Update on Recent Cybersecurity Incident

December 9, 2022

Incident Contained and Limited to Hosted Exchange Email Business, Representing Approximately 1% of Total Annual Revenue

SAN ANTONIO, Dec. 09, 2022 (GLOBE NEWSWIRE) -- **Rackspace Technology**® **(NASDAQ: RXT)** today issued an update following the recent ransomware incident affecting its Hosted Exchange email business, a managed email solution provided to small and medium businesses. Following the discovery of the incident, Rackspace engaged industry-leading global cybersecurity firm CrowdStrike to help investigate and remediate. Due to swift action on the Company's part in disconnecting its network and following its incident response plans, CrowdStrike has confirmed the incident was quickly contained and limited solely to the Hosted Exchange Email business.

The Hosted Exchange Email business represents approximately 1% of Rackspace's total annual revenue and is comprised of primarily small and medium businesses who solely use this product. No other Rackspace products, platforms, solutions, or businesses were affected or are experiencing downtime due to this incident.

Rackspace is actively transitioning the affected customers to the more modern Microsoft Office 365 – with many having already successfully completed the migration. Rackspace is working diligently and expeditiously with the goal of getting all customers back up and running. The Company is making all of its resources available to provide support to those remaining customers, including additional surge staff and a Microsoft Fast Track team who has deployed to supplement the Rackspace workforce.

"Our Information Security team had strong incident response protocols in place that led to the quick containment of the ransomware attack. We invest time and resources in cybersecurity – we take our processes and procedures very seriously around cyber threats. This is why other parts of our business, and the vast majority of our customers were not affected in any way by the incident and remain secure and fully operational," said Josh Prewitt, Rackspace Chief Product Officer.

Rackspace continues to make significant progress in its investigation into the incident. The Company's investigation is also focused on understanding root cause and implementing additional security measures to defend against future cyber threats. Rackspace will share additional updates on these measures with customers as appropriate.

"We are a customer-first organization and sincerely apologize for the disruption this incident has caused those customers who utilize our Hosted Exchange email services," Prewitt continued. "We have prioritized getting our customers back on email and have surged our staff and been working around the clock to support them in this transition. We have made significant progress getting customers back on email and will continue to focus our efforts to support customers and get them on email as soon as possible. We are continuing to work on data recovery, which we know is very important to our customers. Rackspace understands the importance of addressing this incident and we've prioritized communication with customers, exploring every potential avenue to reach them, share the information that is known, and most importantly, get them access to email."

Rackspace maintains cybersecurity insurance commensurate with the size of its business and is confident in its ability to absorb potential financial costs associated with the incident and fulfill its obligations to other customers.

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