

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► See attached.

18 Can any resulting loss be recognized? ► See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► See attached.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ► *Christopher J. Rosas* Date ► August 21, 2020

Print your name ► Christopher J. Rosas Title ► Vice President

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►	Firm's EIN ►			
	Firm's address ►	Phone no.			

SHAREHOLDERS OF RACKSPACE TECHNOLOGY, INC. SHOULD CONSULT THEIR OWN TAX ADVISOR

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE FORWARD STOCK SPLIT UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE TAX ADVICE AND DOES NOT PURPORT TO BE COMPLETE OR TO DESCRIBE THE CONSEQUENCES THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES OF THE FORWARD STOCK SPLIT.

Part II – Organizational Action

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On July 20, 2020, Rackspace Technology, Inc. effected a 12-for-1 forward stock split for its outstanding shares of common stock. Pursuant to the forward stock split, every one (1) share of issued and outstanding common stock automatically converted into twelve (12) shares of common stock. A shareholder who would have otherwise been entitled to a fractional share as a result of the forward stock split received cash in lieu thereof and was deemed for federal income tax purposes to have received and then immediately sold such fractional share for cash.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Upon the effective date of the forward stock split, every one (1) share of common stock of Rackspace Technology, Inc. automatically converted into twelve (12) shares of common stock. As a result, shareholders must allocate the aggregate tax basis in their shares held immediately prior to the forward stock split among the shares held immediately after the forward stock split (including any fractional shares for which cash in lieu was received). The tax basis of each share of post-forward split common stock is allocated 1/12th of the tax basis of each share of pre-forward split common stock. Thus, for example, a shareholder owning one share of common stock with a basis of \$12 would, after the stock split, own twelve shares of common stock with a basis of \$1 per share. Shareholders that have acquired different blocks of common stock at different times or at different prices are urged to consult their own tax advisors regarding the allocation of their aggregated adjusted basis among, and the holding period of, that common stock. In general, identifiable basis blocks of shares are preserved in a reorganization. Thus, a shareholder owning one share with a basis of \$12 and a second share with a basis of \$24 would, after the stock split, own twelve shares with a basis of \$1 per share and twelve shares with a basis of \$2 per share.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

See answer to Line 15. While the basis "per share" is impacted, the basis of the shareholder's total investment remains unchanged. Because no fractional shares were issued, the aggregate tax basis of Rackspace Technology, Inc. common stock held by a shareholder immediately after the forward stock

split could be less than the pre-forward split aggregate tax basis by an amount equal to the aggregate tax basis allocated to the fractional shares, if any. The market value of the Rackspace Technology, Inc. common stock was not applicable in determining the calculation of a stockholder's tax basis in the shares of the post-forward split shares.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Sections 302, 354, 358, 368(a)(1)(E), 1001, 1012, and 1036.

Line 18. Can any resulting loss be recognized?

The twelve (12) for one (1) forward stock split is intended to be treated as a recapitalization under IRC section 368(a)(1)(E) for U.S. Federal income tax purposes. Therefore, except as described below with respect to cash received in lieu of a fractional share, a shareholder should not recognize any gain or loss for U.S. federal income tax purposes upon the split of the pre-forward stock split shares into post-forward stock split shares pursuant to the forward stock split.

In general, a shareholder who receives cash payment in lieu of a fractional share generally should be treated as if the fractional share were issued and then redeemed. Whether such redemption qualifies for sale or exchange treatment depends on whether the reduction in the shareholder's stock ownership is considered to be a meaningful reduction in interest for purposes of IRC Section 302(b)(1). The redemption of fractional shares from a minority shareholder of a publicly traded corporation in a recapitalization is generally considered to be a meaningful reduction in interest. Hence, minority shareholders are generally expected to recognize capital gain or loss equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the holder's tax basis of the pre-forward stock split shares that is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the shareholder's holding period in its pre-forward stock split shares is more than one year as of the forward stock split date. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The reportable tax year in which the reverse forward stock split occurred is 2020.