fungible within the clearance and settlement system, tracing becomes practically impossible, and Section 11 protection is effectively unavailable for shares purchased thereafter.[25]

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[19] See Space Exploration Technologies Corp., amended Form S-1/A, p. 57.

[20] CII, Policies on Corporate Governance, § 2.15 (Directors with Conflicts) and § 7.3 (Guidelines for Assessing Director Independence).

[21] Securities Act of 1933 § 11, 15 U.S.C. § 77k.

[22] *Herman & MacLean v. Huddleston*, 459 U.S. 375, 382 (1983); *see* Petition for Rulemaking Regarding Traceability of Shares from Jeffrey P. Mahoney, Gen. Counsel, Council of Institutional Inv'rs, to Vanessa A. Countryman, Sec'y, U.S. Sec. & Exch. Comm'n 2 (Feb. 29, 2024) [hereinafter CII Petition].

[23] *Slack Techs., LLC v. Pirani*, 598 U.S. 759, 770 (2023) (holding that a § 11 plaintiff "must plead and prove that he purchased shares traceable to the allegedly defective registration statement"); *see* CII Petition, *supra* note 2, at 2–3.

[24] CII Petition, *supra* note 2, at 3 ("Until recently, traceability was not an issue, given that underwriters generally imposed a lockup period for insiders and early investors after a registration statement became effective. Such a lockup period prevented insiders and early investors from selling unregistered shares acquired before the public offering.").

[25] *Id.*; *see also Slack*, 598 U.S. at 770; U.S. Sup. Ct. Rejects Ninth Circuit Expansion of Section 11 Standing, Wilson Sonsini (June 3, 2023) (noting that for "traditional IPOs, the existence of tradeable pre-IPO shares not subject to the IPO registration statement or a lock-up agreement will limit Section 11 liability to those shares actually purchased from the underwriters and therefore traceable to the IPO registration statement"), *cited in* CII Petition, *supra* note 2, at 3 n.17.

The SpaceX registration statement does not provide for a clean 180-day lock-up. While most restricted shares are nominally subject to a 180-day restriction,[26] and the Founder and certain significant investors are subject to a 366-day restriction with no early-release provisions,[27] the prospectus layers on a series of automatic early-release provisions that allow substantial blocks of restricted shares to reach the market well before day 180. Among other triggers, up to 20% of the shares may be sold beginning approximately two trading days after the company's second quarter 2026 earnings release;[28] an additional 10% becomes saleable if the Class A shares close at least 30% above the initial public offering price on five of the ten consecutive trading days ending on that earnings date;[29] a further 7% releases on each of the 70th, 90th, 105th, 120th, and 135th days after the offering;[30] and a further 28% releases following the company's third-quarter 2026 earnings release.[31] Shares sold under the directed share program are not subject to any lock-up restriction at all.[32] Because SpaceX has been privately held for more than two decades, its pre-IPO holders comfortably satisfy the Rule 144 holding periods, so each contractual release permits genuinely unregistered, restricted securities to flow into the public float.[33]

The practical effect is to accelerate and front-load the very "mixed market" of registered and unregistered shares that *Slack* held to be fatal to Section 11 standing.[34] Rather than a single, predictable point roughly six months out at which traceability is lost, SpaceX's schedule begins introducing untraceable shares within approximately two to three months of the offering — and

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[26] Space Exploration Technologies Corp., Registration Statement (amended Form S-1/A), at 260 (June 3, 2026) (providing that "all of the remaining shares of our common stock . . . are subject to a variety of other terms governing restrictions on the sale, short sale, transfer, hedging, pledging, or other disposition of their interests in our equity . . . for 180 days from the date of this prospectus").

[27] *Id. At 260* ("Mr. Musk has agreed with the underwriters, that during a period of 366 days after the date of this prospectus, all of the shares owned by him are subject to the restrictions described in the paragraph below; and certain shareholders have agreed that… certain shares owned by them are subject to the restrictions described in the paragraph below… Together, the shares subject to these restrictions for over one year include an aggregate of [ ] shares owned (including 100% of the shares owned by Mr. Musk), representing [ ]% of our shares outstanding (after giving effect to this offering). Shares held by Mr. Musk will not be subject to any early release provisions.").

[28] *Id.* at 271 (permitting transfer of "up to 20% of the shares" "on or after the second full trading day on Nasdaq immediately following the public release of our quarterly financial results . . . for the quarter ended June 30, 2026").

[29] *Id. at 272* ("if the reported closing price of our Class A common stock on Nasdaq is at least 30% greater than the public offering price set forth on the cover page of this prospectus for at least five of the ten consecutive trading days ending on, and including, the First Earnings Release Date, . . . up to additional 10% of the shares may be transferred").

[30] *Id.* ("up to an additional 7% of the shares may be Transferred on or after each of the dates that are 70 days, 90 days, 105 days, 120 days, and 135 days, respectively, after the date of this prospectus").

[31] *Id.* ("on or after the second full trading day immediately following the public release of our quarterly financial results . . . for the quarter ended September 30, 2026, up to additional 28% of the shares may be transferred").

[32] *Id.* at 273 (Directed Share Program) ("If purchased by these persons, these shares will not be subject to a lock-up restriction.").

[33] *Id.* at 260 (Rule 144) (describing the six-month and one-year holding periods applicable to restricted securities and the nine-month holding period for affiliates); *id.* at 14 (Corporate Information) (noting incorporation in 2002 and continuous private ownership prior to this offering).

[34] *Slack*, 598 U.S. at 770; *see* SpaceX amended Form S-1/A, *supra* note 6, at 258 ("As a result of the lockup and market standoff agreements described below, and subject to … the provisions of Rules 144 and 701 …, these restricted securities will be available for sale in the public market in increments at various points in time during the first year following the date of this prospectus.").

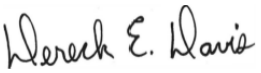
conditions one of the largest early releases on strong price performance, precisely the window in which new institutional and retail buyers are most likely to be entering. For CII members, this compresses the period in which they can purchase shares that remain traceable to the prospectus, and correspondingly shrinks the window in which they retain a meaningful remedy should the registration statement prove to contain a material misstatement or omission. This is the same erosion of Section 11 that CII's 2024 petition sought to address, and it reinforces the case both for the share-tracing technologies described in that petition[35] and for a minimum post-effectiveness holding period of the kind CII has previously supported.[36]

As long-term investors, we recognize that dynamic, founder-led companies can and do create substantial value, and we do not doubt the company's ability to attract capital. Our concern is with accountability to shareholders who provide the company capital. Independent boards that are answerable to owners are better positioned to oversee management and to make course corrections when they are needed, and we believe that durable accountability supports rather than undermines long-term performance. Several other governance safeguards described in this letter also contribute to durable accountability. We therefore urge the Company to reconsider the provisions described above, and we would welcome the opportunity to discuss them with you and your advisers.

Sincerely,

Glenn Davis
Deputy Director
Council of Institutional Investors

Jake Barnett, Managing Director, Sustainable Investment Strategies, Wespath Benefits and Investments



Dereck E. Davis, Chair, Board of Trustees, Maryland State Retirement and Pension System

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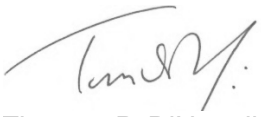
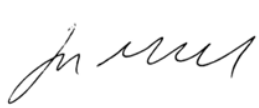
[35] CII Petition, *supra* note 2, at 3–6 (urging the Commission to "open a rulemaking that endorses and requires technological solutions that would facilitate the tracing or attribution of individual shares to a registration statement," and describing the differentiated-ticker, distributed-ledger, and FIFO/LIFO tracing approaches).

[36] *Id.* at 3–4 & n.16 (noting that CII "filed comments in general support of" the Working Group on Investor Protection in Public Offerings' proposal that the Commission amend Rule 144 to limit sales of unregistered securities for a defined period after a registration statement becomes effective). *See* Letter from Jeffrey P. Mahoney, Gen. Counsel, Council of Institutional Inv'rs, to Vanessa A. Countryman, Sec'y, U.S. Sec. & Exch. Comm'n (Oct. 5, 2023).



Thomas P. DiNapoli, New York State Comptroller

Michael Frerichs. Illinois State Treasurer



Jonathan Grabel, Chief Investment Officer, Los Angeles County Employees Retirement Association

Mark Levine, New York City Comptroller

Brooke Lierman, Vice Chair, Board of Trustees, Maryland State Retirement and Pension System

Kevin B. Lindahl, Executive Director, Fire and Police Pension Association of Colorado

Lynn Paquin, Portfolio Manager, California State Teachers' Retirement System

Mike Pellicciotti, Washington State Treasurer
*(Washington State Treasurer Pellicciotti has signed on solely in his official capacity as a state treasurer)*

Andrew Roth, Chief Executive Officer/Executive Director, Colorado Public Employees' Retirement Association

Erik Russell, Connecticut State Treasurer

Elizabeth Steiner, MD, Oregon State Treasurer

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Lisa Beauvilain, Global Head of Sustainability & Stewardship, Co-Head Sustainability Centre, Impax Asset Management

Caroline Escott, Head of Investment Stewardship and Co-Head of Sustainable Ownership, Railpen