

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2021.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 001-39420

RACKSPACE TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)



Delaware
(State or other jurisdiction of incorporation or organization)

81-3369925
(IRS Employer Identification No.)

**1 Fanatical Place
City of Windcrest
San Antonio, Texas 78218**
(Address of principal executive offices, including zip code)

(210) 312-4000
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	RXT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On May 5, 2021, 207,708,291 shares of the registrant’s common stock, par value \$0.01 per share, were outstanding.

RACKSPACE TECHNOLOGY, INC.
TABLE OF CONTENTS

Part I - Financial Information

Item 1.	Financial Statements:	
	Unaudited Consolidated Balance Sheets as of December 31, 2020 and March 31, 2021	3
	Unaudited Consolidated Statements of Comprehensive Loss for the Three Months Ended March 31, 2020 and March 31, 2021	4
	Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2020 and March 31, 2021	5
	Unaudited Consolidated Statements of Stockholders' Equity for the Three Months Ended March 31, 2020 and March 31, 2021	7
	Notes to the Unaudited Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	43
Item 4.	Controls and Procedures	44

Part II - Other Information

Item 1.	Legal Proceedings	45
Item 1A.	Risk Factors	45
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3.	Defaults Upon Senior Securities	45
Item 4.	Mine Safety Disclosures	45
Item 5.	Other Information	45
Item 6.	Exhibits	46

Signatures	47
----------------------------	--------------------

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (this "Quarterly Report") contains certain information that may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. While we have specifically identified certain information as being forward-looking in the context of its presentation, we caution you that all statements contained in this report that are not clearly historical in nature, including statements regarding anticipated financial performance, management's plans and objectives for future operations, business prospects, market conditions, and other matters are forward-looking. Forward-looking statements are contained principally in the sections of this report entitled "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Without limiting the generality of the preceding sentence, any time we use the words "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

Forward-looking information involves risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements, including without limitation, the effects of the COVID-19 pandemic on our results of operations and business, and the risks and uncertainties disclosed or referenced in Part II Item 1A. of this report under the heading "Risk Factors." Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. Much of the information in this report that looks toward future performance of the company is based on various factors and important assumptions about future events that may or may not actually occur. As a result, our operations and financial results in the future could differ materially and substantially from those we have discussed in the forward-looking statements included in this Quarterly Report. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

"Rackspace," "Rackspace Technology," "Fanatical Experience," and "Rackspace Fabric" are registered or unregistered trademarks of Rackspace US, Inc. in the United States and/or other countries. OpenStack® is a registered trademark of OpenStack, LLC and OpenStack Foundation in the United States. Solely for convenience, trademarks, trade names and service marks referred to in this Quarterly Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, trade names and service marks. Other trademarks, trade names and service marks appearing in this Quarterly Report are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PART I – FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except per share data)

	December 31, 2020	March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 104.7	\$ 198.4
Accounts receivable, net of allowance for doubtful accounts and accrued customer credits of \$28.3 and \$24.0, respectively	483.0	488.8
Prepaid expenses	123.8	94.2
Other current assets	47.0	65.5
Total current assets	758.5	846.9
Property, equipment and software, net	884.6	870.7
Goodwill, net	2,761.1	2,763.5
Intangible assets, net	1,646.3	1,600.4
Operating right-of-use assets	171.1	164.9
Other non-current assets	156.2	171.5
Total assets	<u>\$ 6,377.8</u>	<u>\$ 6,417.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 285.4	\$ 323.1
Accrued compensation and benefits	110.6	75.8
Deferred revenue	76.7	89.0
Debt	43.4	27.0
Accrued interest	26.5	28.2
Operating lease liabilities	62.2	62.3
Finance lease liabilities	40.7	47.6
Financing obligations	48.8	47.3
Other current liabilities	47.9	57.5
Total current liabilities	742.2	757.8
Non-current liabilities:		
Debt	3,319.3	3,368.7
Operating lease liabilities	118.2	111.6
Finance lease liabilities	358.1	357.5
Financing obligations	74.1	64.2
Deferred income taxes	236.7	231.5
Other non-current liabilities	145.5	151.4
Total liabilities	4,994.1	5,042.7
Commitments and Contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 201.8 and 207.0 shares issued and outstanding, respectively	2.0	2.1
Additional paid-in capital	2,363.6	2,402.6
Accumulated other comprehensive loss	(18.6)	(2.2)
Accumulated deficit	(963.3)	(1,027.3)
Total stockholders' equity	1,383.7	1,375.2
Total liabilities and stockholders' equity	<u>\$ 6,377.8</u>	<u>\$ 6,417.9</u>

See accompanying notes to the unaudited consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31,	
	2020	2021
Revenue	\$ 652.7	\$ 725.9
Cost of revenue	(403.4)	(490.6)
Gross profit	249.3	235.3
Selling, general and administrative expenses	(227.8)	(231.0)
Gain on sale of land	—	19.9
Income from operations	21.5	24.2
Other income (expense):		
Interest expense	(72.0)	(52.6)
Loss on investments, net	(0.1)	(3.7)
Debt modification and extinguishment costs	—	(37.0)
Other expense, net	(0.6)	(1.8)
Total other income (expense)	(72.7)	(95.1)
Loss before income taxes	(51.2)	(70.9)
Benefit for income taxes	3.0	6.9
Net loss	<u>\$ (48.2)</u>	<u>\$ (64.0)</u>
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	\$ (20.4)	\$ 3.0
Unrealized gain (loss) on derivative contracts	(40.7)	9.4
Amount reclassified from accumulated other comprehensive income (loss) to earnings	(0.4)	4.0
Other comprehensive income (loss)	(61.5)	16.4
Comprehensive loss	<u>\$ (109.7)</u>	<u>\$ (47.6)</u>
Net loss per share:		
Basic and diluted	<u>\$ (0.29)</u>	<u>\$ (0.31)</u>
Weighted average number of shares outstanding:		
Basic and diluted	<u>165.4</u>	<u>204.6</u>

See accompanying notes to the unaudited consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31,	
	2020	2021
Cash Flows From Operating Activities		
Net loss	\$ (48.2)	\$ (64.0)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	121.3	108.5
Amortization of operating right-of-use assets	17.1	15.9
Deferred income taxes	(5.8)	(11.1)
Share-based compensation expense	7.5	17.2
Gain on sale of land	—	(19.9)
Debt modification and extinguishment costs	—	37.0
Unrealized loss on derivative contracts	0.7	5.2
Loss on investments, net	0.1	3.7
Provision for bad debts and accrued customer credits	2.6	(2.7)
Amortization of debt issuance costs and debt discount	4.6	2.7
Other operating activities	(0.8)	(0.4)
Changes in operating assets and liabilities:		
Accounts receivable	(34.1)	(2.6)
Prepaid expenses and other current assets	(1.7)	24.7
Accounts payable, accrued expenses, and other current liabilities	(32.3)	(7.8)
Deferred revenue	3.0	11.5
Operating lease liabilities	(15.3)	(16.1)
Other non-current assets and liabilities	6.1	1.4
Net cash provided by operating activities	24.8	103.2
Cash Flows From Investing Activities		
Purchases of property, equipment and software	(34.4)	(36.9)
Proceeds from sale of land	—	31.3
Other investing activities	2.0	1.3
Net cash used in investing activities	(32.4)	(4.3)
Cash Flows From Financing Activities		
Proceeds from employee stock plans	—	21.7
Proceeds from borrowings under long-term debt arrangements	295.0	2,838.5
Payments on long-term debt	(252.2)	(2,810.6)
Payments for debt issuance costs	(0.7)	(32.3)
Principal payments of finance lease liabilities	(2.4)	(10.5)
Proceeds from financing obligations	20.9	—
Principal payments of financing obligations	(10.0)	(11.3)
Net cash provided by (used in) financing activities	50.6	(4.5)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1.6)	(0.7)
Increase in cash, cash equivalents, and restricted cash	41.4	93.7
Cash, cash equivalents, and restricted cash at beginning of period	87.1	108.1
Cash, cash equivalents, and restricted cash at end of period	\$ 128.5	\$ 201.8

Supplemental Cash Flow Information			
Cash payments for interest, net of amount capitalized	\$	39.3	\$ 45.1
Cash payments for income taxes, net of refunds	\$	6.8	\$ 3.9
Non-cash Investing and Financing Activities			
Acquisition of property, equipment and software by finance leases	\$	0.4	\$ 13.9
Acquisition of property, equipment and software by financing obligations		18.0	—
Increase in property, equipment and software accrued in liabilities		22.6	8.1
Non-cash purchases of property, equipment and software	\$	41.0	\$ 22.0
Debt issuance costs included in accrued liabilities	\$	—	\$ 2.1
Other non-cash investing and financing activities	\$	0.1	\$ 0.2

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to the total of such amounts shown on the Consolidated Statements of Cash Flows.

(In millions)	Three Months Ended March 31,	
	2020	2021
Cash and cash equivalents	\$ 125.2	\$ 198.4
Restricted cash included in other non-current assets	3.3	3.4
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 128.5</u>	<u>\$ 201.8</u>

See accompanying notes to the unaudited consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock		Additional	Accumulated Other	Accumulated	Total
	Shares	Amount	Paid-In	Comprehensive	Deficit	Stockholders'
			Capital	Income (Loss)		Equity
Balance at December 31, 2019	165.4	\$ 1.6	\$ 1,602.7	\$ 12.0	\$ (717.5)	\$ 898.8
Share-based compensation expense	—	—	7.5	—	—	7.5
Net loss	—	—	—	—	(48.2)	(48.2)
Other comprehensive loss	—	—	—	(61.5)	—	(61.5)
Balance at March 31, 2020	<u>165.4</u>	<u>\$ 1.6</u>	<u>\$ 1,610.2</u>	<u>\$ (49.5)</u>	<u>\$ (765.7)</u>	<u>\$ 796.6</u>

(In millions)	Common Stock		Additional	Accumulated Other	Accumulated	Total
	Shares	Amount	Paid-In	Comprehensive Loss	Deficit	Stockholders'
			Capital			Equity
Balance at December 31, 2020	201.8	\$ 2.0	\$ 2,363.6	\$ (18.6)	\$ (963.3)	\$ 1,383.7
Issuance of common stock	2.7	—	—	—	—	—
Exercise of stock options and release of stock awards	2.5	0.1	21.8	—	—	21.9
Share-based compensation expense	—	—	17.2	—	—	17.2
Net loss	—	—	—	—	(64.0)	(64.0)
Other comprehensive income	—	—	—	16.4	—	16.4
Balance at March 31, 2021	<u>207.0</u>	<u>\$ 2.1</u>	<u>\$ 2,402.6</u>	<u>\$ (2.2)</u>	<u>\$ (1,027.3)</u>	<u>\$ 1,375.2</u>

See accompanying notes to the unaudited consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

Rackspace Technology, Inc. ("Rackspace Technology") is a Delaware corporation controlled by investment funds affiliated with Apollo Global Management, Inc. and its subsidiaries ("Apollo"). Rackspace Technology was formed on July 21, 2016 but had no assets, liabilities or operating results until November 3, 2016 (the "Closing Date") when Rackspace Hosting, Inc. (now named Rackspace Technology Global, Inc., or "Rackspace Technology Global"), a global provider of modern information technology-as-a-service, was acquired by Inception Parent, Inc., a wholly-owned entity indirectly owned by Rackspace Technology (the "Rackspace Acquisition").

Rackspace Technology Global commenced operations in 1998 as a limited partnership, and was incorporated in Delaware in March 2000. Rackspace Technology serves as the holding company for Rackspace Technology Global and does not engage in any material business or operations other than those related to its indirect ownership of the capital stock of Rackspace Technology Global and its subsidiaries or business or operations otherwise customarily undertaken by a holding company.

For ease of reference, the terms "we," "our company," "the company," "us," or "our" as used in this report refer to Rackspace Technology and its consolidated subsidiaries.

The unaudited consolidated financial statements include the accounts of Rackspace Technology, Inc. and our wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Unaudited Interim Financial Information

The unaudited consolidated financial statements as of March 31, 2021, and for the three months ended March 31, 2020 and 2021, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, certain financial information and disclosures required for financial statements prepared under GAAP have been omitted in accordance with the SEC disclosure rules and regulations that permit reduced disclosure for interim periods. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020 ("Annual Report on Form 10-K"). The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements included in our Annual Report on Form 10-K and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of our financial position as of March 31, 2021, and our results of operations, cash flows and stockholders' equity for the three months ended March 31, 2020 and 2021.

The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2021, or for any other interim period, or for any other future year.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates, including those related to the allowance for doubtful accounts, useful lives of property, equipment and software, software capitalization, incremental borrowing rates for lease liability measurement, fair values of intangible assets and reporting units, useful lives of intangible assets, share-based compensation, contingencies, and income taxes, among others. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from our estimates.

Impact of COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The effects of COVID-19 continue to evolve, and the full impact and duration of the virus are unknown. Currently, COVID-19 has not had a significant impact on our operations or financial performance; however, the ultimate extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and severity of the outbreak, the pace of economic recovery, the possible resurgence in the spread of the virus, advances in testing, treatment, and prevention, including the efficacy and availability of vaccines, its impact on our customers, vendors and employees, and its impact on our sales cycles as well as industry events, all of which are uncertain and cannot be predicted. We continue to face a greater degree of uncertainty in making estimates and assumptions needed to prepare our consolidated financial statements and footnotes as a result of COVID-19.

Significant Accounting Policies and Estimates

Our Annual Report on Form 10-K includes an additional discussion of the significant accounting policies and estimates used in the preparation of our consolidated financial statements. There were no material changes to our significant accounting policies and estimates during the three months ended March 31, 2021.

Change in Accounting Estimate

In March 2021, we completed an assessment of the useful lives of certain assets within the Computers and equipment asset class. The timing of this review was based on a combination of factors accumulating over time that provided the company with updated information to make a better estimate on the economic lives of certain property and equipment. These factors included changes in customer purchasing patterns, technological advancements and the availability of extended equipment warranties. The assessment resulted in a revision within our policy ranges for certain useful lives in this asset class. This change in accounting estimate was effective in the first quarter of 2021. The effect of this change was a reduction in depreciation expense of \$6.6 million for the three months ended March 31, 2021.

Reclassifications

Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current period presentation. Specifically, the current portion of "Finance lease liabilities" is now presented separately from "Other current liabilities" in the Consolidated Balance Sheets.

Recently Adopted Accounting Pronouncements

Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes*, which removes certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. We adopted this guidance on January 1, 2021. The adoption of this guidance did not have a material impact on our consolidated financial statements.

2. Customer Contracts

The following table presents the balances related to customer contracts:

(In millions)	Consolidated Balance Sheets Account	December 31, 2020	March 31, 2021
Accounts receivable, net	Accounts receivable, net ⁽¹⁾	\$ 483.0	\$ 488.8
Current portion of contract assets	Other current assets	12.2	13.6
Non-current portion of contract assets	Other non-current assets	13.9	12.1
Current portion of deferred revenue	Deferred revenue	76.7	89.0
Non-current portion of deferred revenue	Other non-current liabilities	14.2	13.4

(1) Allowance for doubtful accounts and accrued customer credits was \$28.3 million and \$24.0 million as of December 31, 2020 and March 31, 2021, respectively.

Amounts recognized in revenue for the three months ended March 31, 2020 and March 31, 2021, which were included in deferred revenue as of the beginning of each period, totaled \$35.2 million and \$34.6 million, respectively.

Cost Incurred to Obtain and Fulfill a Contract

As of December 31, 2020 and March 31, 2021, the balances of capitalized costs to obtain a contract were \$59.3 million and \$57.8 million, respectively, and the balances of capitalized costs to fulfill a contract were \$25.0 million and \$25.2 million, respectively. These capitalized costs are included in “Other non-current assets” on the Consolidated Balance Sheets.

Amortization of capitalized sales commissions and implementation costs was as follows:

(In millions)	Three Months Ended March 31,			
	2020		2021	
Amortization of capitalized sales commissions	\$	10.9	\$	10.8
Amortization of capitalized implementation costs		4.2		4.4

Remaining Performance Obligations

As of March 31, 2021, the aggregate amount of transaction price allocated to remaining performance obligations was \$872.3 million, of which 63% is expected to be recognized as revenue during 2021 and the remainder thereafter. These remaining performance obligations primarily relate to our fixed-term arrangements. Our other revenue arrangements are usage-based, and as such, we recognize revenue based on the right to invoice for the services performed.

3. Net Loss Per Share

Basic loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average shares outstanding during the period.

The following table sets forth the computation of basic and diluted net loss per share:

(In millions, except per share data)	Three Months Ended March 31,	
	2020	2021
Basic and diluted net loss per share:		
Net loss attributable to common stockholders	\$ (48.2)	\$ (64.0)
Weighted average shares outstanding:		
Common stock	165.4	204.6
Number of shares used in per share computations	165.4	204.6
Net loss per share	<u>\$ (0.29)</u>	<u>\$ (0.31)</u>

Potential common share equivalents consist of shares issuable upon the exercise of stock options, vesting of restricted stock or purchase under the Employee Stock Purchase Plan (the "ESPP"), as well as contingent shares associated with our acquisition of Datapipe Parent, Inc. Since we were in a net loss position for both periods presented, basic net loss per share is the same as diluted net loss per share for both periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. We excluded 25.0 million and 21.7 million potential common shares from the computation of dilutive loss per share for the three months ended March 31, 2020 and 2021, respectively, because the effect would have been anti-dilutive.

4. Property, Equipment and Software, net

Property, equipment and software, net, consisted of the following:

(In millions)	December 31, 2020	March 31, 2021
Computers and equipment	\$ 1,191.8	\$ 1,199.1
Software	472.4	481.7
Furniture and fixtures	22.4	21.5
Buildings and leasehold improvements	513.1	512.9
Land	32.6	21.2
Property, equipment and software, at cost	2,232.3	2,236.4
Less: Accumulated depreciation	(1,366.8)	(1,389.4)
Work in process	19.1	23.7
Property, equipment and software, net	<u>\$ 884.6</u>	<u>\$ 870.7</u>

On January 15, 2021, we completed the sale of a parcel of undeveloped land in the United Kingdom adjacent to one of our existing data centers. The net book value of the land prior to the sale was \$11.4 million and we received cash proceeds of \$32.2 million, less brokerage and professional fees of \$0.9 million, resulting in net cash proceeds of \$31.3 million. Therefore, we recorded a gain on sale of land of \$19.9 million to "Gain on sale of land" in the Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2021.

5. Goodwill and Intangible Assets

The following table sets forth the changes in the carrying amounts of goodwill by reportable segment:

(In millions)	Multicloud Services	Apps & Cross Platform	OpenStack Public Cloud	Total Consolidated
Balance as of December 31, 2020 ⁽¹⁾	\$ 2,386.0	\$ 322.6	\$ 52.5	\$ 2,761.1
Foreign currency translation	2.1	0.2	0.1	2.4
Balance as of March 31, 2021	<u>\$ 2,388.1</u>	<u>\$ 322.8</u>	<u>\$ 52.6</u>	<u>\$ 2,763.5</u>

(1) Multicloud Services had accumulated impairment charges of \$295.0 million as of December 31, 2020.

The following table provides information regarding our intangible assets other than goodwill:

(In millions)	December 31, 2020			March 31, 2021		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$ 1,986.2	\$ (624.0)	\$ 1,362.2	\$ 1,987.1	\$ (665.4)	\$ 1,321.7
Property tax abatement	16.0	(7.4)	8.6	16.0	(7.9)	8.1
Other	47.7	(22.2)	25.5	47.6	(27.0)	20.6
Total definite-lived intangible assets	2,049.9	(653.6)	1,396.3	2,050.7	(700.3)	1,350.4
Trade name (indefinite-lived)	250.0	—	250.0	250.0	—	250.0
Total intangible assets other than goodwill	<u>\$ 2,299.9</u>	<u>\$ (653.6)</u>	<u>\$ 1,646.3</u>	<u>\$ 2,300.7</u>	<u>\$ (700.3)</u>	<u>\$ 1,600.4</u>

6. Debt

Debt consisted of the following:

(In millions, except %)

Debt Instrument	Maturity Date	December 31, 2020		March 31, 2021	
		Interest Rate ⁽¹⁾	Amount	Interest Rate ⁽¹⁾	Amount
Prior Term Loan Facility	November 3, 2023	4.00%	\$ 2,795.6	—%	\$ —
Term Loan Facility	February 15, 2028	—%	—	3.50%	2,300.0
Revolving Credit Facility	August 7, 2025	—%	—	—%	—
3.50% Senior Secured Notes	February 15, 2028	—%	—	3.50%	550.0
5.375% Senior Notes	December 1, 2028	5.375%	550.0	5.375%	550.0
Receivables Financing Facility	July 19, 2022	2.37%	65.0	2.60%	50.0
Less: unamortized debt issuance costs			(44.2)		(40.3)
Less: unamortized debt discount			(3.7)		(14.0)
Total debt			3,362.7		3,395.7
Less: current portion of debt			(43.4)		(27.0)
Debt, excluding current portion			\$ 3,319.3		\$ 3,368.7

(1) Interest rates are as of each respective balance sheet date.

Senior Facilities

Our senior secured credit facilities include a first lien term loan facility (the "Term Loan Facility") and a revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Facilities").

On February 9, 2021, we amended and restated the credit agreement governing our Senior Facilities (the "First Lien Credit Agreement"), which included a new seven-year \$2,300.0 million senior secured first lien term loan facility due on February 15, 2028 and our existing \$375.0 million Revolving Credit Facility. We used the borrowings under the Term Loan Facility, together with the proceeds from the issuance of the 3.50% Senior Secured Notes described below (together, the "February 2021 Refinancing Transaction"), to repay all borrowings under our prior term loan facility (the "Prior Term Loan Facility"), to pay related fees and expenses and for general corporate purposes.

Borrowings under the Senior Facilities bear interest at an annual rate equal to an applicable margin plus, at our option, either (a) a LIBOR rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 0.75% floor, in the case of the Term Loan Facility, and a 1.00% floor, in the case of the Revolving Credit Facility, or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate of Citibank, N.A. and (iii) the one-month adjusted LIBOR plus 1.00%. The applicable margin for the Term Loan Facility is 2.75% for LIBOR loans and 1.75% for base rate loans and the applicable margin for the Revolving Credit Facility is 3.00% for LIBOR loans and 2.00% for base rate loans. Interest is due at the end of each interest period elected, not exceeding 90 days, for LIBOR loans and at the end of every calendar quarter for base rate loans.

In addition to paying interest on the outstanding principal under the Senior Facilities, the Revolving Credit Facility also includes a commitment fee equal to 0.50% per annum in respect of the unused commitments that is due quarterly. This commitment fee is subject to one step-down based on the net first lien leverage ratio.

As of March 31, 2021, the interest rate on the Term Loan Facility was 3.50%. Beginning June 30, 2021, we will be required to make quarterly principal payments of \$5.8 million. See Note 10, "Derivatives" for information on interest rate swap agreements we utilize to manage the interest rate risk on the Term Loan Facility.

In addition to the quarterly amortization payments discussed above, the Senior Facilities require us to make certain mandatory prepayments, including using (i) a portion of annual excess cash flow, as defined in the First Lien Credit Agreement, to prepay the Term Loan Facility, (ii) net cash proceeds of certain non-ordinary assets sales or dispositions of property to prepay the Term Loan Facility and (iii) net cash proceeds of any issuance or incurrence of debt not permitted under the Senior Facilities to prepay the Term Loan Facility. We may make voluntary prepayments at any time without penalty, except in connection with a repricing event, as defined in the First Lien Credit Agreement.

The fair value of the Term Loan Facility as of March 31, 2021 was \$2,277.0 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the Term Loan Facility is classified as Level 2 within the fair value hierarchy.

Rackspace Technology Global is the borrower under the Senior Facilities, and all obligations under the Senior Facilities are (i) guaranteed by Inception Parent, Inc., Rackspace Technology Global's immediate parent company, on a limited recourse basis and secured by the equity interests of Rackspace Technology Global held by Inception Parent, Inc. and (ii) guaranteed by Rackspace Technology Global's wholly-owned domestic restricted subsidiaries and secured by substantially all material owned assets of Rackspace Technology Global and the subsidiary guarantors, including the equity interests held by each, in each case subject to certain exceptions. The only financial covenant is with respect to the Revolving Credit Facility which limits the net first lien leverage ratio to a maximum of 5.00 to 1.00; however, this covenant is only applicable and tested if the aggregate amount of outstanding borrowings under the Revolving Credit Facility and letters of credit issued thereunder (excluding \$25.0 million of undrawn letters of credit and cash collateralized letters of credit) is equal to or greater than 35% of the Revolving Credit Facility commitments at the end of a fiscal quarter. Other covenants include limitations on restricted payments, indebtedness, investments, liens, asset sales and transactions with affiliates. As of March 31, 2021, we were in compliance with all covenants under the Senior Facilities.

The Revolving Credit Facility matures on August 7, 2025. As of March 31, 2021 we had total commitments of \$375.0 million and no outstanding borrowings under the Revolving Credit Facility.

3.50% Senior Secured Notes due 2028

On February 9, 2021, Rackspace Technology Global issued \$550.0 million aggregate principal amount of 3.50% Senior Secured Notes due 2028 (the "3.50% Senior Secured Notes"). The 3.50% Senior Secured Notes will mature on February 15, 2028 and bear interest at an annual fixed rate of 3.50%. Interest is payable semiannually on each February 15 and August 15, commencing on August 15, 2021. The 3.50% Senior Secured Notes are not subject to registration rights. As noted above, we used the net proceeds from the issuance of the 3.50% Senior Secured Notes, together with borrowings under the Term Loan Facility described above, to repay all borrowings outstanding under the Prior Term Loan Facility, to pay related fees and expenses and for general corporate purposes.

Rackspace Technology Global is the issuer of the 3.50% Senior Secured Notes, and obligations under the 3.50% Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, by all of Rackspace Technology Global's wholly-owned domestic restricted subsidiaries (as subsidiary guarantors) that guarantee the Senior Facilities. The 3.50% Senior Secured Notes and the related guarantees are secured by first-priority security interests in substantially all material owned assets of Rackspace Technology Global and the subsidiary guarantors, including the equity interest held by each, subject to certain exceptions, which assets also secure the Senior Facilities.

We may redeem some or all of the 3.50% Senior Secured Notes at our option prior to February 15, 2024 subject to certain limitations and conditions outlined in the indenture governing the 3.50% Senior Secured Notes (the "3.50% Notes Indenture").

The 3.50% Notes Indenture contains covenants that, among other things, limit our ability to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the 3.50% Notes Indenture. Additionally, upon the occurrence of a change of control (as defined in the 3.50% Notes Indenture), we will be required to make an offer to repurchase all of the outstanding 3.50% Senior Secured Notes at a price in cash equal to 101% of the aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including the purchase date.

As of March 31, 2021, Rackspace Technology Global was in compliance with all covenants under the 3.50% Notes Indenture.

The fair value of the 3.50% Senior Secured Notes as of March 31, 2021 was \$530.0 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the 3.50% Senior Secured Notes are classified as Level 2 within the fair value hierarchy.

5.375% Senior Notes due 2028

The 5.375% Senior Notes due 2028 ("5.375% Senior Notes") mature on December 1, 2028 and, as of March 31, 2021, Rackspace Technology Global was in compliance with all covenants under the indenture governing the 5.375% Senior Notes (the "5.375% Notes Indenture").

The fair value of the 5.375% Senior Notes as of March 31, 2021 was \$555.5 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the 5.375% Senior Notes are classified as Level 2 within the fair value hierarchy.

Accounts Receivable Financing Agreement

Under our accounts receivable financing agreement (the "Receivables Financing Facility"), a bankruptcy-remote special purpose vehicle ("SPV") indirectly wholly owned by Rackspace Technology Global granted a security interest in all of its current and future receivables and related assets in exchange for a credit facility permitting borrowings of up to a maximum aggregate amount of \$100.0 million from time to time. Rackspace Technology Global is the primary beneficiary of the SPV.

As of March 31, 2021, \$50.0 million was borrowed and outstanding under the Receivables Financing Facility and the interest rate was 2.60%. Subsequent to March 31, 2021, the SPV repaid a portion of the Receivables Financing Facility in the amount of \$5.0 million to cover a borrowing base deficit. As of March 31, 2021, we were in compliance with all covenants under the facility.

February 2021 Refinancing Transaction

The February 2021 Refinancing Transaction represented an extinguishment and modification of debt. We derecognized \$2,795.6 million of the Prior Term Loan Facility and wrote off \$9.4 million in unamortized debt issuance costs and debt discount associated with the portion of the Prior Term Loan Facility that was deemed extinguished. We recognized \$2,300.0 million borrowed under the Term Loan Facility and \$41.0 million of associated debt issuance costs and debt discount, including amounts allocated from the Prior Term Loan Facility, both classified as a direct deduction from the carrying value of non-current debt on our Consolidated Balance Sheets. We recognized \$550.0 million aggregate principal amount of the 3.50% Senior Secured Notes due 2028 and \$6.8 million of associated debt issuance costs, including amounts allocated from the Prior Term Loan Facility. The February 2021 Refinancing Transaction resulted in expense of \$37.0 million recorded within "Debt modification and extinguishment costs" in our Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2021. The expense was comprised of the write-off of unamortized debt issuance costs and debt discount associated with the portion of the Prior Term Loan Facility that was deemed extinguished, as well as \$27.6 million in third party fees associated with the modification.

7. Commitments and Contingencies

We have contingencies that arise from various litigation, claims and commitments, none of which we consider to be material.

From time to time, we are a party to various claims asserting that certain of our services and technologies infringe the intellectual property rights of others. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or orders preventing us from offering certain features, products, or services, and may also cause us to change our business practices and require development of non-infringing products or technologies, which could result in a loss of revenue for us or otherwise harm our business.

We record an accrual for a loss contingency when a loss is considered probable and reasonably estimable. As additional facts concerning a loss contingency become known, we reassess our position and make appropriate adjustments to a recorded accrual. The amount that will ultimately be paid related to a matter may differ from the recorded accrual, and the timing of such payments, if any, may be uncertain.

We are not a party to any litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material and adverse effect on our business, financial position or results of operations.

8. Share-Based Compensation

During the three months ended March 31, 2021, we granted 3.8 million restricted stock units ("RSUs") under the Rackspace Technology, Inc. 2020 Equity Incentive Plan with a weighted-average grant date fair value of \$22.67. The majority of the RSUs were granted as part of our annual compensation award process and vest ratably over a three-year period, subject to continued service.

Share-based compensation expense recognized was as follows:

(In millions)	Three Months Ended March 31,	
	2020	2021
Cost of revenue	\$ 1.8	\$ 4.9
Selling, general and administrative expenses	5.7	12.3
Pre-tax share-based compensation expense	7.5	17.2
Less: Income tax benefit	(1.6)	(3.6)
Total share-based compensation expense, net of tax	\$ 5.9	\$ 13.6

As of March 31, 2021, there was \$157.0 million of total unrecognized compensation cost related to stock options, RSUs and the ESPP, which will be recognized using the straight-line method over a weighted average period of 2.2 years.

9. Taxes

We are subject to U.S. federal income tax and various state, local, and international income taxes in numerous jurisdictions. The differences between our effective tax rate and the U.S. federal statutory rate of 21% generally result from various factors, including the geographical distribution of taxable income, tax credits, contingency reserves for uncertain tax positions, and permanent differences between the book and tax treatment of certain items. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. For the three months ended March 31, 2021, our effective tax rate is lower than the U.S. federal statutory rate of 21% due to the net impact of the geographical distribution of our earnings, the application of the global intangible low-taxed income ("GILTI") provisions that were implemented with the Tax Cuts and Jobs Act (the "Act") that was passed on December 22, 2017, as well as executive compensation that is nondeductible under Internal Revenue Code ("IRC") Section 162(m).

10. Derivatives

We utilize derivative instruments, including interest rate swap agreements and foreign currency hedging contracts, to manage our exposure to interest rate risk and foreign currency fluctuations. We only hold such instruments for economic hedging purposes, not for speculative or trading purposes. Our derivative instruments are transacted only with highly-rated institutions, which reduces our exposure to credit risk in the event of nonperformance.

Interest Rate Swaps

We are exposed to interest rate risk associated with fluctuations in interest rates on the floating-rate Term Loan Facility. The objective in using interest rate derivatives is to manage our exposure to interest rate movements. To accomplish this objective, we have entered into interest rate swap agreements as part of our interest rate risk management strategy. Interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for the company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.

On January 9, 2020, we designated certain of our swaps as cash flow hedges. On the designation date, the cash flow hedges were in a \$39.9 million liability position. The cash flow hedges were expected to be highly effective on the designation date and, on a quarterly basis, we performed retrospective and prospective regression assessments to determine whether the cash flow hedges continue to be highly effective. As long as the cash flow hedges are highly effective, changes in fair value are recorded to "Accumulated other comprehensive income (loss)" in the Consolidated Balance Sheets and reclassified to "Interest expense" in the period when the underlying transaction affects earnings. The income tax effects of cash flow hedges are released from "Accumulated other comprehensive income (loss)" in the period when the underlying transaction affects earnings. Any stranded income tax effects are released from "Accumulated other comprehensive income (loss)" into "Benefit (provision) for income taxes" under the portfolio approach. As of December 31, 2020, all of our cash flow hedges were highly effective.

During the three months ended March 31, 2021, we completed a series of transactions to modify our interest rate swap positions as follows: (i) All the interest rate swaps outstanding as of December 31, 2020, as shown in the table below, with the exception of the agreement that matured on February 3, 2021, were de-designated as cash flow hedges on January 31, 2021, (ii) on February 12, 2021, we entered into a \$900.0 million receive-fixed interest rate swap which was designed to offset the terms of the remaining two December 2016 swaps, and (iii) on February 12, 2021, we terminated all December 2018 swaps and entered into a \$1.35 billion pay-fixed interest rate swap, effectively blending the liability position of our existing interest rate swap agreements into the new swap and extending the term of our hedged position to February 2026.

The amount remaining in "Accumulated other comprehensive income (loss)" for the de-designated December 2016 and December 2018 swaps at the de-designation date was approximately \$51.6 million, and will be amortized as an increase to "Interest expense" over the effective period of the original swap agreements.

The new receive-fixed interest rate swap qualifies as a hybrid instrument in accordance with ASC 815, *Derivatives and Hedging*, consisting of a loan and an embedded derivative for which the fair value option has been elected. This \$900.0 million swap will remain undesignated to economically offset the now undesignated December 2016 swaps. This new swap and the December 2016 swaps mature on February 3, 2022. Cash settlements related to this receive-fixed interest rate swap will offset and are classified as operating activities in the Consolidated Statements of Cash Flows.

The new pay-fixed interest rate swap also qualifies as a hybrid instrument in accordance with ASC 815, *Derivatives and Hedging*, consisting of a loan and an embedded at-market derivative that was designated as a cash flow hedge. The loan is accounted for at amortized cost over the life of the swap while the embedded at-market derivative is accounted for at fair value. This new \$1.35 billion swap is indexed to three-month LIBOR and will be net settled on a quarterly basis with the counterparty for the difference between the fixed rate of 2.3820% and the variable rate based upon three-month LIBOR (subject to a floor of 0.75%) as applied to the notional amount of the swap. In connection with the transactions discussed above, no cash was exchanged between us and the counterparty. The liability of the terminated interest rate swaps as well as the inception value of the receive-fixed interest rate swap was blended into the new pay-fixed interest rate swap. The cash flows related to the portion treated as debt will be classified as financing activities in the Consolidated Statements of Cash Flows while the portion treated as an at-market derivative will be classified as operating activities.

As of March 31, 2021, the cash flow hedge was highly effective.

The key terms of interest rate swaps outstanding are presented below:

Effective Date	Fixed Rate Paid (Received)	December 31, 2020		March 31, 2021		Maturity Date
		Notional Amount (in millions)	Status	Notional Amount (in millions)	Status	
Entered into December 2016:						
February 3, 2017	1.7625%	\$ 150.0	Active	\$ —	Matured	February 3, 2021
February 3, 2017	1.9040%	450.0	Active	450.0	Active	February 3, 2022
February 3, 2017	1.9040%	450.0	Active	450.0	Active	February 3, 2022
Entered into December 2018:						
February 3, 2019	2.7490%	150.0	Active	—	Terminated	November 3, 2023
February 3, 2020	2.7350%	150.0	Active	—	Terminated	November 3, 2023
February 3, 2021	2.7360%	150.0	Active	—	Terminated	November 3, 2023
February 3, 2022	2.7800%	900.0	Active	—	Terminated	November 3, 2023
Entered into February 2021:						
February 3, 2021	(1.9040)%	—	N/A	(900.0)	Active	February 3, 2022
February 9, 2021	2.3820%	—	N/A	1,350.0	Active	February 9, 2026
Total		\$ 2,400.0		\$ 1,350.0		

Our interest rate swap agreements, excluding the portion treated as debt, are recognized at fair value in the Consolidated Balance Sheets and are valued using pricing models that rely on market observable inputs such as yield curve data, which are classified as Level 2 inputs within the fair value hierarchy.

Foreign Currency Hedging Contracts

The majority of our customers are invoiced, and the majority of our expenses are paid, by us or our subsidiaries in the functional currency of our company or our subsidiaries, respectively. We also have exposure to foreign currency transaction gains and losses as the result of certain receivables due from our foreign subsidiaries. As such, the results of operations and cash flows of our foreign subsidiaries are subject to fluctuations in foreign currency exchange rates. The objective of our foreign currency hedging contracts is to manage our exposure to foreign currency movements. To accomplish this objective, we may enter into foreign currency forward contracts and collars. A forward contract is an agreement to buy or sell a quantity of a currency at a predetermined future date and at a predetermined exchange rate. A collar is a strategy that uses a combination of a purchased put option and a sold call option with equal premiums to hedge a portion of anticipated cash flows, or to limit possible gains or losses on an underlying asset or liability to a specific range. The put and call options have identical notional amounts and settlement dates.

In November 2019, we entered into two foreign currency net-zero cost collar contracts with an aggregate notional amount of £100 million and a maturity date of November 30, 2020. Under the terms of the contracts, the British pound sterling to U.S. dollar exchange rate floats between 1.2375 and 1.3475. On March 26, 2020, we settled one of these contracts, with an aggregate notional amount of £50 million, and we received a final net payment of \$1.9 million and on November 19, 2020, we settled the remaining contract, with an aggregate notional amount of £50 million, and we made a final net payment of \$0.2 million.

During 2020, we entered into a series of foreign currency contracts to manage our exposure to movements in the British pound sterling, Euro, and Mexican peso. These contracts had three-month terms and settlement dates throughout the year. None of these contracts settled during the three months ended March 31, 2020. As of December 31, 2020, there was no notional amount outstanding related to these contracts.

During the fourth quarter of 2020, we entered into two foreign currency forward contracts. Under the terms of these contracts, on November 30, 2021, we will sell a total of £80 million at an average rate of 1.3388 British pound sterling to U.S. dollar and receive \$107.1 million.

These contracts are recognized at fair value in the Consolidated Balance Sheets and are valued using pricing models that rely on market observable inputs such as current exchange rates, which are classified as Level 2 inputs within the fair value hierarchy. We have not designated these contracts as cash flow hedges for accounting purposes, therefore, all changes in fair value are recorded in "Other income (expense), net."

Fair Values of Derivatives on the Consolidated Balance Sheets

The fair values of our derivatives and their location on the Consolidated Balance Sheets as of December 31, 2020 and March 31, 2021 were as follows:

(In millions)		December 31, 2020		March 31, 2021	
		Assets	Liabilities	Assets	Liabilities
Derivatives not designated as hedging instruments					
	Location				
Interest rate swaps	Other current assets ⁽¹⁾	\$ —	\$ —	\$ 13.1	\$ —
Interest rate swaps	Other current liabilities	—	—	—	13.0
Foreign currency contracts	Other current liabilities	—	1.7	—	3.0
Total		\$ —	\$ 1.7	\$ 13.1	\$ 16.0
Derivatives designated as hedging instruments					
	Location				
Interest rate swaps	Other non-current assets	\$ —	\$ —	\$ 17.9	\$ —
Interest rate swaps	Other current liabilities ⁽²⁾	—	22.6	—	21.5
Interest rate swaps	Other non-current liabilities ⁽³⁾	—	64.4	—	69.3
Total		\$ —	\$ 87.0	\$ 17.9	\$ 90.8

(1) The entire balance as of March 31, 2021 is comprised of the receive-fixed interest rate swap for which the fair value option has been elected.

(2) The balance as of March 31, 2021 includes \$17.3 million related to the financing component of the pay-fixed interest rate swap.

(3) The entire balance as of March 31, 2021 is comprised of the financing component of the pay-fixed interest rate swap.

For financial statement presentation purposes, we do not offset assets and liabilities under master netting arrangements and all amounts above are presented on a gross basis. The following table, however, is presented on a net asset and net liability basis:

(In millions)	December 31, 2020			March 31, 2021		
	Gross Amounts on Balance Sheet	Effect of Counter-Party Netting	Net Amounts	Gross Amounts on Balance Sheet	Effect of Counter-Party Netting	Net Amounts
Assets						
Interest rate swaps	\$ —	\$ —	\$ —	\$ 31.0	\$ (31.0)	\$ —
Total	\$ —	\$ —	\$ —	\$ 31.0	\$ (31.0)	\$ —
Liabilities						
Interest rate swaps	\$ 87.0	\$ —	\$ 87.0	\$ 103.8	\$ (31.0)	\$ 72.8
Foreign currency contracts	1.7	—	1.7	3.0	—	3.0
Total	\$ 88.7	\$ —	\$ 88.7	\$ 106.8	\$ (31.0)	\$ 75.8

Effect of Derivatives on the Consolidated Statements of Comprehensive Loss

The effect of our derivatives and their location on the Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2020 and 2021 was as follows:

(In millions)		Three Months Ended March 31,	
		2020	2021
Derivatives not designated as hedging instruments			
	Location		
Interest rate swaps	Interest expense	\$ (3.2)	\$ (4.6)
Foreign currency contracts	Other expense, net	3.3	(1.3)
Derivatives designated as hedging instruments			
	Location		
Interest rate swaps	Interest expense	\$ 0.5	\$ (2.3)

Interest expense was \$72.0 million and \$52.6 million for the three months ended March 31, 2020 and 2021, respectively. As of March 31, 2021, the amount of cash flow hedge losses included within "Accumulated other comprehensive income (loss)" that is expected to be reclassified as an increase to "Interest expense" over the next 12 months is approximately \$24.0 million. See Note 11, "Accumulated Other Comprehensive Income (Loss)," for information regarding changes in fair value of our derivatives designated as hedging instruments.

Credit-risk-related Contingent Features

We have agreements with interest rate swap counterparties that contain a provision whereby if we default on any of our material indebtedness, then we could also be declared in default of our interest rate swap agreements. As of March 31, 2021, our interest rate swap agreements with an aggregate fair value of \$103.8 million were in a net liability position. However, if we were in default, our master netting arrangements with certain of our interest rate swap counterparties contain provisions which could result in net settlement of all outstanding agreements.

11. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) consisted of the following:

(In millions)	Accumulated Foreign Currency Translation Adjustments	Accumulated Loss on Derivative Contracts	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2019	\$ 12.0	\$ —	\$ 12.0
Foreign currency translation adjustments, net of tax benefit of \$1.2	(20.4)	—	(20.4)
Unrealized loss on derivative contracts, net of tax benefit of \$14.0	—	(40.7)	(40.7)
Amount reclassified from Accumulated comprehensive income (loss) into earnings, net of tax expense of \$0.1 ⁽¹⁾	—	(0.4)	(0.4)
Balance at March 31, 2020	<u>\$ (8.4)</u>	<u>\$ (41.1)</u>	<u>\$ (49.5)</u>

(1) Includes amortization of off-market swap value of \$1.2 million, partially offset by interest expense recognized of \$0.7 million for the three months ended March 31, 2020.

(In millions)	Accumulated Foreign Currency Translation Adjustments	Accumulated Loss on Derivative Contracts	Accumulated Other Comprehensive Loss
Balance at December 31, 2020	\$ 20.8	\$ (39.4)	\$ (18.6)
Foreign currency translation adjustments, net of tax expense of \$0.1	3.0	—	3.0
Unrealized gain on derivative contracts, net of tax expense of \$3.2	—	9.4	9.4
Amount reclassified from Accumulated comprehensive income (loss) into earnings, net of tax benefit of \$1.4 ⁽¹⁾	—	4.0	4.0
Balance at March 31, 2021	<u>\$ 23.8</u>	<u>\$ (26.0)</u>	<u>\$ (2.2)</u>

(1) Includes interest expense recognized of \$2.8 million and amortization of off-market swap value and accumulated loss at hedge de-designation of \$2.6 million for the three months ended March 31, 2021.

12. Related Party Transactions

In connection with the Rackspace Acquisition, we entered into a management consulting agreement with affiliates of Apollo and Searchlight Capital Partners L.P. (“Searchlight”), (the “Apollo/Searchlight Management Consulting Agreement”) and a transaction fee agreement with an affiliate of Apollo (the “Transaction Fee Agreement”). In addition, on November 15, 2017, we entered into a management consulting agreement with ABRY Partners, LLC and ABRY Partners II, LLC (collectively, “ABRY”) (the “ABRY Management Consulting Agreement”). For the three months ended March 31, 2020, we recorded \$3.6 million of management consulting fees within "Selling, general and administrative expenses" in the Consolidated Statements of Comprehensive Loss.

On July 24, 2020, we executed termination letters with each of the parties to the Apollo/Searchlight Management Consulting Agreement, the Transaction Fee Agreement and the ABRY Management Consulting Agreement, whereby all such agreements terminated effective as of the pricing of our initial public offering on August 4, 2020. Therefore no management consulting or transaction fees were accrued or were payable under any of these agreements for periods subsequent to August 4, 2020.

Affiliates of ABRY are also Term Loan Facility lenders under the First Lien Credit Agreement. As of March 31, 2021, the outstanding principal amount of the Term Loan Facility was \$2,300.0 million, of which \$48.0 million, or 2.1%, is due to ABRY affiliates.

On February 2, 2021, we issued 2,665,935 shares of common stock to DPH 123, LLC, an ABRY affiliate, for no additional consideration pursuant to the Agreement and Plan of Merger, dated as of September 6, 2017, in connection with our November 15, 2017 acquisition of Datapipe Parent, Inc.

Apollo Global Securities, LLC ("Apollo Global Securities"), an affiliate of Apollo, received approximately \$0.6 million in connection with their role as an initial purchaser of the 3.50% Senior Secured Notes issued on February 9, 2021.

Apollo Global Securities also received \$2.3 million in arranger fees in connection with the entry into the Term Loan Facility on February 9, 2021.

13. Segment Reporting

We have organized our operations into the following three operating segments, which correspond directly to our reportable segments: Multicloud Services, Apps & Cross Platform, and OpenStack Public Cloud. Our segments are based upon a number of factors, including, the basis for our budgets and forecasts, organizational and management structure and the financial information regularly used by our Chief Operating Decision Maker to make key decisions and to assess performance. We assess financial performance of our segments on the basis of revenue and non-GAAP gross profit, which is a non-GAAP measure of profitability. For the calculation of non-GAAP gross profit, we allocate certain costs, such as data center operating costs, customer support costs, license expense, and depreciation, to our segments generally based on segment revenue.

The table below presents a reconciliation of revenue by reportable segment to consolidated revenue and a reconciliation of segment non-GAAP gross profit to total consolidated gross profit for the three months ended March 31, 2020 and 2021.

(In millions)	Three Months Ended March 31,	
	2020	2021
<i>Revenue by segment:</i>		
Multicloud Services	\$ 507.9	\$ 579.6
Apps & Cross Platform	81.5	97.3
OpenStack Public Cloud	63.3	49.0
Total consolidated revenue	<u>\$ 652.7</u>	<u>\$ 725.9</u>
<i>Non-GAAP gross profit by segment:</i>		
Multicloud Services	\$ 196.8	\$ 196.4
Apps & Cross Platform	30.1	34.9
OpenStack Public Cloud	29.3	18.6
<i>Less:</i>		
Share-based compensation expense	(1.8)	(4.9)
Other compensation expense ⁽¹⁾	(1.9)	(1.3)
Purchase accounting impact on expense ⁽²⁾	(1.9)	(1.2)
Restructuring and transformation expenses ⁽³⁾	(1.3)	(7.2)
Total consolidated gross profit	<u>\$ 249.3</u>	<u>\$ 235.3</u>

(1) Adjustments for retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax, and payroll taxes associated with the exercise of stock options and vesting of restricted stock.

(2) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on expenses.

(3) Adjustment for the impact of business transformation and optimization activities, as well as associated severance, facility closure costs and lease termination expenses.

ITEM 2 - MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to help readers understand our results of operations, financial condition and cash flows and should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (this “Quarterly Report”) and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K. References to “Rackspace Technology,” “we,” “our company,” “the company,” “us,” or “our” refer to Rackspace Technology, Inc. and its consolidated subsidiaries.

The following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements. See “Special Note Regarding Forward-Looking Statements” contained elsewhere in this Quarterly Report.

Overview

We are a leading end-to-end multicloud technology services company. We design, build and operate our customers' cloud environments across all major technology platforms, irrespective of technology stack or deployment model. We partner with our customers at every stage of their cloud journey, enabling them to modernize applications, build new products and adopt innovative technologies.

We operate our business and report our results through three reportable segments: (1) Multicloud Services, (2) Apps & Cross Platform and (3) OpenStack Public Cloud. Our Multicloud Services segment includes our multicloud services offerings, as well as professional services related to designing and building multicloud solutions and cloud-native applications. Our Apps & Cross Platform segment includes managed applications, managed security and data services, as well as professional services related to designing and implementing application, security and data services. In early 2017, we determined that our OpenStack Public Cloud offering was not core to our go-forward operations and we ceased to incentivize our sales team to promote and sell the product by the end of that year. We continue to serve our existing OpenStack Public Cloud customer base while we focus our growth strategy and investments on our Multicloud Services and Apps & Cross Platform offerings. See Item 1 of Part I, Financial Statements - Note 13, "Segment Reporting" for additional information about our segments. We refer to certain supplementary "Core" financial measures, which reflect the results or otherwise pertain to the performance of our Multicloud Services and Apps & Cross Platform segments, in the aggregate. Our Core financial measures exclude the results and performance of our OpenStack Public Cloud segment.

On August 7, 2020, we completed our initial public offering (the "IPO"), in which we issued and sold 33,500,000 shares of our common stock at a public offering price of \$21.00 per share.

Impact of COVID-19

The outbreak of a novel strain of coronavirus, referred to as COVID-19, has spread globally, including within the United States, and resulted in the World Health Organization declaring the outbreak a "pandemic" in March 2020. The effects of COVID-19 continue to evolve, and the full impact and duration of the virus are unknown. Managing COVID-19 has severely impacted healthcare systems and businesses worldwide. The effects of COVID-19 and the response to the virus have negatively impacted overall economic conditions. To date, COVID-19 has not adversely affected our results of operations or financial condition in any material respect; however, the ultimate extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and severity of the outbreak, the pace of economic recovery, the possible resurgence in the spread of the virus, advances in testing, treatment, and prevention, including the efficacy and availability of vaccines, its impact on our customers, vendors and employees and its impact on our sales cycles as well as industry events, all of which are uncertain and cannot be predicted. If the pandemic worsens or the global economic recovery slows, we could experience service disruption, loss of customers or higher levels of doubtful trade accounts receivable, which could have an adverse effect on our results of operations and cash flows. We continue to focus on the health and safety of our employees, customers and partners and, among other things, have implemented a work-from-home policy and are limiting contact between our employees and customers while continuing to deliver a Fanatical Experience. To date, the impact on our business has been limited as most of our services are already delivered remotely or capable of being delivered remotely and we have a diverse customer base. In addition, our mitigation efforts, including offering our customers contract extensions in exchange for better payment terms and obtaining improved payment terms from our vendors, have generally been successful since the start of the pandemic. The full extent to which COVID-19 may impact our financial condition or results of operations over the medium to long term, however, remains uncertain. Due to our recurring revenue business model, the effect of COVID-19 may not be fully reflected in our results of operations until future periods, if at all. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities, or that we determine are in the best interests of our employees, customers, partners, suppliers and stockholders, including developing a plan to return our workforce back to the office when it is safe to do so.

Key Factors Affecting Our Performance

We believe our combination of proprietary technology, automation capabilities and technical expertise creates a value proposition for our customers that is hard to replicate for both competitors and in-house IT departments. Our continued success depends to a significant extent on our ability to meet the challenges presented by our highly competitive and dynamic market, including the following key factors:

Differentiating Our Service Offerings in a Competitive Market Environment

Our success depends to a significant extent on our ability to differentiate, expand and upgrade our service offerings in line with developing customer needs, while deepening our relationships with leading public cloud service providers and establishing new relationships, including with sales partners. We are a certified premier consulting and managed services partner to some of the largest cloud computing platforms, including AWS, Azure, Google Cloud, Oracle, SAP and VMWare. We believe we are unique in our ability to serve customers across major technology stacks and deployment options, all while delivering a Fanatical Experience. Our existing and prospective customers are also under increasing pressure to move from on-premise or self-managed IT to the cloud to compete effectively in a digital economy and maximize the value of their cloud investments, which we believe presents an opportunity for professional services projects as well as new recurring business. Annualized Recurring Revenue (“ARR”), which we believe is an important indicator of our market differentiation and future revenue opportunity from recurring customer contracts, was \$2,482.1 million and \$2,742.6 million for the three months ended March 31, 2020 and 2021, respectively. See “Key Operating Metrics.”

Customer Relationships and Retention

Our success greatly depends on our ability to retain and develop opportunities with our existing customers and to attract new customers. We operate in a growing but competitive and evolving market environment, requiring innovation to differentiate us from our competitors. We believe that our integrated cloud service portfolio and our differentiated customer experience and technology are keys to retaining and growing revenue from existing customers as well as acquiring new customers. For example, we believe that the Rackspace Fabric provides customers a unified experience across their entire cloud and security footprint, and that our recently announced Rackspace Elastic Engineering model helps customers embrace a cloud native approach with on-demand access to a dedicated team of highly skilled cloud architects and engineers. These offerings differentiate us from legacy IT service providers that operate under long-term fixed and project-based fee structures often tethered to their existing technologies with less automation.

Shift in Capital Intensity

In recent years, the mix of our revenues has shifted from high capital intensity service offerings to low capital intensity service offerings and we expect this mix shift to continue. Historically, we primarily offered dedicated hosting and OpenStack Public Cloud services to our customers, which required us to deploy servers and equipment to ensure adequate capacity for new customers and, in certain cases, on behalf of customers at the start or during the performance of a contract, resulting in a high level of anticipatory and success-based capital expenditures. Today, the vast majority of our revenue is derived from service offerings, such as multicloud services, application services and professional services, which have significantly lower success-based capital requirements because they allow us to leverage our partners’ infrastructure or technology because we are able to use technology to make our capital expenditures more efficient. As a result, we have recently experienced and expect to continue to experience changes in our capital expenditures requirements.

Our capital expenditures equaled 12% and 8% of our revenue for the three months ended March 31, 2020 and 2021, respectively. While there is some variability in capital expenditures from quarter to quarter due to timing of purchases, we expect to maintain or lower current capex intensity levels over the longer term.

Key Operating Metrics

The following table and discussion present and summarize our key operating performance indicators, which management uses as measures of our current and future business and financial performance:

(In millions, except %)	Three Months Ended March 31,			
	2020		2021	
Bookings	\$	230.5	\$	243.5
Annualized Recurring Revenue (ARR)	\$	2,482.1	\$	2,742.6

Bookings

We calculate Bookings for a given period as the annualized monthly value of our recurring customer contracts entered into during the period from (i) new customers and (ii) net upgrades by existing customers within the same workload, plus the actual (not annualized) estimated value of professional services consulting, advisory or project-based orders received during the period. “Recurring customer contracts” are any contracts entered into on a multi-year or month-to-month basis, but excluding any professional services contracts for consulting, advisory or project-based work.

Bookings for any period may reflect orders that we perform in the same period, orders that remain outstanding as of the end of the period and the annualized value of recurring month-to-month contracts entered into during the period, even if the terms of such contracts do not require the contract to be renewed. Bookings include net upgrades by existing customers within the same workload, but exclude net downgrades by such customers within that workload. Any customer that contracts for a new workload is considered a new customer and the entire value of the contract or upgrade is recorded in Bookings, irrespective of whether the same customer canceled or downgraded other workloads. Bookings also do not include the impact of any known contract non-renewals or service cancellations by our customers, except for positive net upgrades by existing customers. In cases where a new or upgrading customer enters into a multi-year contract, Bookings include only the annualized contract value. Bookings do not include usage-based fees in excess of contracted minimum commitments until actually incurred.

We use Bookings to measure the amount of new business generated in a period, which we believe is an important indicator of new customer acquisition and our ability to cross-sell new services to existing customers. Bookings are also used by management as a factor in determining performance-based compensation for our sales force. While we believe Bookings, in combination with other metrics, is an indicator of our near-term future revenue opportunity, it is not intended to be used as a projection of future revenue. Our calculation of Bookings may differ from similarly titled metrics presented by other companies.

Our Bookings increased \$13.0 million to \$243.5 million for the three months ended March 31, 2021 from \$230.5 million for the three months ended March 31, 2020. The increase in Bookings was attributable to the execution of several initiatives focused on enhancing growth, including an investment in sales, an improvement in sales productivity, an increase in the number of enterprise customers and an increase in the number of new deals with large contract values.

Annualized Recurring Revenue

We calculate Annualized Recurring Revenue, or ARR, by annualizing our actual revenue from existing recurring customer contracts (as defined under “Bookings” above) for the most recently completed fiscal quarter. ARR is not adjusted for the impact of any known or projected future customer cancellations, service upgrades or downgrades or price increases or decreases.

We use ARR as a measure of our revenue trend and an indicator of our future revenue opportunity from existing recurring customer contracts, assuming zero cancellations. The amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to new Bookings, higher or lower professional services revenue, subsequent changes in our pricing, service cancellations, upgrades or downgrades and acquisitions or divestitures. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

Our ARR was \$2,482.1 million and \$2,742.6 million for the three months ended March 31, 2020 and 2021, respectively.

Key Components of Statement of Operations

Revenue

A substantial amount of our revenue, particularly within our Multicloud Services segment, is generated pursuant to contracts that typically have a fixed term (typically from 12 to 36 months). Our customers generally have the right to cancel their contracts by providing us with written notice prior to the end of the fixed term, though most of our contracts provide for termination fees in the event of cancellation prior to the end of their term, typically amounting to the outstanding value of the contract. These contracts include a monthly recurring fee, which is determined based on the computing resources utilized and provided to the customer, the complexity of the underlying infrastructure and the level of support we provide. Our public cloud services within the Multicloud Services segment and most of our Apps & Cross Platform and OpenStack Public Cloud services generate usage-based revenue invoiced on a month-to-month basis and can be canceled at any time without penalty. We also generate revenue from usage-based fees and fees from professional services earned from customers using our hosting and other services. We typically recognize revenue on a daily basis, as services are provided, in an amount that reflects the consideration to which we expect to be entitled in exchange for our services. Our usage-based arrangements generally include a variable consideration component, consisting of monthly utility fees, with a defined price and undefined quantity. Our customer contracts also typically contain service level guarantees, including with respect to network uptime requirements, that provide discounts when we fail to meet specific obligations and, with respect to certain products, we may offer volume discounts based on usage. As these variable consideration components consist of a single distinct daily service provided on a single performance obligation, we account for all of them as services are provided and earned.

Cost of revenue

Cost of revenue consists primarily of usage charges for third-party infrastructure and personnel costs (including salaries, bonuses, benefits and share-based compensation) for engineers, developers and other employees involved in the delivery of services to our customers. Cost of revenue also includes depreciation of servers, software and other systems infrastructure, data center rent and other infrastructure maintenance and support costs, including software license costs and utilities. Cost of revenue is driven mainly by demand for our services, our service mix and the cost of labor in a given geography.

Selling, general and administrative expenses (SG&A)

Selling, general and administrative expenses consist primarily of personnel costs (including salaries, bonuses, commissions, benefits and share-based compensation) for our sales force, executive team and corporate administrative and support employees, including our human resources, finance, accounting and legal functions. SG&A also includes research and development costs, repair and maintenance of corporate infrastructure, facilities rent, third-party advisory fees (including audit, legal and management consulting costs), marketing and advertising costs and insurance, as well as the amortization of related intangible assets and certain depreciation of fixed assets.

SG&A also includes transaction costs related to acquisitions and financings along with costs related to integration and business transformation initiatives which may impact the comparability of SG&A between periods.

Additionally, SG&A has historically included management fees. The management consulting agreements were terminated on August 4, 2020, and therefore no management fees will accrue or be payable for periods subsequent to that date, thereby reducing our SG&A expenses; however, we also expect certain of our other recurring SG&A costs to increase on account of the expansion of accounting, legal, investor relations and other functions, incremental insurance coverage and other services needed to operate as a public company.

Income taxes

Our income tax benefit (provision) and deferred tax assets and liabilities reflect management's best assessment of estimated current and future taxes to be paid. To date, we have recorded consolidated tax benefits, reflecting our net losses, though certain of our non-U.S. subsidiaries have incurred corporate tax expense according to the relevant taxing jurisdictions. We are under certain domestic and foreign tax audits. Due to the complexity involved with certain tax matters, there is the possibility that the various taxing authorities may disagree with certain tax positions filed on our income tax returns. We believe we have made adequate provision for all uncertain tax positions. See Item 1 of Part I, Financial Statements - Note 9, "Taxes."

Results of Operations

We discuss our historical results of operations, and the key components of those results, below. Past financial results are not necessarily indicative of future results.

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2021

The following table sets forth our results of operations for the specified periods, as well as changes between periods and as a percentage of revenue for those same periods (totals in table may not foot due to rounding):

(In millions, except %)	Three Months Ended March 31,				Year-Over-Year Comparison	
	2020		2021		Amount	% Change
	Amount	% Revenue	Amount	% Revenue		
Revenue	\$ 652.7	100.0 %	\$ 725.9	100.0 %	\$ 73.2	11.2 %
Cost of revenue	(403.4)	(61.8)%	(490.6)	(67.6)%	(87.2)	21.6 %
Gross profit	249.3	38.2 %	235.3	32.4 %	(14.0)	(5.6)%
Selling, general and administrative expenses	(227.8)	(34.9)%	(231.0)	(31.8)%	(3.2)	1.4 %
Gain on sale of land	—	— %	19.9	2.7 %	19.9	100.0 %
Income from operations	21.5	3.3 %	24.2	3.3 %	2.7	12.6 %
Other income (expense):						
Interest expense	(72.0)	(11.0)%	(52.6)	(7.2)%	19.4	(26.9)%
Loss on investments, net	(0.1)	(0.0)%	(3.7)	(0.5)%	(3.6)	NM
Debt modification and extinguishment costs	—	— %	(37.0)	(5.1)%	(37.0)	100.0 %
Other expense, net	(0.6)	(0.1)%	(1.8)	(0.3)%	(1.2)	200.0 %
Total other income (expense)	(72.7)	(11.1)%	(95.1)	(13.1)%	(22.4)	30.8 %
Loss before income taxes	(51.2)	(7.8)%	(70.9)	(9.8)%	(19.7)	38.5 %
Benefit for income taxes	3.0	0.5 %	6.9	0.9 %	3.9	130.0 %
Net loss	<u>\$ (48.2)</u>	<u>(7.4)%</u>	<u>\$ (64.0)</u>	<u>(8.8)%</u>	<u>\$ (15.8)</u>	<u>32.8 %</u>

NM = not meaningful.

Revenue

Revenue increased \$73 million, or 11.2%, to \$726 million in the three months ended March 31, 2021 from \$653 million in the three months ended March 31, 2020. Revenue was positively impacted by new customer acquisition and growing customer spend in our Multicloud Services and Apps & Cross Platform segments, as discussed below.

After removing the impact of foreign currency fluctuations, on a constant currency basis, revenue increased 10.0% year-over-year. The following table presents revenue growth by segment:

(In millions, except %)	Three Months Ended March 31,		% Change	
	2020	2021	Actual	Constant Currency ⁽¹⁾
Multicloud Services	\$ 507.9	\$ 579.6	14.1 %	12.8 %
Apps & Cross Platform	81.5	97.3	19.4 %	18.8 %
Core Revenue	589.4	676.9	14.8 %	13.6 %
OpenStack Public Cloud	63.3	49.0	(22.6)%	(23.6)%
Total	<u>\$ 652.7</u>	<u>\$ 725.9</u>	<u>11.2 %</u>	<u>10.0 %</u>

(1) Refer to "Non-GAAP Financial Measures" in this section for further explanation and reconciliation.

Multicloud Services revenue in the three months ended March 31, 2021 increased 14%, on an actual basis, and 13% on a constant currency basis, from the three months ended March 31, 2020. Underlying growth was driven by both the acquisition of new customers and increased spend by existing customers, partially offset by cancellations by existing customers.

Apps & Cross Platform revenue in the three months ended March 31, 2021 increased 19%, on an actual and constant currency basis, from the three months ended March 31, 2020, due to growth in our offerings for managed security and management of productivity and collaboration applications, partially offset by a decrease in professional services revenue.

OpenStack Public Cloud revenue in the three months ended March 31, 2021 decreased 23%, on an actual basis, and 24% on a constant currency basis, from the three months ended March 31, 2020 due to customer churn.

Cost of Revenue

Cost of revenue increased \$87 million, or 22%, to \$491 million in the three months ended March 31, 2021 from \$403 million in the three months ended March 31, 2020, primarily due to an increase in usage charges for third-party infrastructure associated with growth in these offerings and the impact of an increased volume of larger, multi-year customer contracts which typically have a larger infrastructure component and lower margins. Personnel costs also increased due to higher severance expense related to business optimization initiatives to shift roles to lower-cost locations and an increase in share-based compensation expense, partially offset by a reduction in non-equity incentive bonus expense. The increase in third-party infrastructure and personnel costs was partially offset by a decrease in depreciation expense primarily related to certain property, equipment and software reaching the end of its useful life for depreciation purposes as we shift towards faster-growing, value-added service offerings which have significantly lower capital requirements than our legacy capital-intensive revenue streams. Additionally, in March 2021, we completed an assessment of the useful lives of certain customer gear equipment which resulted in a revision of certain useful lives within our policy ranges, further contributing to the reduction in depreciation expense. We also had year-over-year expense reductions in data center and license expenses as a result of initiatives to lower our cost structure, which included the consolidation of data center facilities and optimizing our vendor license spending.

As a percentage of revenue, cost of revenue increased 580 basis points in the three months ended March 31, 2021 to 67.6% from 61.8% in the three months ended March 31, 2020, driven by a 1,340 basis point increase in usage charges for third-party infrastructure, partially offset by a decrease related to depreciation, data center, and license expense.

Gross Profit and Non-GAAP Gross Profit

Our consolidated gross profit was \$235 million in the three months ended March 31, 2021, a decrease of \$14 million from \$249 million in the three months ended March 31, 2020. Our Non-GAAP Gross Profit was \$250 million in the three months ended March 31, 2021, a decrease of \$6 million from \$256 million in the three months ended March 31, 2020. Non-GAAP Gross Profit is a non-GAAP financial measure. See “*Non-GAAP Financial Measures*” below for more information. Our consolidated gross margin was 32.4% in the three months ended March 31, 2021, a decrease of 580 basis points from 38.2% in the three months ended March 31, 2020.

The table below presents our segment non-GAAP gross profit and gross margin for the periods indicated, and the change in gross profit between periods:

(In millions, except %)	Three Months Ended March 31,					
	2020		2021		Year-Over-Year Comparison	
	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% Change
Non-GAAP gross profit by segment:						
Multicloud Services	\$ 196.8	38.7 %	\$ 196.4	33.9 %	\$ (0.4)	(0.2)%
Apps & Cross Platform	30.1	36.9 %	34.9	35.9 %	4.8	15.9 %
OpenStack Public Cloud	29.3	46.3 %	18.6	38.0 %	(10.7)	(36.5)%
Non-GAAP Gross Profit	256.2		249.9		(6.3)	(2.5)%
Less:						
Share-based compensation expense	(1.8)		(4.9)			
Other compensation expense ⁽¹⁾	(1.9)		(1.3)			
Purchase accounting impact on expense ⁽²⁾	(1.9)		(1.2)			
Restructuring and transformation expenses ⁽³⁾	(1.3)		(7.2)			
Total consolidated gross profit	\$ 249.3		\$ 235.3			

- (1) Adjustments for retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax, and payroll taxes associated with the exercise of stock options and vesting of restricted stock.
- (2) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on expenses.
- (3) Adjustment for the impact of business transformation and optimization activities, as well as associated severance, facility closure costs and lease termination expenses.

Multicloud Services non-GAAP gross profit was relatively flat year-over-year. Segment non-GAAP gross profit as a percentage of segment revenue decreased by 480 basis points, reflecting a 23% increase in segment cost of revenue and a 14% increase in segment revenue. The increase in costs was mainly driven by higher third-party infrastructure costs, partially offset by lower depreciation and data center costs.

Apps & Cross Platform non-GAAP gross profit increased 16% in the three months ended March 31, 2021 from the three months ended March 31, 2020. Segment non-GAAP gross profit as a percentage of segment revenue decreased by 100 basis points, reflecting a 21% increase in segment cost of revenue and a 19% increase in segment revenue. The increase in cost of revenue was driven by the segment's higher business volume as well as higher third-party infrastructure costs.

OpenStack Public Cloud non-GAAP gross profit decreased 37% in the three months ended March 31, 2021 from the three months ended March 31, 2020 due to customer churn. Segment non-GAAP gross profit as a percentage of segment revenue decreased by 830 basis points, reflecting a 23% decrease in segment revenue, partially offset by an 11% decrease in segment cost of revenue.

The aggregate amount of costs reflected in consolidated gross profit but excluded from segment non-GAAP gross profit was \$14.6 million in the three months ended March 31, 2021, an increase of \$7.7 million from \$6.9 million in the three months ended March 31, 2020, reflecting higher restructuring and transformation expenses and share-based compensation, partially offset by lower purchase accounting adjustments and other compensation expense. For more information about our segment non-GAAP gross profit, see Item 1 of Part I, Financial Statements - Note 13, "Segment Reporting."

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$3 million, or 1%, to \$231 million in the three months ended March 31, 2021 from \$228 million in the three months ended March 31, 2020, primarily due to costs related to our business transformation initiatives. This increase was partially offset by a reduction in management consulting fees as the agreements were terminated in connection with the IPO and lower travel costs due to COVID-19 travel restrictions. Personnel costs were relatively flat as an increase in share-based compensation and severance expense was offset by a reduction in non-equity incentive bonus expense.

As a percentage of revenue, selling, general and administrative expenses decreased 310 basis points, to 31.8% in the three months ended March 31, 2021 from 34.9% in the three months ended March 31, 2020, for the reasons discussed above, including a 150 basis points reduction in personnel costs, and further impacted by our revenue growth while other SG&A expenses decreased.

Gain on Sale of Land

In January 2021, we recorded a \$20 million gain related to the sale of a parcel of undeveloped land in the United Kingdom adjacent to one of our existing data centers, as further discussed in Item 1 of Part I, Financial Statements - Note 4, "Property, Equipment and Software, net."

Interest Expense

Interest expense decreased \$19 million to \$53 million in the three months ended March 31, 2021 from \$72 million in the three months ended March 31, 2020, driven by a reduction in total debt outstanding and lower interest rates as a result of significant debt refinancing transactions between periods.

Debt Modification and Extinguishment Costs

We recorded \$37 million of debt modification and extinguishment costs in the three months ended March 31, 2021 related to the February 2021 Refinancing Transaction, as further discussed in Item 1 of Part I, Financial Statements - Note 6, "Debt."

Benefit for Income Taxes

Our income tax benefit increased by \$4 million to \$7 million in the three months ended March 31, 2021 from \$3 million in the three months ended March 31, 2020. Our effective tax rate increased from 5.9% in the three months ended March 31, 2020 to 9.7% in the three months ended March 31, 2021. The increase in the effective tax rate year-over-year is primarily due to the geographic distribution of profits and excess tax benefits from stock-based compensation awards. The difference between the effective tax rate for the three months ended March 31, 2021 and the statutory rate is primarily due to the geographic distribution of profits, application of GILTI provisions that were implemented with the Act that was passed on December 22, 2017, as well as executive compensation that is nondeductible under IRC Section 162(m).

Non-GAAP Financial Measures

We track several non-GAAP financial measures to monitor and manage our underlying financial performance. The following discussion includes the presentation of constant currency revenue, Non-GAAP Gross Profit, Non-GAAP Net Income (Loss), Non-GAAP Operating Profit, Adjusted EBITDA and Non-GAAP Earnings Per Share (“EPS”), which are non-GAAP financial measures that exclude the impact of certain costs, losses and gains that are required to be included in our profit and loss measures under GAAP. Although we believe these measures are useful to investors and analysts for the same reasons they are useful to management, as discussed below, these measures are not a substitute for, or superior to, U.S. GAAP financial measures or disclosures. Other companies may calculate similarly-titled non-GAAP measures differently, limiting their usefulness as comparative measures. We have reconciled each of these non-GAAP measures to the applicable most comparable GAAP measure throughout this MD&A.

Constant Currency Revenue

We use constant currency revenue as an additional metric for understanding and assessing our growth excluding the effect of foreign currency rate fluctuations on our international business operations. Constant currency information compares results between periods as if exchange rates had remained constant period over period and is calculated by translating the non-U.S. dollar income statement balances for the most current period to U.S. dollars using the average exchange rate from the comparative period rather than the actual exchange rates in effect during the respective period. We also believe this is an important metric to help investors evaluate our performance in comparison to prior periods.

The following table presents, by segment, actual and constant currency revenue and constant currency revenue growth rates, for and between the periods indicated:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021			% Change	
(In millions, except %)	Revenue	Revenue	Foreign Currency Translation ^(a)	Revenue in Constant Currency	Actual	Constant Currency
Multicloud Services	\$ 507.9	\$ 579.6	\$ (6.7)	\$ 572.9	14.1 %	12.8 %
Apps & Cross Platform	81.5	97.3	(0.5)	96.8	19.4 %	18.8 %
OpenStack Public Cloud	63.3	49.0	(0.6)	48.4	(22.6)%	(23.6)%
Total	<u>\$ 652.7</u>	<u>\$ 725.9</u>	<u>\$ (7.8)</u>	<u>\$ 718.1</u>	11.2 %	10.0 %

(a) The effect of foreign currency is calculated by translating current period results using the average exchange rate from the prior comparative period.

Non-GAAP Gross Profit

Our principal measure of segment profitability is segment non-GAAP gross profit. We also present Non-GAAP Gross Profit in this MD&A, which is the aggregate of segment non-GAAP gross profit, because we believe the measure is useful in analyzing trends in our underlying, recurring gross margins. We define Non-GAAP Gross Profit as our consolidated gross profit, adjusted to exclude the impact of share-based compensation expense and other non-recurring or unusual compensation items, purchase accounting-related effects, and certain business transformation-related costs. For a reconciliation of our Non-GAAP Gross Profit to our total consolidated gross profit, see “Gross Profit and Non-GAAP Gross Profit” above.

Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA

We present Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA because they are a basis upon which management assesses our performance and we believe they are useful to evaluating our financial performance. We believe that excluding items from net income that may not be indicative of, or are unrelated to, our core operating results, and that may vary in frequency or magnitude, enhances the comparability of our results and provides a better baseline for analyzing trends in our business.

The Rackspace Acquisition was structured as a leveraged buyout of Rackspace Technology Global, our Predecessor, and resulted in several accounting and capital structure impacts. For example, the revaluation of our assets and liabilities resulted in a significant increase in our amortizable intangible assets and goodwill, the incurrence of a significant amount of debt to partially finance the Rackspace Acquisition resulted in interest payments that reflect our high leverage and cost of debt capital, and the conversion of Rackspace Technology Global's unvested equity compensation into a cash-settled bonus plan and obligation to pay management fees to our equityholders resulted in new cash commitments. In addition, the change in ownership and management resulting from the Rackspace Acquisition led to a strategic realignment in our operations that had a significant impact on our financial results. Following the Rackspace Acquisition, we acquired several businesses, sold businesses and investments that we deemed to be non-core and launched multiple integration and business transformation initiatives intended to improve the efficiency of people and operations and identify recurring cost savings and new revenue growth opportunities. We believe that these transactions and activities resulted in costs, which have historically been substantial, and that may not be indicative of, or are not related to, our core operating results, including interest related to the incurrence of additional debt to finance acquisitions and third party legal, advisory and consulting fees and severance, retention bonus and other internal costs that we believe would not have been incurred in the absence of these transactions and activities and also may not be indicative of, or related to, our core operating results.

We define Non-GAAP Net Income (Loss) as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation, special bonuses and other compensation expense, transaction-related costs and adjustments, restructuring and transformation charges, management fees, the amortization of acquired intangible assets and certain other non-operating, non-recurring or non-core gains and losses, as well as the tax effects of these non-GAAP adjustments.

We define Non-GAAP Operating Profit as net income (loss), plus interest expense and income taxes, further adjusted to exclude the impact of non-cash charges for share-based compensation, special bonuses and other compensation expense, transaction-related costs and adjustments, restructuring and transformation charges, management fees, the amortization of acquired intangible assets and certain other non-operating, non-recurring or non-core gains and losses.

We define Adjusted EBITDA as Non-GAAP Operating Profit plus depreciation and amortization.

Non-GAAP Operating Profit and Adjusted EBITDA are management's principal metrics for measuring our underlying financial performance. Adjusted EBITDA, along with other quantitative and qualitative information, is also the principal financial measure used by management and our board of directors in determining performance-based compensation for our management and key employees.

These non-GAAP measures are not intended to imply that we would have generated higher income or avoided net losses if the Rackspace Acquisition and the subsequent transactions and initiatives had not occurred. In the future we may incur expenses or charges such as those added back to calculate Non-GAAP Net Income (Loss), Non-GAAP Operating Profit or Adjusted EBITDA. Our presentation of Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these items. Other companies, including our peer companies, may calculate similarly-titled measures in a different manner from us, and therefore, our non-GAAP measures may not be comparable to similarly-titled measures of other companies. Investors are cautioned against using these measures to the exclusion of our results in accordance with GAAP.

The following table presents a reconciliation of Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA to our net loss for the periods indicated:

(In millions)	Three Months Ended March 31,	
	2020	2021
Net loss	\$ (48.2)	\$ (64.0)
Share-based compensation expense	7.5	17.2
Special bonuses and other compensation expense ^(a)	8.3	4.0
Transaction-related adjustments, net ^(b)	8.4	8.4
Restructuring and transformation expenses ^(c)	15.0	38.6
Management fees ^(d)	3.6	—
Gain on sale of land	—	(19.9)
Net loss on divestiture and investments ^(e)	0.1	3.7
Debt modification and extinguishment costs ^(f)	—	37.0
Other expense, net ^(g)	0.6	1.8
Amortization of intangible assets ^(h)	44.2	46.4
Tax effect of non-GAAP adjustments ⁽ⁱ⁾	(12.5)	(24.1)
Non-GAAP Net Income	27.0	49.1
Interest expense	72.0	52.6
Benefit for income taxes	(3.0)	(6.9)
Tax effect of non-GAAP adjustments ⁽ⁱ⁾	12.5	24.1
Non-GAAP Operating Profit	108.5	118.9
Depreciation ^(j)	77.1	61.3
Adjusted EBITDA	\$ 185.6	\$ 180.2

- (a) Includes expense related to retention bonuses, mainly relating to restructuring and integration projects, and the related payroll tax, senior executive signing bonuses and relocation costs, and payroll taxes associated with the exercise of stock options and vesting of restricted stock.
- (b) Includes legal, professional, accounting and other advisory fees related to the acquisition of Onica in the fourth quarter of 2019 and the IPO in the third quarter of 2020, integration costs of acquired businesses, purchase accounting adjustments (including deferred revenue fair value discount), payroll costs for employees that dedicate significant time to supporting these projects and exploratory acquisition and divestiture costs and expenses related to financing activities.
- (c) Includes consulting and advisory fees related to business transformation and optimization activities, payroll costs for employees that dedicate significant time to these projects, as well as associated severance, facility closure costs and lease termination expenses. We assessed these activities and determined that they did not qualify under the scope of ASC 420 (Exit or Disposal costs).
- (d) Represents historical management fees pursuant to management consulting agreements. The management consulting agreements were terminated effective August 4, 2020, and therefore no management fees have accrued or will be payable for periods after August 4, 2020.
- (e) Includes gains and losses on investment and from dispositions.
- (f) Includes expenses related to the February 2021 Refinancing Transaction.
- (g) Reflects mainly changes in the fair value of foreign currency derivatives.
- (h) All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.
- (i) We utilize an estimated structural long-term non-GAAP tax rate in order to provide consistency across reporting periods, removing the effect of non-recurring tax adjustments, which include but are not limited to tax rate changes, U.S. tax reform, share-based compensation, audit conclusions and changes to valuation allowances. When computing this long-term rate for the 2020 and 2021 interim periods, we based it on an average of the 2019 and estimated 2020 tax rates and 2020 and estimated 2021 tax rates, respectively, recomputed to remove the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments, resulting in a structural non-GAAP tax rate of 26% for both periods. The non-GAAP tax rate could be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix including due to acquisition activity, or other changes to our strategy or business operations. We will re-evaluate our long-term non-GAAP tax rate as appropriate. We believe that making these adjustments facilitates a better evaluation of our current operating performance and comparisons to prior periods.
- (j) Excludes accelerated depreciation expense related to facility closures.

Non-GAAP Earnings Per Share (EPS)

We define Non-GAAP EPS as Non-GAAP Net Income divided by our GAAP weighted average number of shares outstanding for the period on a diluted basis and further adjusted for the weighted average number of shares associated with securities which are anti-dilutive to GAAP earnings per share but dilutive to Non-GAAP EPS. Management uses Non-GAAP EPS to evaluate the performance of our business on a comparable basis from period to period, including by adjusting for the impact of the issuance of shares that would be dilutive to Non-GAAP EPS. The following table reconciles Non-GAAP EPS to our GAAP net loss per share on a diluted basis:

(In millions, except per share amounts)	Three Months Ended March 31,	
	2020	2021
Net loss attributable to common stockholders	\$ (48.2)	\$ (64.0)
Non-GAAP Net Income	\$ 27.0	\$ 49.1
Weighted average number of shares - Diluted	165.4	204.6
Effect of dilutive securities ^(a)	0.9	6.5
Non-GAAP weighted average number of shares - Diluted	166.3	211.1
Net loss per share - Diluted	\$ (0.29)	\$ (0.31)
Per share impacts of adjustments to net loss ^(b)	0.45	0.55
Per share impacts of shares dilutive after adjustments to net loss ^(a)	(0.00)	(0.01)
Non-GAAP EPS	\$ 0.16	\$ 0.23

(a) Reflects impact of awards that would have been anti-dilutive to Net loss per share, and therefore not included in the calculation, but would be dilutive to Non-GAAP EPS and are therefore included in the share count for purposes of this non-GAAP measure. Potential common share equivalents consist of shares issuable upon the exercise of stock options, vesting of restricted stock or purchase under the Employee Stock Purchase Plan (the "ESPP"), as well as contingent shares associated with our acquisition of Datapipe Parent, Inc. Certain of our potential common share equivalents are contingent on Apollo achieving pre-established performance targets based on a multiple of their invested capital ("MOIC"), which are included in the denominator for the entire period if such shares would be issuable as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

(b) Reflects the aggregate adjustments made to reconcile Non-GAAP Net Income to our net loss, as noted in the above table, divided by the GAAP diluted number of shares outstanding for the relevant period.

Liquidity and Capital Resources

Overview

We primarily finance our operations and capital expenditures with internally-generated cash from operations and hardware leases, and if necessary, borrowings under the Revolving Credit Facility or Receivables Financing Facility. As of March 31, 2021, the Revolving Credit Facility provided for up to \$375 million of borrowings, none of which was drawn as of March 31, 2021. As of March 31, 2021, \$50 million was borrowed and outstanding under the Receivables Financing Facility. Of this balance, approximately \$4 million was classified as current debt due to a borrowing base deficit under the facility subsequent to March 31, 2021. Our primary uses of cash are working capital requirements, debt service requirements and capital expenditures. Based on our current level of operations and available cash, we believe our sources will provide sufficient liquidity over at least the next twelve months. We cannot provide assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available to us under the Revolving Credit Facility, the Receivables Financing Facility or from other sources in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. Our ability to do so depends on prevailing economic conditions and other factors, many of which are beyond our control. In addition, upon the occurrence of certain events, such as a change of control, we could be required to repay or refinance our indebtedness. We cannot assure that we will be able to refinance any of our indebtedness, including the Senior Facilities, the 5.375% Senior Notes, and the 3.50% Senior Secured Notes (see discussion below), on commercially reasonable terms or at all. Any future acquisitions, joint ventures or other similar transactions will likely require additional capital, and there can be no assurance that any such capital will be available to us on acceptable terms or at all.

From time to time, depending upon market and other conditions, as well as upon our cash balances and liquidity, we, our subsidiaries or our affiliates may acquire (and have acquired) our outstanding debt securities or our other indebtedness through open market purchases, privately negotiated transactions, tender offers, redemption or otherwise, upon such terms and at such prices as we, our subsidiaries or our affiliates may determine (or as may be provided for in the indenture governing the 5.375% Senior Notes (the "5.375% Notes Indenture") or the indenture governing the 3.50% Senior Secured Notes (the "3.50% Notes Indenture" and, together with the 5.375% Notes Indenture, the "Indentures"), if applicable), for cash or other consideration.

At March 31, 2021, we held \$198 million in cash and cash equivalents (not including \$3 million in restricted cash, which is included in "Other non-current assets"), of which \$112 million was held by foreign entities.

We have entered into installment payment arrangements with certain equipment and software vendors, along with sale-leaseback arrangements for equipment and certain property leases that are considered financing obligations. We had \$112 million outstanding with respect to these arrangements as of March 31, 2021. We may choose to utilize these various sources of funding in future periods.

We also lease certain equipment and real estate under operating and finance lease agreements. We had \$579 million outstanding with respect to operating and finance lease agreements as of March 31, 2021. We may choose to utilize such leasing arrangements in future periods.

As of March 31, 2021, we had \$3,400 million aggregate principal amount outstanding under our Term Loan Facility, 5.375% Senior Notes, and 3.50% Senior Secured Notes, with \$375 million of borrowing capacity available under the Revolving Credit Facility. Additionally, at March 31, 2021, we had \$50 million principal outstanding under the Receivables Financing Facility. Our liquidity requirements are significant, primarily due to debt service requirements.

On February 2, 2021, we issued 2,665,935 shares of common stock to DPH 123, LLC, an ABRY affiliate, for no additional consideration pursuant to the Agreement and Plan of Merger, dated as of September 6, 2017, (the "Datapipe Merger Agreement") in connection with our November 15, 2017 acquisition of Datapipe Parent, Inc. We will be required to issue additional shares of our common stock to DPH 123, LLC based on the MOIC exceeding certain thresholds as defined in the Datapipe Merger Agreement. If the MOIC exceeds 3.0x, which is indicated by a volume weighted average trading price ("VWAP") of our common stock over 30 consecutive trading days of more than \$25.00, we will be required to issue an additional 2,665,935 shares. As of May 7, 2021, the VWAP for the most recent 30 consecutive trading days was \$24.84.

Debt

Senior Facilities

On February 9, 2021, we amended and restated the credit agreement (the "First Lien Credit Agreement") governing our senior secured credit facilities, which included a new seven-year \$2,300 million senior secured first lien term loan facility (the "Term Loan Facility") and the Revolving Credit Facility (together, the "Senior Facilities"). We used the borrowings under the Term Loan Facility, together with the proceeds from the issuance of the 3.50% Senior Secured Notes described below (together, the "February 2021 Refinancing Transaction"), to repay all borrowings under the prior term loan facility (the "Prior Term Loan Facility"), to pay related fees and expenses and for general corporate purposes. The Term Loan Facility will mature on February 15, 2028 and the Revolving Credit Facility will mature on August 7, 2025. We may request one or more incremental term loan facilities, one or more incremental revolving credit facilities and/or increase the commitments under the Revolving Credit Facility in an amount equal to the greater of \$860 million and 1.0x Pro Forma Adjusted EBITDA (as defined in the amended First Lien Credit Agreement), plus additional amounts, subject to compliance with applicable leverage ratios and certain terms and conditions.

Interest on the Term Loan Facility is due at the end of each interest period elected, not exceeding 90 days, for LIBOR loans and at the end of every calendar quarter for base rate loans. As of March 31, 2021, the interest rate on the Term Loan Facility was 3.50%. Beginning June 30, 2021, we will also be required to make quarterly amortization payments on the Term Loan Facility in an annual amount equal to 1.0% of the original principal amount of the Term Loan Facility, with the balance due at maturity. The Revolving Credit Facility includes a commitment fee equal to 0.50% per annum in respect of the unused commitments that is due quarterly. This fee is subject to one step-down based on the net first lien leverage ratio. The Senior Facilities require us to make certain mandatory prepayments under certain conditions defined in the credit agreement.

Rackspace Technology Global, our wholly-owned subsidiary, is the borrower under the Senior Facilities, and all obligations under the Senior Facilities are (i) guaranteed by Inception Parent, Rackspace Technology Global's immediate parent company, on a limited recourse basis and secured by the equity interests of Rackspace Technology Global held by Inception Parent and (ii) guaranteed by Rackspace Technology Global's wholly-owned domestic restricted subsidiaries and secured by substantially all material owned assets of Rackspace Technology Global and the subsidiary guarantors, including the equity interests held by each, in each case subject to certain exceptions.

As of March 31, 2021, \$2,300 million aggregate principal amount of the Term Loan Facility remained outstanding. See Item 1 of Part I, Financial Statements - Note 6, "Debt" for more information regarding our Senior Facilities and the February 2021 Refinancing Transaction.

We have entered into interest rate swap agreements to manage the interest rate risk associated with interest payments on the Term Loan Facility that result from fluctuations in the LIBOR rate. See Item 1 of Part I, Financial Statements - Note 10, "Derivatives" for more information on the interest rate swap agreements.

5.375% Senior Notes due 2028

Rackspace Technology Global issued \$550 million aggregate principal amount of the 5.375% Senior Notes on December 1, 2020. The 5.375% Senior Notes will mature on December 1, 2028 and bear interest at a fixed rate of 5.375% per year, payable semi-annually on each June 1 and December 1, commencing on June 1, 2021 through maturity. The 5.375% Senior Notes are guaranteed on a senior unsecured basis by all of Rackspace Technology Global's wholly-owned domestic restricted subsidiaries that guarantee the Senior Facilities.

As of March 31, 2021, \$550 million aggregate principal amount of the 5.375% Senior Notes remained outstanding.

3.50% Senior Secured Notes due 2028

On February 9, 2021, Rackspace Technology Global issued \$550 million aggregate principal amount of 3.50% Senior Secured Notes. The 3.50% Senior Secured Notes will mature on February 15, 2028 and bear interest at an annual fixed rate of 3.50%. Interest is payable semiannually on each February 15 and August 15, commencing on August 15, 2021. We may redeem some or all of the 3.50% Senior Secured Notes at our option prior to February 15, 2024 subject to certain limitations and conditions outlined in the 3.50% Notes Indenture.

The 3.50% Senior Secured Notes are secured by first-priority security interests in substantially all material owned assets of Rackspace Technology Global and the subsidiary guarantors, including the equity interest held by each, subject to certain exceptions, which assets also secure the Senior Facilities.

As of March 31, 2021, \$550 million aggregate principal amount of the 3.50% Senior Secured Notes remained outstanding.

Debt covenants

Our Term Loan Facility is not subject to a financial maintenance covenant. As of March 31, 2021, our Revolving Credit Facility included a financial maintenance covenant that limits the borrower's net first lien leverage ratio to a maximum of 5.00 to 1.00. The net first lien leverage ratio is calculated as the ratio of (x) the total amount of the borrower's first lien debt for borrowed money (which is currently identical to the total amount outstanding under the Senior Facilities), less the borrower's unrestricted cash and cash equivalents, to (y) consolidated EBITDA (as defined under the First Lien Credit Agreement governing the Senior Facilities). However, this financial maintenance covenant will only be applicable and tested if the aggregate amount of outstanding borrowings under the Revolving Credit Facility and letters of credit issued thereunder (excluding \$25 million of undrawn letters of credit and cash collateralized letters of credit) as of the last day of a fiscal quarter is equal to or greater than 35% of the Revolving Credit Facility commitments as of the last day of such fiscal quarter. Additional covenants in the Senior Facilities limit our subsidiaries' ability to, among other things, incur certain additional debt and liens, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates.

The Indentures contain covenants that, among other things, limit our subsidiaries' ability to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the Indentures. Additionally, upon the occurrence of a change of control (as defined in the Indentures), we will be required to make an offer to repurchase all of the outstanding 5.375% Senior Notes and 3.50% Senior Secured Notes, respectively, at a price in cash equal to 101% of the aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including the purchase date.

Our "consolidated EBITDA," as defined under our debt instruments, is calculated in the same manner as our Adjusted EBITDA, presented elsewhere in this report, except that our debt instruments allow us to adjust for additional items, including certain start-up costs, and to give pro forma effect to acquisitions, including resulting synergies, and internal cost savings initiatives. In addition, under the Indentures, the calculation of consolidated EBITDA does not take into account substantially any changes in GAAP subsequent to the date of issuance, whereas under the Senior Facilities the calculation of consolidated EBITDA takes into account the impact of certain changes in GAAP subsequent to the original closing date other than with respect to capital leases.

As of March 31, 2021, we were in compliance with all covenants under the Senior Facilities and the Indentures.

Receivables Financing Facility

Under the Receivables Financing Facility, Rackspace Receivables, LLC, a bankruptcy-remote special purpose vehicle ("SPV") indirectly wholly owned by Rackspace Technology Global has granted a security interest in all of its current and future receivables and related assets in exchange for a credit facility permitting borrowings of up to a maximum aggregate amount of \$100 million from time to time. Such borrowings are used by the SPV to finance purchases of accounts receivable. The last date on which advances may be made is March 21, 2022, unless the maturity of the Receivables Financing Facility is otherwise accelerated.

As of March 31, 2021, the interest rate on the Receivables Financing Facility was 2.60%. The SPV is also required to pay a monthly commitment fee based on the unused amount of the facility. Subsequent to March 31, 2021, we repaid a portion of the \$50 million then outstanding Receivables Financing Facility balance in the amount of \$5 million to cover a borrowing base deficit of approximately \$4 million. The agreements evidencing the Receivables Financing Facility contain customary representations and warranties, affirmative and negative covenants, and events of default. We were in compliance with all applicable covenants under the Receivables Financing Facility as of March 31, 2021.

Capital Expenditures

The following table sets forth a summary of our capital expenditures for the periods indicated:

(In millions)	Three Months Ended March 31,	
	2020	2021
Customer gear	\$ 53.5	\$ 35.3
Data center build outs	0.9	2.0
Office build outs	0.3	0.4
Capitalized software and other projects	20.7	21.2
Total capital expenditures	<u>\$ 75.4</u>	<u>\$ 58.9</u>

Capital expenditures were \$59 million in the three months ended March 31, 2021, compared to \$75 million in the three months ended March 31, 2020, a decrease of \$17 million. Capital expenditures were higher during the three months ended March 31, 2020, primarily due to expenditures for storage gear upgrades.

Cash Flows

The following table sets forth a summary of certain cash flow information for the periods indicated:

(In millions)	Three Months Ended March 31,	
	2020	2021
Cash provided by operating activities	\$ 24.8	\$ 103.2
Cash used in investing activities	\$ (32.4)	\$ (4.3)
Cash provided by (used in) financing activities	\$ 50.6	\$ (4.5)

Cash Provided by Operating Activities

Net cash provided by operating activities results primarily from cash received from customers, offset by cash payments made for employee and consultant compensation (less amounts capitalized related to internal-use software that are reflected as cash used in investing activities), data center costs, license costs, third-party infrastructure costs, marketing programs, interest, taxes, and other general corporate expenditures.

Net cash provided by operating activities increased \$78 million, or 316%, in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase was driven by a \$111 million increase in cash collections, primarily reflecting higher revenue levels, as well as the timing of collections. In addition, there was a \$22 million decrease in employee-related payments due to the timing of payroll cycles in certain geographies. These operating cash flow increases were partially offset by a \$48 million increase in operating expense payments, largely for third-party infrastructure costs.

Cash Used in Investing Activities

Net cash used in investing activities primarily consists of capital expenditures to meet the demands of our customer base and our strategic initiatives. The largest outlays of cash are for purchases of customer gear, data center and office build-outs, and capitalized payroll costs related to internal-use software development.

Net cash used in investing activities decreased \$28 million, or 87%, in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This decrease was mainly due to net proceeds of \$31 million from the January 2021 sale of a parcel of undeveloped land in the United Kingdom adjacent to one of our existing data centers. These proceeds were partially offset by a \$3 million increase in cash purchases of property, equipment and software.

Cash Provided by or Used in Financing Activities

Financing activities generally include cash activity related to debt and other long-term financing arrangements (for example, finance lease obligations and financing obligations), including proceeds from and repayments of borrowings, and cash activity related to the issuance and repurchase of equity.

Net cash used in financing activities was \$5 million for the three months ended March 31, 2021 and net cash provided by financing activities was \$51 million for the three months ended March 31, 2020. The change was primarily driven by net long-term debt activity of \$43 million during the three months ended March 31, 2020, which included borrowings of \$50 million under the Receivables Financing Facility that remained outstanding at quarter-end, offset by a \$7 million Prior Term Loan Facility repayment and \$1 million in debt issuance costs paid. Net payments for long-term debt activity were \$4 million during the three months ended March 31, 2021, reflecting the refinancing of our Prior Term Loan Facility, a \$15 million repayment on our Receivables Financing Facility, and \$32 million in debt issuance costs paid. In addition, there was an \$8 million increase in payments for finance leases.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates have not changed from those described in our Annual Report on Form 10-K under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates." For a description of accounting pronouncements recently adopted and issued, see Item 1 of Part I, Financial Statements - Note 1, "Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies."

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rates

We are exposed to interest rate risk associated with fluctuations in interest rates on our floating-rate debt under our Senior Facilities, which includes our \$375 million Revolving Credit Facility and \$2,300 million outstanding under the Term Loan Facility, and our \$50 million Receivables Financing Facility. As of March 31, 2021, there were no outstanding borrowings under the Revolving Credit Facility and therefore our only variable-rate debt outstanding was the \$2,300 million outstanding under the Term Loan Facility and \$50 million outstanding under the Receivables Financing Facility. As of March 31, 2021, assuming the Revolving Credit Facility was fully drawn, each 0.125% change in assumed blended interest rates would result in a \$3 million change in annual interest expense on indebtedness under the Senior Facilities and the Receivables Financing Facility.

Our Term Loan Facility bears interest at an annual rate equal to an applicable margin plus three-month LIBOR, subject to a 0.75% floor. We have entered into interest rate swap agreements indexed to three-month LIBOR in order to manage our risk from fluctuations in three-month LIBOR above the 0.75% floor. The fixed rates for each swap agreement are presented in the table below. As of March 31, 2021, the interest rate on the Term Loan Facility was 3.50%, equal to an applicable margin of 2.75% plus the 0.75% three-month LIBOR floor.

The key terms of the swaps outstanding as of March 31, 2021 are presented below:

Transaction Date	Effective Date	Notional Amount (in millions)	Fixed Rate Paid (Received)	Maturity Date
December 2016	February 3, 2017	\$ 450.0	1.9040%	February 3, 2022
December 2016	February 3, 2017	450.0	1.9040%	February 3, 2022
February 2021	February 3, 2021	(900.0)	(1.9040)%	February 3, 2022
February 2021	February 9, 2021	1,350.0	2.3820%	February 9, 2026
	Total	<u>\$ 1,350.0</u>		

See Item 1 of Part I, Financial Statements - Note 10, "Derivatives," for more information on interest rate swaps.

Foreign Currencies

We are subject to foreign currency translation risk due to the translation of the results of our subsidiaries from their respective functional currencies to the U.S. dollar, our functional currency. As a result, we discuss our revenue on a constant currency as well as actual basis, highlighting our sensitivity to changes in foreign exchange rates. See "*Constant Currency Revenue*." While the majority of our customers are invoiced, and the majority of our expenses are paid, by us or our subsidiaries in their respective functional currencies, we also have exposure to foreign currency transaction gains and losses as the result of certain receivables due from our foreign subsidiaries. As such, the results of operations and cash flows of our foreign subsidiaries are subject to fluctuations in foreign currency exchange rates. In the three months ended March 31, 2021, we recognized foreign currency transaction losses of \$1 million within "Other income (expense), net" in our Consolidated Statements of Comprehensive Loss. As we grow our international operations, our exposure to foreign currency translation and transaction risk could become more significant.

We have in the past and may in the future enter into foreign currency hedging instruments to limit our exposure to foreign currency risk.

In November 2019, we entered into two foreign currency net-zero cost collar contracts with an aggregate notional amount of £100 million and a maturity date of November 30, 2020. Under the terms of the contracts, the British pound sterling to U.S. dollar exchange rate floats between 1.2375 and 1.3475. On March 26, 2020, we settled one of these contracts, with an aggregate notional amount of £50 million, and we received a final net payment of \$1.9 million and on November 19, 2020, we settled the remaining contract, with an aggregate notional amount of £50 million, and we made a final net payment of \$0.2 million.

During 2020, we entered into a series of foreign currency contracts to manage our exposure to movements in the British pound sterling, Euro, and Mexican peso. These contracts had three-month terms and settlement dates throughout the year. None of these contracts settled during the three months ended March 31, 2020. As of December 31, 2020, there was no notional amount outstanding related to these contracts.

During the fourth quarter of 2020, we entered into two foreign currency forward contracts. Under the terms of these contracts, on November 30, 2021, we will sell a total of £80 million at an average rate of 1.3388 British pound sterling to U.S. dollar and receive \$107.1 million.

See Item 1 of Part I, Financial Statements - Note 10, "Derivatives," for more information on foreign currency hedging contracts.

Power Prices

We are a large consumer of power. In the three months ended March 31, 2021, we expensed approximately \$13 million that was paid to utility companies to power our data centers, representing approximately 2% of our revenue. Power costs vary by geography, the source of power generation and seasonal fluctuations and are subject to certain proposed legislation that may increase our exposure to increased power costs. We have fixed price power contracts for data centers in the Dallas-Fort Worth, San Jose, Somerset, New Jersey and London areas that allow us to procure power either on a fixed price or on a variable price basis.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, as of the end of the period covered by this Quarterly Report (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the company, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control

There were no changes in our internal controls over financial reporting during our most recent fiscal quarter reporting period identified in connection with management's evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

We have contingencies resulting from various litigation, claims and commitments. We record accruals for loss contingencies when losses are considered probable and can be reasonably estimated. The amount that will ultimately be paid related to these matters may differ from the recorded accruals, and the timing of such payments is uncertain.

From time to time we may be subject to various legal proceedings arising in the ordinary course of business. In addition, from time to time, third parties may bring intellectual property claims against us asserting that certain of our offerings, services and technologies infringe, misappropriate or otherwise violate the intellectual property or proprietary rights of others.

We are not party to any litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material and adverse effect on our business, financial position or results of operations.

ITEM 1A – RISK FACTORS

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K the risk factors which materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in our Annual Report on Form 10-K and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

Not Applicable.

Use of Proceeds

None.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 – MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5 – OTHER INFORMATION

None.

ITEM 6 – EXHIBITS

Exhibit Number	Exhibit Description
4.1	Indenture, dated as of February 9, 2021, among Rackspace Technology Global, Inc., the subsidiary guarantors party thereto from time to time and Wells Fargo Bank, National Association, as trustee (incorporated by reference from Exhibit 4.1 to Rackspace Technology, Inc.'s Form 8-K, filed on February 9, 2021)
10.1	Incremental Assumption Agreement No. 5, dated as of February 9, 2021, among Rackspace Technology Global, Inc., the subsidiary loan parties, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference from Exhibit 10.1 to Rackspace Technology, Inc.'s Form 8-K, filed on February 9, 2021)
10.2†	Rackspace Technology, Inc. Executive Change in Control Severance Plan (incorporated by reference from Exhibit 10.1 to Rackspace Technology, Inc.'s Form 8-K, filed on March 18, 2021)
10.3†	Employment Agreement, between Rackspace US, Inc. and Holly Windham, effective as of April 17, 2017
10.4†	First Amendment to Employment Agreement, between Rackspace US, Inc. and Holly Windham, effective as of October 1, 2017
10.5†	Employment Agreement, between Rackspace US, Inc. and Matthew Stoyka, effective as of May 14, 2018
10.6†	First Amendment to Employment Agreement, between Rackspace US, Inc. and Matthew Stoyka, effective as of August 1, 2019
10.7†	Second Amendment to Employment Agreement, between Rackspace US, Inc. and Matthew Stoyka, effective as of March 12, 2020
10.8†	Separation Agreement and Release, between Rackspace US, Inc. and Matthew Stoyka, effective as of November 13, 2020
10.9†	Employment Letter to Martin Blackburn, dated as of October 30, 2019
10.10†	Service Agreement, between Rackspace Limited and Martin Blackburn, effective as of December 1, 2019
10.11†	Employment Agreement, between Rackspace US, Inc. and Steve Mills, effective as of June 1, 2020
10.12†	First Amendment to Employment Agreement, between Rackspace US, Inc. and Steve Mills, effective as of July 2, 2020
10.13†	First Amendment to Employment Agreement, between Rackspace US, Inc. and Kevin Jones, effective April 1, 2021
10.14†	Second Amendment to Employment Agreement, between Rackspace US, Inc. and Holly Windham, effective April 1, 2021
10.15	First Amendment to Receivables Financing Agreement, between Rackspace Receivables LLC, Rackspace US, Inc., the financial institutions party thereto as Lenders and Group Agents, and BMO Capital Markets, as administrative agent and arranger, dated as of March 30, 2021
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

† Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RACKSPACE TECHNOLOGY, INC.

Date: May 10, 2021

By: /s/ Amar Maletira
Amar Maletira
President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is between Rackspace US, Inc. (“Company”) and Holly Windham (“Employee”).

1. TERM OF EMPLOYMENT

This Agreement commences April 17, 2017 (“Effective Date”), and ends on April 16, 2020 (the “Employment Period”), and shall thereafter be automatically extended for one year periods unless either Company or Employee gives written notice of non-renewal on or before January 31, 2020 (but not before January 1, 2020), or annually on or before January 31 thereafter (but no earlier than January 1). Notice of non-renewal may only be given between January 1 and January 31. The term “Employment Period” shall refer to the Employment Period if and as so extended.

2. TITLE AND EXCLUSIVE SERVICES

- (a) **Title and Duties.** Employee’s title is Senior Vice President and General Counsel, and she will report to the CEO and perform job duties that are usual and customary for this position. This position will be based in San Antonio, Texas. The Company reserves the right to assign to the Employee duties of a different nature, either additional to, or instead of, those referred to above, it being understood that Employee will not be assigned duties which Employee cannot reasonably perform.
- (b) **Exclusive Services.** Employee shall not be employed or render services elsewhere during the Employment Period; provided however, it being agreed that Employee’s service for a charitable entity, provided it does not unreasonably interfere with Employee’s employment with the Company, shall be permitted.

3. COMPENSATION AND BENEFITS

- (a) **Base Salary.** Employee shall be paid an annual base salary of Three Hundred Seventy-Five Thousand Dollars (\$375,000) and shall be eligible for increases in base salary consistent with Company’s ordinary compensation cycles and process.
- (b) **Bonus.** Employee is eligible for an annualized bonus target of 70% of annual salary, subject to the Rackspace Cash Bonus Plan and as approved by the board of directors or compensation committee. If Employee is terminated by the Company without Cause or resigns for Good Reason (“Involuntary Termination”) a lump-sum payment (less applicable withholding taxes) equal to the product obtained by multiplying (x) 100% of the unpaid portion of the actual annual performance bonus that Employee otherwise would be entitled to receive based on the actual level of achievement of the applicable performance objectives for the fiscal year in which Employee’s Involuntary Termination occurs and (y) the fraction obtained by dividing (A) the number of days from the beginning of the fiscal year in which Employee’s Involuntary Termination occurs until the date of Employee’s Involuntary Termination by (B) 365 will be paid to Employee.

Any amount in this subsection that is owed as a result of Involuntary Termination shall be paid at the same time as bonuses for such fiscal year of the Company are paid to the Company’s other situated employees.

- (c) **Equity.** In consideration for signing this Agreement, Company will recommend to the Executive Committee of the Board of Directors a balloon equity grant of Two Hundred Fifty Thousand (250,000) Stock Options, provided that the initial stock price of Inception Topco, Inc. is \$10.00 per share. In the event the initial stock price of Inception Topco, Inc. is higher or lower than \$10.00 per share, the number of stock options will be reduced or increased proportionately. The stock options will be made in the same form and under the same form of award agreement as equity awards made to similarly situated participants of the Management Equity Program. The Executive Committee has ultimate authority over this award, and must issue final approval before it would be granted. The equity award is expected to be presented for review and approval within ninety (90) days of the Effective date and would be issued pursuant to a Company approved equity plan and standard forms of agreement, which outline the vesting schedule and other terms.

Initials:

Company: AH

Employee: HW

- (d) **Relocation Package.** Employee is eligible to receive a Cumulonimbus relocation package. The details of which are outlined in the attached Exhibit A. The relocation benefits will be administered by Company's relocation approved provider, currently Relocation Synergy. In the event employment ends within the first year for any reason other than termination by the Company without Cause, Employee agrees to reimburse the Relocation Expenses on a Prorated Basis. The term "Prorated Basis" means the total amount of Relocation Expenses made on Employee's behalf at the time of the termination of employment, times a fraction, the numerator of which is the number of complete months Employee was actually employed by the Company, the denominator of which is 12. Employee agrees that reimbursement amount owed to the Company shall be made immediately by a cash payment on Employee's last date of employment. If Employee has not submitted the reimbursement amount to the Company as agreed to herein, Employee authorizes Company to deduct the reimbursement amount from any amount due to Employee, including any compensation or reimbursement.
- (e) **PTO.** Employee is eligible for PTO (paid time off) subject to the Employee Handbook.
- (f) **Employment Benefit Plans.** Employee may participate in employee benefit plans in which other similarly situated employees may participate, according to the terms of applicable policies and as stated in the Employee Handbook. Employee acknowledges receipt of the Employee Handbook available on the intercompany website and will review and abide by its terms.
- (g) **Expenses.** Company will reimburse Employee for business expenses pursuant to Company policy.
- (h) **Indemnification.** Employee will be indemnified pursuant to the terms of the Company's Director and Officer Indemnification Agreement.

4. NONDISCLOSURE OF CONFIDENTIAL INFORMATION

- (a) Company has provided and will continue to provide to Employee confidential information and trade secrets including but not limited to Company's operational, sales, marketing, personally identifiable information about employees, employee contact information and/or materials used for training and or/employee development, and engineering information, customer lists, business contracts, partner agreements, pricing and strategy information, product and cost or pricing data, compensation information, strategic business plans, budgets, financial statements, and other information Company treats as confidential or proprietary (collectively the "Confidential Information"). This section is not intended to limit Employee's rights to discuss Employee's compensation or other terms and conditions of employment as allowed by law. Employee acknowledges that such Confidential Information is proprietary and agrees not to disclose it to anyone outside Company except to the extent that (i) it is necessary in connection with performing her duties; (ii) Employee is required by court order to disclose the Confidential Information, provided that Employee shall promptly inform Company, shall cooperate with Company to obtain a protective order or otherwise restrict disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with the court order. Employee agrees to never use Confidential Information in competing, directly or indirectly, with Company. When employment ends, Employee will immediately return all Confidential Information to Company.
- (b) The terms of this Section 4 shall survive the expiration or termination of this Agreement for any reason.

5. NON-HIRE OF COMPANY EMPLOYEES

- (a) To further preserve the Confidential Information, during employment and for twelve (12) months after employment ends ("Non-Hire Period"), Employee will not, directly or indirectly, (i) hire or engage any current employee of Company, including anyone employed by or providing services to Company within the 6-month period preceding Employee's last day of employment or engagement; (ii) solicit or encourage any employee to terminate employment or services with Company; or (iii) solicit or encourage any employee to accept employment with or provide services to Employee or any business associated with Employee.
- (b) The terms of this Section 5 shall survive the expiration or termination of this Agreement for any reason.

6. NON-SOLICITATION OF CUSTOMERS

- (a) To further preserve the Confidential Information, Employee agrees not to solicit Company's customers for twelve (12) months after employment ends (the "Non-Solicitation Period").
- (c) The terms of this Section 6 shall survive the expiration or termination of this Agreement for any reason.

7. NON-COMPETITION AGREEMENT

- (a) To further preserve the Confidential Information, Employee agrees that during employment and for twelve (12) months after employment ends (the "Restricted Period"), Employee will not work, as an employee, contractor, officer, owner, consultant, or director, in any business anywhere in the world that sells hosting and information technology services substantially similar to those services provided by the Company, namely (i) provisioning, hosting, management, monitoring, supporting, or maintenance of applications, computer servers (whether dedicated, shared or virtual) and network connectivity in a datacenter for remote use via the Internet, (ii) hosted email, storage, collaboration, computer, virtual networking and similar services, and (iii) all similar related services, all of the foregoing being defined for the purposes of this Agreement as "Hosting". The foregoing, however, shall not prevent the Employee from engaging solely in the practice of law, so long as (a) Employee satisfies Employee's professional obligations to keep and not use the Confidential Information and (b) Employee's engagement does not include non-legal duties that are likely to assist a competing business in Hosting as defined above.
- (b) The terms of this Section 7 shall survive the expiration or termination of this Agreement for any reason.

8. TERMINATION

This Agreement may be terminated by mutual written agreement or:

- (a) **Death.** The date of Employee's death shall be the termination date.
- (b) **Disability.** Company may terminate this Agreement and/or Employee's employment if Employee is unable to perform the essential functions of her full-time position for more than 180 days in any 12 month period, subject to applicable law.
- (c) **Termination By Company.** Company may terminate employment with or without Cause and determine the termination date. "Cause" means:
 - (i) willful misconduct, including, without limitation, violation of sexual or other harassment policy, gross negligence, misappropriation of or material misrepresentation regarding property of Company, other than customary and de minimis use of Company property for personal purposes, as determined in the discretion of Company, or failure to take reasonable and appropriate action to prevent material injury to the financial condition, business or reputation of the Company;
 - (ii) abandonment of duties (other than by reason of disability);
 - (iii) failure to follow lawful directives of the Company or failure to meet reasonable performance objectives following a written warning and opportunity to cure for thirty (30) days;
 - (iv) a felony conviction or indictment, a plea of nolo contendere by Employee, or other conduct by Employee that has or would result in material injury to Company's reputation, including indictment or conviction of fraud, theft, embezzlement, or a crime involving moral turpitude;
 - (v) a material breach of this Agreement; or
 - (vi) a significant violation of Company's employment and management policies.
- (d) **Resignation by Employee for Good Reason.** Employee may terminate her employment at any time for "Good Reason," which is: (i) Company's repeated failure to comply with a material term of this Agreement after written notice by Employee specifying the alleged failure; or (ii) a change in reporting structure such that Employee no longer reports to the President or CEO; or (iii) a substantial reduction in responsibilities, authority, or compensation; or (iv) a change of Employee's principal place of employment to more than 25 miles outside of San Antonio, Texas. If Employee elects to terminate her employment for "Good Reason," Employee must first provide Company written notice within thirty (30) days, after which Company shall have sixty (60) days to cure. If Company has not cured and Employee elects to terminate her employment, she must do so within ten (10) days after the end of the cure period. Notwithstanding section (d)(ii) above, Employee shall not have good reason to

terminate if the change in reporting structure follows a change of control and the change in the reporting structure results in Employee reporting to the head of a division of an acquisition entity which is comparable to reporting to the President or CEO of the company prior to the change of control.

9. COMPENSATION UPON TERMINATION

- (a) **Death.** Company shall, within 30 days, pay to Employee's designee or, if no person is designated, to Employee's estate, Employee's accrued and unpaid Base Salary and bonus, subject to the terms of any applicable bonus plan, through the date of termination, and any payments required under applicable employee benefit plans.
- (b) **Disability.** Company shall, within 30 days, pay all accrued and unpaid base Salary and bonus, subject to the terms of any applicable bonus plan, through the termination date and any payments required under applicable employee benefit plans.
- (c) **Termination By Company For Cause:** Company shall, within 30 days, pay to Employee her accrued and unpaid Base Salary through the termination date and any payments required under applicable employee benefit plans.
- (d) **Non-Renewal By Employee.** If Employee gives notice of non-renewal under Section 1, Company shall determine the termination date and will pay accrued and unpaid Base Salary through the termination date, and any payments required under applicable employee benefit plans. If the termination date is before the end of the then current Employment Period, and if Employee signs a Severance Agreement and General Release of claims in a form satisfactory to Company, then Company will, in periodic payments in accordance with ordinary payroll practices and deductions, pay Employee an amount equal to her pro-rata Base Salary through the end of the then current Employment Period ("Severance Pay Period").
- (e) **Termination With Severance.**
 - (1) Termination By Company Without Cause or Resignation by Employee for Good Reason - Severance: If Company terminates employment without Cause and not by reason of death or disability or if Employee resigns for Good Reason, Company will pay the accrued and unpaid Base Salary through the termination date and any payments required under applicable employee benefit plans. In addition, if Employee signs a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, in periodic payments in accordance with ordinary payroll practices and deductions, Employee's current Base Salary for twelve (12) months (the "Severance Payments" or "Severance Pay Period"). In addition to the Severance Payments, Company will pay Employee an additional amount in a lump sum, less applicable federal and state withholdings and other ordinary payroll deductions, ("COBRA Amount") which represents the estimated amount that you may be required to pay for election of benefits under COBRA (Consolidated Omnibus Budget Reconciliation Act) for approximately six (6) months.
 - (2) Non-Renewal By Company – Severance: If employment ends because Company gives notice of non-renewal under Section 1, Company shall determine the termination date, even if such date is prior to the end of the Employment Period and will pay the accrued and unpaid Base Salary through the termination date and any payments required under applicable employee benefit plans. In addition, if Employee signs a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, in periodic payments in accordance with ordinary payroll practices and deductions, Employee's current Base Salary for twelve (12) months (the "Severance Payments" or "Severance Pay Period"). In addition to the Severance Payments, Company will pay Employee an additional amount in a lump sum, less applicable federal and state withholdings and other ordinary payroll deductions, ("COBRA Amount") which represents the estimated amount that you may be required to pay for election of benefits under COBRA (Consolidated Omnibus Budget Reconciliation Act) for approximately six (6) months.
 - (3) Employment by Competitor or Re-hire During Severance Pay Period:
 - (i) If Employee competes with Company, or is hired or engaged in any capacity by any competitor of Company (to be determined in Company's discretion), during any Severance Pay Period, then the Severance Payments shall cease. The foregoing shall not affect Company's right to enforce the Non-Compete pursuant to Section 7. For purposes of this sub-

section, a “competitor” of Company means: any business anywhere in the world that sells Hosting as defined in Section 7.

(ii) If Employee is rehired by Company or employed by or performing full-time services in any non-competitive capacity or business during any Severance Pay Period, the Severance Payments shall cease.

10. OWNERSHIP OF MATERIALS

Employee agrees that all inventions, improvements, discoveries, designs, technology, and works of authorship (including but not limited to computer software) made, created, conceived, or reduced to practice by Employee, whether alone or in cooperation with others, during employment, together with all patent, trademark, copyright, trade secret, and other intellectual property rights related to any of the foregoing throughout the world, are among other things works made for hire and belong exclusively to the Company, and Employee hereby assigns all such rights to the Company. Employee agrees to execute any documents, testify in any legal proceedings, and do all things necessary or desirable to secure Company’s rights to the foregoing, including without limitation executing inventors’ declarations and assignment forms. If there is a separate signed agreement between Employee and the Company including terms directly related to intellectual property rights, then the intellectual property terms of that agreement shall control.

11. PARTIES BENEFITED; ASSIGNMENTS

This Agreement shall be binding upon Employee, her heirs and her personal representative or representatives, and upon Company and its respective successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by Employee, other than by will or by the laws of descent and distribution.

12. GOVERNING LAW

This Agreement shall be governed by the laws of the State of Texas and Employee expressly consents to the personal jurisdiction of the Texas state and federal courts for any lawsuit relating to this Agreement.

13. DEFINITION OF COMPANY

“Company” shall include Rackspace US, Inc., and its past, present and future divisions, operating companies, subsidiaries, affiliates and successors.

14. LITIGATION AND REGULATORY COOPERATION

During and after employment, Employee shall reasonably cooperate in the defense or prosecution of claims, investigations, or other actions which relate to events or occurrences during employment. Employee’s cooperation shall include being available to prepare for discovery or trial and to act as a witness. Company will pay an hourly rate (based on Base Salary as of the last day of employment) for cooperation that occurs after employment, and reimburse for reasonable expenses, including travel expenses, reasonable attorneys’ fees and costs.

15. DISPUTE RESOLUTION

(a) Injunctive Relief: Employee agrees that irreparable damages to Company will result from Employee’s breach of this Agreement, including loss of revenue, loss of goodwill associated with Employee as a result of employment, and/or loss of the benefit to Company of any training, confidential, and/or trade secret information provided to Employee, and any other tangible and intangible investments made to and on behalf of Employee. A breach or threat of breach of this Agreement shall give the non-breaching party the right to seek a temporary restraining order and a preliminary or permanent injunction enjoining the breaching party from violating this Agreement in order to prevent immediate and irreparable harm. The breaching party shall pay to the non-breaching party reasonable attorneys’ fees and costs associated with enforcement of this Agreement, including any appeals. Pursuit of equitable relief under this Agreement shall have no effect regarding the continued enforceability of the Arbitration Section below. Remedies for breach under this Section are cumulative and not exclusive; the parties may elect to pursue any remedies available under this Agreement.

(b) Arbitration: The parties agree that any dispute or claim, that could be brought in court including discrimination or retaliation claims, relating to this Agreement or arising out of Employee's employment or termination of employment, shall, upon timely written request of either party, be submitted to binding arbitration, except claims regarding: (i) workers' compensation benefits; (ii) unemployment benefits; (iii) Company's employee welfare benefit plans, if the plan contains a final and binding appeal procedure for the resolution of disputes under the plan; (iv) wage and hour disputes within the jurisdiction of any state Labor Commissioner; and (v) issues that could be brought before the National Labor Relations Board or covered by the National Labor Relations Act. *This Agreement is not intended to prohibit the Employee from filing a claim or communicating with any governmental agency including the Equal Employment Opportunity Commission, the National Labor Relations Board or the Department of Labor.* The arbitration shall be conducted in San Antonio, Texas. The arbitration shall proceed in accordance with the *National Rules for Resolution of Employment Disputes of the American Arbitration Association* ("AAA") in effect at the time the claim or dispute arose, unless other rules are agreed upon by the parties. Unless agreed to in writing, the arbitration shall be conducted by one arbitrator from AAA or a comparable arbitration service, and who is selected pursuant to the National Rules for Resolution of Employment Disputes of the AAA, or other rules as the parties may agree to in writing. Any claims received after the applicable statute of limitations period shall be deemed null and void. The parties further agree that by entering into this Agreement, the right to participate in a class or collective action is waived. CLAIMS MAY BE ASSERTED AGAINST THE OTHER PARTY ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless the parties agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative, collective or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void. The arbitrator shall issue a reasoned award with findings of fact and conclusions of law. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement, or to enforce or vacate an arbitration award. However, in actions seeking to vacate an award, the standard of review to be applied by said court to the arbitrator's findings of fact and conclusions of law will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury, unless state law requires otherwise. Company will pay the actual fee for the arbitrator and the claimant's filing fee; each party will pay their own attorneys' fees and other expenses. Unless otherwise provided by law and awarded by the arbitrator, each party will pay its own attorneys' fees and other costs.

16. REPRESENTATIONS AND WARRANTIES OF EMPLOYEE

Employee shall keep all terms of this Agreement confidential, except as may be disclosed to Employee's spouse, accountants or attorneys. Employee represents that she is under no contractual or other restriction inconsistent with the execution of this Agreement, the performance of her duties hereunder, or the rights of Company. Employee authorizes the Company to inform any prospective employer of the existence and terms of this Agreement without liability for interference with Employee's prospective employment. Employee represents that she is under no disability that prevents her from performing the essential functions of her position, with or without reasonable accommodation.

17. SECTION 409A COMPLIANCE

Payments under this Agreement (the "Payments") shall be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A, the Regulations, applicable case law and administrative guidance. All Payments shall be deemed to come from an unfunded plan. Notwithstanding any provision in this Agreement, all Payments subject to Section 409A will not be accelerated in time or schedule. Employee and Company will not be able to change the designated time or form of any Payments subject to Section 409A. In addition, all Severance Payments that are deferred compensation and subject to Section 409A will only be payable upon a "separation from service" (as that term is defined at Section 1.409A-l(h) of the Treasury Regulations) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-l(h)(3). All references in this Agreement to a termination of employment and correlative terms shall be construed to require a "separation from service".

18. MISCELLANEOUS

This Agreement is not effective unless fully executed by all parties, including the President and CEO or authorized officer of the Company, and approved by the board of directors or compensation committee as required by Company. This Agreement contains the

entire agreement of the parties on the subject matters in this agreement and supersedes any prior written or oral agreements or understandings between the parties except as noted in Section 10 above. No modification shall be valid unless in writing and signed by the parties. This Agreement may be executed in counterparts, a counterpart transmitted via electronic means, and all executed counterparts, when taken together, shall constitute sufficient proof of the parties' entry into this Agreement. The parties agree to execute any further or future documents which may be necessary to allow the full performance of this Agreement. The failure of a party to require performance of any provision of this Agreement shall not affect the right of such party to later enforce any provision. A waiver of the breach of any term or condition of this Agreement shall not be deemed a waiver of any subsequent breach of the same or any other term or condition.

If any provision of this Agreement shall, for any reason, be held unenforceable, such unenforceability shall not affect the remaining provisions hereof, except as specifically noted in this Agreement, or the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law. Company and Employee agree that the restrictions contained in Section 4, 5, 6, and 7, are reasonable in scope and duration and are necessary to protect Confidential Information. If any restrictive covenant is held to be unenforceable because of the scope, duration or geographic area, the parties agree that the court or arbitrator may reduce the scope, duration, or geographic area, and in its reduced form, such provision shall be enforceable. Should Employee violate the provisions of Sections 5, 6, or 7, then in addition to all other remedies available to Company, the duration of these covenants shall be extended for the period of time when Employee began such violation until she permanently ceases such violation. The headings in this Agreement are inserted for convenience of reference only and shall not control the meaning of any provision hereof.

Upon full execution by all parties, this Agreement shall be effective on the later date of the two signature dates below.

EMPLOYEE:

/s/ Holly Windham

Date: 03/15/2017

Holly Windham

COMPANY:

/s/ Aimee Hoyt

Date: 3/20/17

Rackspace US, Inc.

By: Aimee Hoyt
Its: SVP HR

EXHIBIT A



Relocation Benefits Summary – Cumulonimbus

The relocation details outlined below also apply to your offer of employment.

The full relocation policy will be provided to you by the relocation company during your initial consultation. They will be happy to answer any questions you have about the relocation policy or benefits. Should you have immediate questions regarding your relocation benefits, please contact your recruiter.

BENEFIT	DESCRIPTION
Lump Sum Allowance	Rackspace will provide you with a one-time lump sum allowance in the amount of \$100,000, intended to assist with usual and customary out-of-pocket relocation expenses. The allowance will be funded by the relocation provider, Relocation Synergy Group (RSG).
Temporary Living	Rackspace will provide you and your family with temporary accommodations up to a maximum of 6 months. RSG will book these arrangements for you. Rackspace will cover up to two trips home per month for up to a maximum of 6 months while in temporary living. Reimbursement of economy flights or mileage will be at IRS current rate only.
Home Search Trip	Covered by lump sum allowance.
Final Relocation Trip	Covered by lump sum allowance.
Home Marketing, Assistance	Referral to RSG approved broker; assistance with marketing strategies and contract negotiations.—No home sale closing costs.
Home Search/Rental Assistance	Referral to RSG approved broker or rental agent; with preferred mortgage lender, if applicable. No new home closing costs will be covered.
Shipment of Household Goods	You are eligible for a full pack and move. (Pack, load, ship and unload household goods.) Fully insured. Up to two (2) automobiles, if moving over 500 miles. No storage.

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (this “Amendment”) is dated October 1, 2017 (the “Amendment Effective Date”) by and between Rackspace US, Inc. (the “Company”) and Holly Windham (“Executive”).

WHEREAS, the Company and Executive are parties to that certain Employment Agreement dated as of April 17, 2017 (the “Employment Agreement”); and

WHEREAS, the Company and Executive wish to amend certain provisions of the Employment Agreement as provided herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Company and Executive hereby agree to amend the Employment Agreement as follows:

AGREEMENT

- Section 2(a) of the Agreement will be amended to read as follows:

2(a) Title and Duties. Employee’s title is Chief Legal Officer & General Counsel, and she will report to the CEO and perform job duties that are usual and customary for this position. This is an Executive Vice President level position. The position will be based in San Antonio, Texas. The Company reserves the right to assign to Employee duties of a different nature, either additional to, or instead of those referred to above, it being understood that Employee will not be assigned duties which Employee cannot reasonably perform.

- Governing Law; Dispute Resolution. Section 12 and Section 15 of the Employment Agreement shall be incorporated herein, *mutatis mutandis*.

- Entire Agreement. This Amendment, in conjunction with the Employment Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all oral and written agreements and understanding made and entered into by the parties prior to the Amendment Effective Date. For the avoidance of doubt, except as specifically amended herein, the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed the Amendment as of the Effective date stated above.

Executive
Rackspace US, Inc.

By: /s/ Holly Windham
Holly Windham

Name: /s/ K. Butler
Title: VP, Global Rewards

CONDITIONAL EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is between Rackspace US, Inc. (“Company”) and Matthew Stoyka (“Employee”). This agreement is expressly conditioned upon any necessary corporate consents and approvals. This Agreement shall be null and void and of no further force or effect if the transactions contemplated by that certain Membership Interest Purchase Agreement, by and among FiloHoldings, LLC, RelationEdge, LLC, the Company and each of the Seller Guarantors party thereto (the “MIPA”) are not consummated, and in such event neither Employee nor the Company shall have any obligations to the other under this Agreement.

1. TERM OF EMPLOYMENT

This Agreement commences upon the closing of the transaction contemplated by the MIPA (the “Effective Date”), and ends on the one-year anniversary of the Effective Date (the “Employment Period”), and shall thereafter be automatically extended for one-year periods unless either Company or Employee gives written notice of non-renewal no later than ninety days prior to the expiration of the then-applicable Employment Period. The term “Employment Period” shall refer to the Employment Period if and as so extended.

2. TITLE AND EXCLUSIVE SERVICES

- (a) **Title and Duties.** Employee’s title is VP & GM, and Employee will perform job duties that are usual and customary for this position. This position will be based in San Diego, California. The Company reserves the right to assign to the Employee duties of a different nature, either additional to, or instead of, those referred to above, it being understood that Employee will not be assigned duties which Employee cannot reasonably perform.
- (b) **Exclusive Services.** Employee shall not be employed or render services elsewhere during the Employment Period. Notwithstanding the foregoing provision of this Section, during the Employment Period, Employee may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations), or activities related to corporate board or advisory board positions for non-competitive companies, subject to the company’s standard approval policy, and the management of the Employee’s personal investments, to the extent such activities do not compete in a material way with the business of the Company.

3. COMPENSATION AND BENEFITS

- (a) **Base Salary.** Employee shall be paid an annual base salary of Two Hundred Fifty Thousand Dollars (\$250,000) and shall be eligible for increases in base salary consistent with Company’s ordinary compensation cycles and process.
- (b) **Bonus.** Employee is eligible for an annualized target bonus of 40% of annual salary, subject to the Rackspace Corporate Cash Bonus Plan and as approved by the board of directors or compensation committee.
- (c) **PTO.** Employee is eligible for PTO (paid time off) subject to the Employee Handbook.
- (d) **Employment Benefit Plans.** Employee may participate in employee benefit plans in which other similarly situated employees may participate, according to the terms of applicable policies and as stated in the Employee Handbook. Employee acknowledges receipt of the Employee Handbook available on the intercompany website and will review and abide by its terms.
- (e) **Expenses.** Company will reimburse Employee for business expenses pursuant to Company policy.
- (f) **Equity Award.** In consideration for signing this Agreement, Company will recommend to the Executive Committee of the Board of Directors of Inception Topco, Inc. (the “Executive Committee”) a one-time recruiting grant of options to purchase shares of Inception Topco, Inc. common stock with \$325,000 in approximate Option Value (equal to the number of stock options multiplied by the per share strike price), at a per share strike price equal to the fair market value of a share of Inception Topco, Inc. common stock on the date of grant, pursuant to the Equity Incentive Plan (the “Equity Award”). The Executive Committee has ultimate authority over this recommended award, and would have to issue final approval before it would be granted. The recommended equity award is expected to be presented for review and approval within ninety (90) days of the Effective Date of this Agreement, and would be issued pursuant and subject to the Equity Incentive Plan and a form of agreement for similarly situated employees of the Annual Equity Program, which outline the vesting schedule and other terms. Employee is eligible for additional equity grants consistent with Company’s ordinary compensation cycles, dates, and process.

4. NONDISCLOSURE OF CONFIDENTIAL INFORMATION

- (a) Company has provided and will continue to provide to Employee confidential information and trade secrets including but not limited to Company’s operational, sales, marketing, personally identifiable information about employees, employee contact

information and/or materials used for training and or/employee development, and engineering information, customer lists, business contracts, partner agreements, pricing and strategy information, product and cost or pricing data, compensation information, strategic business plans, budgets, financial statements, and other information Company treats as confidential or proprietary (collectively the “Confidential Information”). This section is not intended to limit Employee’s rights to discuss Employee’s compensation or other terms and conditions of employment as allowed by law. Employee will not be liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigation a suspected violation of law or that is made in a document filed in a lawsuit so long as it is filed under seal. Employee acknowledges that such Confidential Information is proprietary and agrees not to disclose it to anyone outside Company except to the extent that (i) it is necessary in connection with performing his duties; (ii) Employee is required by court order to disclose the Confidential Information, provided that Employee shall promptly inform Company, shall cooperate with Company to obtain a protective order or otherwise restrict disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with the court order. Employee agrees to never use Confidential Information in competing, directly or indirectly, with Company. When employment ends, Employee will immediately return all Confidential Information to Company.

- (b) The terms of this Section 4 shall survive the expiration or termination of this Agreement for any reason.

5. NON-HIRE OF COMPANY EMPLOYEES

- (a) To further preserve the Confidential Information, during employment and for twelve (12) months after employment ends (“Non-Hire Period”), Employee will not, directly or indirectly, (i) hire or engage any current employee of Company, including anyone employed by or providing services to Company at the time of the completion of the MIPA (ii) solicit or encourage any employee to terminate employment or services with Company; or (iii) solicit or encourage any employee to accept employment with or provide services to Employee or any business associated with Employee.
- (b) The terms of this Section 5 shall survive the expiration or termination of this Agreement for any reason.

6. NON-SOLICITATION OF CUSTOMERS & SUPPLIERS

- (a) To further preserve the Confidential Information, for six (6) months after employment ends (the “Non-Solicitation Period”), Employee agrees not to directly or indirectly, on Employee’s own behalf or on behalf of any other person or entity, recruit or otherwise solicit or induce any customer or supplier of the Company at the time of the completion of the MIPA, to terminate its employment or arrangement with the Company, otherwise change its relationship with the Company or establish any relationship with Employee or any of Employee’s affiliates for any business purpose deemed competitive with the business of the Company.
- (b) The terms of this Section 6 shall survive the expiration or termination of this Agreement for any reason.

7. TERMINATION

Employee’s employment may be terminated prior to the end of this Agreement only by mutual written agreement or:

- (a) **Death.** The date of Employee’s death shall be the termination date.
- (b) **Disability.** Company may terminate this Agreement and/or Employee’s employment if Employee is unable to perform the essential functions of Employee’s full-time position for more than 180 days in any 12 month period, subject to applicable law.
- (c) **Termination By Company.** Company may terminate Employee’s employment with or without Cause and determine the termination date. “Cause” means:
- (i) willful misconduct, including, without limitation, violation of sexual or other harassment policy, gross negligence, misappropriation of or material misrepresentation regarding property of Company, other than customary and de minimis use of Company property for personal purposes, as determined in the discretion of Company, or failure to take reasonable and appropriate action to prevent material injury to the financial condition, business or reputation of the Company;

Initials:

Company: LSD
Employee: MS

- (ii) abandonment of duties (other than by reason of disability);
- (iii) failure to follow lawful directives of the Company or failure to meet reasonable performance objectives following a written warning and opportunity to cure for thirty (30) days;
- (iv) a felony conviction or indictment, a plea of nolo contendere by Employee, or other conduct by Employee that has or would result in material injury to Company's reputation, including indictment or conviction of fraud, theft, embezzlement, or a crime involving moral turpitude;
- (v) a material breach of this Agreement; or
- (vi) a significant violation of Company's employment and management policies.

8. COMPENSATION UPON TERMINATION

- (a) **Death.** Company shall, within 30 days, pay to Employee's designee or, if no person is designated, to Employee's estate, Employee's accrued and unpaid base salary and bonus, subject to the terms of any applicable bonus plan, through the date of termination, and any payments required under applicable employee benefit plans.
- (b) **Disability.** Company shall, within 30 days, pay all accrued and unpaid base salary and bonus, subject to the terms of any applicable bonus plan, through the termination date and any payments required under applicable employee benefit plans.
- (c) **Termination By Company For Cause:** Company shall, within 30 days, pay to Employee, Employee's accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits).
- (d) **Non-Renewal By Employee.** If Employee gives notice of non-renewal under Section 1, Company shall determine the termination date and will pay accrued and unpaid base salary through the termination date, and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). If the termination date is before the end of the then current Employment Period, and if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, then Company will, in periodic payments in accordance with ordinary payroll practices and deductions, pay Employee an amount equal to Employee's pro-rata base salary through the end of the then current Employment Period (the "Severance Payments" or "Severance Pay Period").
- (e) **Termination With Severance.**
 - (1) Termination By Company Without Cause - Severance: If Company terminates Employee's employment without Cause and not by reason of death or disability, Company will pay the accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, in periodic payments in accordance with ordinary payroll practices and deductions, the greater of Employee's current base salary for six (6) months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination based on the Employee's location (the "Severance Payments" or "Severance Pay Period").
 - (2) Non-Renewal By Company – Severance: If Employee's employment ends because Company gives notice of non-renewal under Section 1, Company shall determine the termination date, even if such date is prior to the end of the Employment Period and will pay the accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, in periodic payments in accordance with ordinary payroll practices and deductions, the greater of Employee's current base salary for six (6) months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination base on the Employee's location (the "Severance Payments" or "Severance Pay Period").
 - (3) Re-hire During Severance Pay Period: If Employee is rehired by Company or employed by or performing services in any non-competitive capacity or business during any Severance Pay Period, the Severance Payments shall cease.

9. OWNERSHIP OF MATERIALS

Employee agrees that all inventions, improvements, discoveries, designs, technology, and works of authorship (including but not limited to computer software) made, created, conceived, or reduced to practice by Employee, whether alone or in cooperation with others, during employment, together with all patent, trademark, copyright, trade secret, and other intellectual property rights related to any of the foregoing throughout the world, are among other things works made for hire and belong exclusively to the Company, and Employee hereby assigns all such rights to the Company. Employee agrees to execute any documents, testify in any legal proceedings, and do all things necessary or desirable to secure Company's rights to the foregoing, including without limitation executing inventors' declarations and assignment forms. If there is a separate signed agreement between Employee and the Company including terms directly related to intellectual property rights, then the intellectual property terms of that agreement shall control.

10. PARTIES BENEFITED; ASSIGNMENTS

This Agreement shall be binding upon Employee, Employee's heirs and Employee's personal representative or representatives, and upon Company and its respective successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by Employee, other than by will or by the laws of descent and distribution. The Company may assign its rights and obligation under this Agreement to any entity, including any successor to all or substantially all the assets of the Company, by merger or otherwise.

11. GOVERNING LAW

This Agreement shall be governed, construed, interpreted, and enforced in accordance with the substantive laws of the State of California, without reference to the principles of conflicts of law of California or any other jurisdiction, and where applicable, the laws of the United States. Each of the Company and Employee (on behalf of itself and its affiliates) expressly consents to the personal jurisdiction of the California state and federal courts for any lawsuit relating to this Agreement, waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to such personal jurisdiction or service of process, and waives any objection to jurisdiction based on improper venue or improper jurisdiction.

Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action, or proceeding arising out of or relating to this Agreement. Each party hereto (i) certifies that no representative, agent, or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action, suit, or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party hereto have been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this Section.

Employee acknowledges and agrees that Employee is represented by counsel in connection with his review and agreement to all terms and conditions of this Agreement.

Employee acknowledges and agrees that entering into this Agreement is not a condition of Employee's employment with the Company or its affiliates.

12. DEFINITION OF COMPANY

"Company" shall include Rackspace US, Inc., and its past, present and future divisions, operating companies, subsidiaries, affiliates and successors.

13. LITIGATION AND REGULATORY COOPERATION

During and after employment, Employee shall reasonably cooperate in the defense or prosecution of claims, investigations, or other actions which relate to events or occurrences during employment. Employee agrees, unless precluded by law, to promptly inform the Company if Employee is asked to participate (or otherwise become involved) in any such claim, investigation or action. Employee's cooperation shall include being available to prepare for discovery or trial and to act as a witness. Company will pay an hourly rate (based on base salary as of the last day of employment) for cooperation that occurs after employment, and reimburse for reasonable expenses, including travel expenses, reasonable attorneys' fees and costs.

14. DISPUTE RESOLUTION

- (a) **Injunctive Relief:** Employee agrees that irreparable damages to Company will result from Employee's breach of this Agreement, including loss of revenue, loss of goodwill associated with Employee as a result of employment, and/or loss of the benefit to Company of any training, confidential, and/or trade secret information provided to Employee, and any other tangible and intangible investments made to and on behalf of Employee. A breach or threat of breach of this Agreement shall give the non-breaching party the right to seek a temporary restraining order and a preliminary or permanent injunction enjoining the

breaching party from violating this Agreement in order to prevent immediate and irreparable harm. The breaching party shall pay to the non-breaching party reasonable attorneys' fees and costs associated with enforcement of this Agreement, including any appeals. Pursuit of equitable relief under this Agreement shall have no effect regarding the continued enforceability of the Arbitration Section below. Remedies for breach under this Section are cumulative and not exclusive; the parties may elect to pursue any remedies available under this Agreement.

- (b) **Arbitration:** The parties agree that any dispute or claim, that could be brought in court including discrimination or retaliation claims, relating to this Agreement or arising out of Employee's employment or termination of employment, shall, upon timely written request of either party, be submitted to binding arbitration, except claims regarding: (i) workers' compensation benefits; (ii) unemployment benefits; (iii) Company's employee welfare benefit plans, if the plan contains a final and binding appeal procedure for the resolution of disputes under the plan; (iv) wage and hour disputes within the jurisdiction of any state Labor Commissioner; and (v) issues that could be brought before the National Labor Relations Board or covered by the National Labor Relations Act. *This Agreement is not intended to prohibit the Employee from filing a claim or communicating with any governmental agency including the Equal Employment Opportunity Commission, the National Labor Relations Board or the Department of Labor.* The arbitration shall be conducted in San Antonio, Texas. The arbitration shall proceed in accordance with the *National Rules for Resolution of Employment Disputes of the American Arbitration Association* ("AAA") in effect at the time the claim or dispute arose, unless other rules are agreed upon by the parties. Unless agreed to in writing, the arbitration shall be conducted by one arbitrator from AAA or a comparable arbitration service, and who is selected pursuant to the National Rules for Resolution of Employment Disputes of the AAA, or other rules as the parties may agree to in writing. Any claims received after the applicable statute of limitations period shall be deemed null and void. The parties further agree that by entering into this Agreement, the right to participate in a class or collective action is waived. **CLAIMS MAY BE ASSERTED AGAINST THE OTHER PARTY ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.** Further, unless the parties agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative, collective or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void. The arbitrator shall issue a reasoned award with findings of fact and conclusions of law. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement, or to enforce or vacate an arbitration award. However, in actions seeking to vacate an award, the standard of review to be applied by said court to the arbitrator's findings of fact and conclusions of law will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury, unless state law requires otherwise. Company will pay the actual fee for the arbitrator and the claimant's filing fee; unless otherwise provided by law and awarded by the arbitrator, each party will pay their own attorneys' fees and other expenses.

15. REPRESENTATIONS AND WARRANTIES OF EMPLOYEE

Employee shall keep all terms of this Agreement confidential, except as may be disclosed to Employee's spouse, accountants or attorneys, each of whom shall agree to keep all terms of this Agreement confidential. Employee represents that Employee is under no contractual or other restriction inconsistent with the execution of this Agreement, the performance of his duties hereunder, or the rights of Company. Employee authorizes the Company to inform any prospective employer of the existence and terms of this Agreement without liability for interference with Employee's prospective employment. Employee represents that Employee is under no disability that prevents Employee from performing the essential functions of Employee's position, with or without reasonable accommodation. Employee represents that Employee is represented by counsel in connection with is review and agreement to all terms and conditions of this Agreement.

16. SECTION 409A COMPLIANCE

- (a) **General.** The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be taxable currently to the Employee under Section 409A(a)(1)(A) of the Code and related Department of Treasury guidance, the Company and the Employee shall cooperate in good faith to (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that they mutually determine to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement, and to avoid less-favorable accounting or tax consequences for the Company, and/or (ii) take such other actions as mutually determined to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A of the Code or to comply with the requirements of Section 409A of the Code and thereby avoid the application of penalty taxes thereunder, provided, however, that this Section does not create an obligation on the part of the Company to modify this Agreement or any other agreement, arrangement or plan and does not guarantee that the amounts payable hereunder

will not be subject to interest or penalties under Section 409A, and in no event whatsoever shall the Company or any of its affiliates be liable for any additional tax, interest, or penalties that may be imposed on Employee as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

- (b) **Separation from Service under Section 409A.** Notwithstanding any provision to the contrary in this Agreement: (i) no Severance Payments shall be payable unless the termination of the Employee's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; (ii) if the Employee is deemed at the time of Employee's separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent that delayed commencement of any portion of the Severance Payments (after taking into account all exclusions applicable to such Severance Payment under Section 409A) is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Severance Payments shall not be provided to the Employee prior to the earlier of (A) the expiration of the six-month period measured from the date of the Employee's "separation from service" with the Company (as such term is defined in the Department of Treasury Regulations issued under Section 409A) and (B) the date of the Employee's death; provided, that upon the earlier of such dates, all payments deferred pursuant to this Section 18(b) shall be paid to the Employee in a lump sum, and any remaining Severance Payments shall be paid as otherwise provided herein; (iii) the determination of whether the Employee is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Employee's separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Section 1.409A-1(i) of the Department of Treasury Regulations and any successor provision thereto); (iv) for purposes of Section 409A of the Code, the Employee's right to receive installment payments of the Severance Payments shall be treated as a right to receive a series of separate and distinct payments; and (v) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year. Reimbursements and in-kind benefits are not subject to liquidation or exchange for another benefit.

17. WITHHOLDING

The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, and foreign withholding and other taxes and charges that the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

18. EXCESS PARACHUTE PAYMENTS.

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program, or arrangement, including without limitation any stock option, stock appreciation right, or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being contingent on a change in ownership or effective control of the Company or of a substantial portion of the assets of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto), or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest or penalties, are hereafter collectively referred to as the "Excise Tax"), then, in the event that the after-tax value of all Payments to Employee (such after-tax value to reflect the reduction for the Excise Tax and all federal, state, and local income, employment, and other taxes on such Payments) would, in the aggregate, be less than the after-tax value to Employee (reflecting a reduction for all such taxes in a like manner) of the amount that is 2.99 times Employee's "base amount" within the meaning of Section 280G(b)(3) of the Code (the "Safe Harbor Amount"), (a) the cash portions of the Payments payable to Employee under this Agreement shall be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value (as defined below) of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount, and (b) if the reduction of the cash portions of the Payments, payable under this Agreement, to zero would not be sufficient to reduce the Parachute Value of all Payments to the Safe Harbor Amount, then any cash portions of the Payments payable to Employee under any other agreements, policies, plans, programs, or arrangements shall be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount, and (c) if the reduction of all cash portions of the Payments, payable pursuant to this Agreement or otherwise, to zero would not be sufficient to reduce the Parachute Value of all Payments to the Safe Harbor Amount, then non-cash portions of the Payments shall be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount. All calculations under this Section shall be determined by a national accounting firm selected by the Company (which may include the Company's outside auditors). The Company shall pay all costs to obtain and provide such calculations to Employee and the Company. For purposes of this Agreement, the "Parachute Value" of a Payment shall mean the present value as of the date of the change in ownership or effective control, within the meaning of

Section 280G of the Code, of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

19. MISCELLANEOUS

This Agreement is not effective unless fully executed by all parties, including the President and CEO or authorized officer of the Company, and approved by the Executive Committee as required by Company or its affiliates. This Agreement may not be modified, amended, or terminated except by an instrument in writing signed by Employee and the President and CEO or authorized officer of the Company that expressly identifies the amended provision of this Agreement. This Agreement, together with any separate agreement as contemplated by Section 10 hereof, the Retention Agreement by and among FiloHoldings LLC, a Delaware limited liability company, RelationEdge LLC, a Delaware limited liability company, Rackspacc US, Inc., a Delaware corporation, and the Employees listed on the signature pages there, and Membership Interest Purchase Agreement by and among FiloHoldings LLC, a Delaware limited liability company, RelationEdge LLC, a Delaware limited liability company, Rackspacc US, Inc., a Delaware corporation, and the Seller Guarantors named therein, contains the entire agreement of the parties on the subject matters in this agreement and supersedes any prior written or oral agreements or understandings between the parties except as noted above. For the avoidance of doubt, any prior employment agreement by and between the Employee and RelationEdge, LLC or any of its subsidiaries, is hereby terminated and of no further force and effect (except to the extent the provisions thereof expressly survive termination. No modification shall be valid unless in writing and signed by the parties. This Agreement may be executed in counterparts, a counterpart transmitted via electronic means, and all executed counterparts, when taken together, shall constitute sufficient proof of the parties’ entry into this Agreement. The parties agree to execute any further or future documents which may be necessary to allow the full performance of this Agreement. The failure of a party to require performance of any provision of this Agreement shall not affect the right of such party to later enforce any provision. A waiver of the breach of any term or condition of this Agreement shall not be deemed a waiver of any subsequent breach of the same or any other term or condition. The headings in this Agreement are inserted for convenience of reference only and shall not control the meaning of any provision hereof.

If any provision of this Agreement shall, for any reason, be held unenforceable, such unenforceability shall not affect the remaining provisions hereof, except as specifically noted in this Agreement, or the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law. Company and Employee agree that the restrictions contained in Section 4,5, and 6, are reasonable in scope and duration and are necessary to protect Confidential Information. If any restrictive covenant is held to be unenforceable because of the scope, duration or geographic area of such restrictive covenant, the parties agree that a court or arbitrator may reduce the scope, duration, or geographic area, and in its reduced form, such provision shall be enforceable. Should Employee violate the provisions of Sections 5 or 6, then in addition to all other remedies available to Company, the duration of these covenants shall be extended for the period of time when Employee began such violation until Employee permanently ceases such violation.

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

Upon full execution by all parties, this Agreement shall be effective on the later date of the two signature dates below.

EMPLOYEE:

/s/ Matthew Stoyka

Date: May 14, 2018

COMPANY:

/s/ Laura Sue D'Annunzio

Date: May 15, 2018

Rackspace US, Inc.

By: Laura Sue D'Annunzio

Its: Chief People Officer

Initials:

Company:

LSD

Employee:

AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement between Matthew Stoyka and Rackspace US, Inc. (hereinafter the “Agreement”) is made with an effective date as of the date both parties have signed below (“Amendment Effective Date”).

WHEREAS, the parties hereto desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreement contained in the Agreement, as amended, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto as follows:

1. Section 2(a) of the Agreement is amended to read as follows:

Title and Duties. Employee’s title is Chief Relationship Officer, and Employee will perform job duties that are usual and customary for this position. The Company reserves the right to assign to the Employee duties of a different nature, either additional to, or instead of, those referred to above, it being understood that Employee will not be assigned duties which Employee cannot reasonably perform.

2. Section 3(a) of the Agreement is amended to change Employee’s annual base salary to \$345,000.

3. Section 3(b) of the Agreement is amended to read as follows:

Variable Compensation. For the time period January 1, 2019 through the July 31, 2019, Employee will be eligible for an annualized target bonus of 40% of annual salary, subject to the Rackspace Corporate Cash Bonus Plan and as approved by the board of directors or compensation committee. Effective August 1, 2019, Employee is eligible for variable compensation with an annualized target bonus of 60% of annual salary, as follows (i) 50% of the variable compensation eligibility will be based on the Rackspace Corporate Cash Bonus Plan, as specified in the plan and approved by the board of directors or compensation committee, (ii) 50% of the variable compensation eligibility will be based on attainment of sales quota targets or other MBO’s as agreed by the parties in writing and modified in the ordinary course of business in Company’s reasonable discretion.

4. Section 3(g) is added to the Agreement to read as follows:

MEP Equity Award. In consideration for signing this Amendment, Company will recommend to the Executive Committee of the Board of Directors of Inception Topco, Inc. (the “Executive Committee”) a one-time recruiting grant of options to purchase 30,000 shares of Inception Topco, Inc. common stock, at a per share strike price equal to the fair market value of a share of Inception Topco, Inc. common stock on the date of grant, pursuant to the Equity Incentive Plan (the “Equity Award”). The Executive Committee has ultimate authority over this recommended award and would have to issue final approval before it would be granted. The recommended equity award is expected to be presented for review and approval within ninety (90) days of the first date of employment and would be issued pursuant and subject to the Equity Incentive Plan and a form of agreement for similarly situated employees of the Management Equity Program, which outline the vesting schedule and other terms.

All other terms and conditions of the Agreement not expressly amended herein remain in full force and effect.

EMPLOYEE:

/s/ Matthew Stoyka
Matthew Stoyka

Date: August 1, 2019

COMPANY:

/s/ Laura Sue D’Annunzio
Rackspace US, Inc.

Date: July 30, 2019

By: Laura Sue D’Annunzio
Title: Chief People Officer

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to the Employment Agreement (the “Second Amendment”) is effective March 12, 2020 (the “Second Amendment Effective Date”) by and between Matt Stoyka (“Employee”) and Rackspace US, Inc. (the “Company”).

WHEREAS, the Company and Employee are parties to that certain Employment Agreement effective May 15, 2018 and First Amendment to Employment Agreement effective August 1, 2019 (together the “Agreement”); and

WHEREAS, the parties hereto desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreement contained in the Agreement, as amended, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Unless otherwise defined herein, all capitalized terms used in this Second Amendment shall have the same meanings ascribed to them in the Agreement.
2. Section 2(a) of the Agreement is amended to change Employee’s title to Chief Solutions Officer.
3. Section 3(a) of the Agreement is amended to change Employee’s annual base salary to \$410,000.
4. Section 3(b) of the Agreement is amended to read in its entirety as follows:

Annual Corporate Bonus. Employee is eligible for an annualized on-target bonus of 75% of annual salary, subject to the Rackspace Corporate Cash Bonus Plan and as approved by the board of directors or compensation committee.
5. Section 3(h) is added to the Agreement to read as follows:

MEP Equity Award. In consideration for signing this Second Amendment, Company will recommend to the Executive Committee of the Board of Directors of Inception Topco, Inc. (the “Executive Committee”) a one-time recruiting grant of options to purchase 30,000 shares of Inception Topco, Inc. common stock, at a per share strike price equal to the fair market value of a share of Inception Topco, Inc. common stock on the date of grant, pursuant to the Equity Incentive Plan (the “Equity Award”). The Executive Committee has ultimate authority over this recommended award and would have to issue final approval before it would be granted. The recommended equity award is expected to be presented for review and approval within ninety (90) days of the Second Amendment Effective Date and would be issued pursuant and subject to the Equity Incentive Plan and a form of agreement for similarly situated employees of the Management Equity Program, which outline the vesting schedule and other terms.
6. The duration of the Non-Solicitation Period outlined in Section 6 is amended to be for twelve (12) months after employment ends.
7. Section 8(e) is amended in its entirety to read as follows:
 - (1) Termination By Company Without Cause or Termination by Employee for Good Reason - Severance: If Company terminates Employee’s employment without Cause and not by reason of death or disability or if Employee terminates for Good Reason, Company will pay the accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, (i) in periodic payments in accordance with ordinary payroll practices and deductions, the greater of Employee’s current base salary for twelve (12) months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination based on the Employee’s location, and (ii) a pro rata bonus, which represents the unpaid pro-rata portion of the actual annual performance bonus that Employee would otherwise be entitled to receive based on the actual level of achievement of the applicable performance objectives for the fiscal year in which Employee’s termination occurs. The bonus amount shall be paid in a lump sum at the same time bonuses are paid to the Company’s other similarly situated employees. The payment made pursuant to this section are referred to as (the “Severance Payments” or “Severance Pay Period”).
 - (2) Non-Renewal By Company – Severance: If Employee’s employment ends because Company gives notice of non-renewal under Section 1, Company shall determine the termination date, even if such date is prior to the end of the Employment Period and will pay the accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or

termination payments or benefits). In addition, if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, in periodic payments in accordance with ordinary payroll practices and deductions, the greater of Employee's current base salary for twelve (12) months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination base on the Employee's location (the "Severance Payments" or "Severance Pay Period").

(3) Employment or Re-hire During Severance Pay Period: If Employee is rehired by Company or employed or performing services in any capacity during any Severance Payment Period, the Severance Payments shall cease.

All other terms and conditions of the Agreement not expressly amended herein remain in full force and effect.

EMPLOYEE:

/s/ Matt Stoyka

Matt Stoyka

Date: March 24, 2020

COMPANY:

/s/ Mary Stich

Rackspace US, Inc.

By: Mary Stich

Title: VP & Deputy General Counsel

Date: March 24, 2020

CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is between **Matt Stoyka** ("Employee" or "You") and Rackspace US, Inc. ("Rackspace" or the "Company").

1. **End of Employment.** Your Employment End Date is November 13, 2020.

2. **Payments.**

a. **Severance Amount.** Rackspace will pay you \$415,000, less applicable withholdings and other ordinary payroll deductions (the "Severance Amount"). This Severance Amount does not include any unpaid wages through your Employment End Date, earned commissions, if applicable, or the other payments outlined below, which will be paid separately. It also does not include payment for any accrued but unused Earned Time Off, which will be paid in accordance with applicable law and current Company policy. The Severance Amount will be paid in 24 equal, biweekly installments, beginning on the next reasonable payroll date after the Effective Date of this Agreement. These installment payments will continue until all payments have been made unless you: (i) are in breach of or do not comply with any of the obligations set forth in this Agreement as determined by the Company or (ii) are rehired by Rackspace in any capacity during the payment period.

b. **Pro Rata Bonus for 2020.** Rackspace will pay you a pro-rata portion of the annual corporate bonus, less applicable federal and state withholding and other ordinary payroll deductions, which represents a pro-rata portion of the annual performance bonus that you otherwise would have been entitled to receive (if you were employed at the time of the payout for the 2020 corporate bonus plan), based on the number of days worked in 2020 divided by 365 and the 2020 performance achievement levels, (the "2020 Bonus Payment"). This 2020 Bonus Payment will be paid in a lump sum when bonuses for 2020 are paid to other similarly situated employees.

c. **Medical Benefit Payment.** If you are currently enrolled in the Company's medical benefit plan, you will receive a lump sum cash payment amount of \$9,400.00, which is equal to the applicable premium cost for six months, less applicable withholdings and other ordinary payroll deductions, of continued Company group health coverage for you and any spouse and/or dependents ("Family Members") pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA"), based on your elections with respect to health coverage for you and your Family Members in effect as of immediately prior to your termination (which amount will be based on the premium for the first month of COBRA coverage); the lump sum payment will be made regardless of whether you elect COBRA continuation coverage. If you choose to elect COBRA you must do so within 30 days of your Employment End Date.

3. **No Other Payments.** After the Company pays you the amounts outlined in this Agreement, Rackspace is not obligated to make any additional severance, bonus or wage-related payments to you in any amount or for any purpose.

4. **Release.** In exchange for the promises in this Agreement, you agree to irrevocably and unconditionally release all Claims you may now have or that you could have asserted against the Released Parties as set forth in this section. The "Released Parties" are Rackspace US, Inc., Rackspace Hosting, Inc., Datapipe, Inc. and all of their respective affiliates, subsidiaries, related companies, partnerships, or joint ventures, and, with respect to each of them, their predecessors and successors; and with respect to each entity, all of its past and present employees, officers, directors, fiduciaries, agents, administrators, stockholders, owners, investors, and representatives, assigns, attorneys, agents, both in their individual and corporate capacities, and any other persons acting by, through, under or in concert with any of the persons or entities listed in this subsection.

You understand and agree that you are waiving and releasing all claims against the Released Parties, of any known and unknown claims, promises, causes of action, including but not limited to breach of contract, conversion, invasion of privacy, intentional infliction of emotional distress, promissory estoppel, equitable estoppel, assault, battery, defamation, disparagement, negligence, fraud, torts, and any and all similar rights of any type ("Released Claims" or "Claim(s)") that you may have against any Released Party. You further understand that the Claims that you are releasing may arise under many different laws (including statutes, regulations, other administrative guidance, and common law doctrines), including, but not limited to: ***the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act; Title VII of the Civil Rights Act; Section 1981 of the Civil Rights Act; Executive Order 11246; the Equal Pay Act; Lilly Ledbetter Fair Pay Act; the Americans with Disabilities Act, as amended, Section 503 and 504 of the Rehabilitation Act; the Genetic Information Nondiscrimination Act; the Texas Workers' Compensation Act; Chapter 21 of the Texas Labor Code; the WARN Act; the Employee Retirement Income Security Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Uniformed Services Employment and Reemployment Rights Act; the Defend Trade Secrets Act; the California Constitution; the California Family Rights Act; the California Labor Code; the California Business and Professions Code, the California Civil Code; the California Government Code; the California Workers' Compensation Act; the California Fair Employment and Housing; any federal, state, or local laws restricting an employer's right to***

terminate employees, or otherwise regulating employment; any federal, state, or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; Claims for physical or personal injury (including, but not limited to, Claims based on the negligence of the Released Parties), wrongful discharge, intentional infliction of emotional distress, fraud, fraud in the inducement, negligent misrepresentation, negligent infliction of emotional distress, defamation, invasion of privacy, conversion, theft, interference with contract or with prospective economic advantage, negligent investigation, claims for wages, severance, bonus, salary, commission and/or benefits, breach of express or implied contract, and breach of covenants of good faith and fair dealing, and similar or related Claims.

PLEASE NOTE THAT THIS RELEASE INCLUDES A RELEASE OF CLAIMS FOR NEGLIGENCE AND GROSS NEGLIGENCE. THIS DOCUMENT IS INTENDED TO BE A COMPLETE RELEASE OF ALL CLAIMS.

You understand that you are releasing Claims that you may not know about. You affirm that this is your knowing and voluntary intent, even though you recognize that someday you might learn that some of all of the facts you currently believe to be true are untrue, and even though you might then regret having signed this Release. Nevertheless, you are assuming that risk, and you agree that this Release will remain effective in all respects in any such case. You expressly waive all rights you might have under any law that is intended to protect you from waiving unknown Claims. You understand the significance of doing so.

California Civil Code Section 1542. You acknowledge that you have been advised to consult with legal counsel and are familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS/HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM/HER MAY HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE DEBTOR.

You, with awareness of this code section, agree to expressly waive any rights you may have under it, as well as under any other statute or common law principles of similar effect.

Right to File Charge. Nothing in this Agreement should be construed as precluding or preventing you from filing a charge with any governmental agency or assisting any governmental agency in the investigation into any allegations of discrimination or retaliation against the Company.

Future Claims; Counsel. This Agreement does not release any claims or causes of action that accrue or arise after the date you sign this Agreement. You are advised to review this Agreement with an attorney, at your expense, concerning its effect prior to signing it.

5. Confidential Information, Company Property.

- a. You will not, directly or indirectly, for your own benefit or for the benefit of another, reveal, use or disclose to any other person, firm, corporation, or other party or make, directly or indirectly, any commercial or other use of any information not publicly known about Rackspace or its prospects, services, suppliers, products, customers, finances, data processing, purchasing, accounting or marketing systems, whether current or in development such information being privileged, confidential business and/or trade secret information of Rackspace ("Confidential Information").
- b. As a result of your employment by Rackspace, you may have had access to, or knowledge of, confidential business information or trade secrets of third parties. You also agree to preserve and protect the confidentiality of such third-party confidential information and trade secrets to the same extent, and on the same basis, as the privileged confidential business and/or trade secret information of Rackspace.
- c. All written materials, records, and other documents made by, or coming into the possession of, you during the period of your employment by Rackspace which contain or disclose privileged, confidential business and/or trade secret information will be and remain the property of Rackspace. Upon termination of your employment with Rackspace, you will promptly deliver the same, and all copies thereof, to Rackspace.
- d. On or before the Employment End Date, you will return to Company all property belonging to Company that you possess or possessed but provided to a third party, including but not limited to, all equipment or other materials and all originals and copies of Company documents, files, memoranda, notes, computer-readable information (maintained on a removable drive, home computer, or in any other form) and video or tape recordings of any kind other than personal materials relating solely to you. You warrant and represent that you have not retained, distributed or caused to be distributed, and will not retain, distribute or cause to be distributed, any original or duplicates of any such Company property specified in this section.

6. **Litigation and Regulatory Cooperation.** You agree to reasonably cooperate in the defense or prosecution of claims, investigations, or other actions which relate to events or occurrences during employment. You agree, unless precluded by law, to promptly inform the Company if you are asked to participate (or otherwise become involved) in any such claim, investigation or action. Your cooperation shall include being available to prepare for discovery or trial and to act as a witness. Company will pay an hourly rate (based on base salary as of the last day of employment) for cooperation that occurs after employment, and reimburse for reasonable expenses, including travel expenses, reasonable attorneys' fees and costs.
7. **Non-Disparagement.** You will not, directly or indirectly, make false, misleading or disparaging statements or representations, or statements or representations that could be interpreted as such, whether written or oral, regarding Rackspace, including statements or representations regarding its products, services, management, employees and customers. However, this prohibition should not be construed as preventing you from complying with any legal subpoena or communicating with any governmental agency when required by law.
8. **No Hire of Company Employee.** To further preserve the Confidential Information, for twelve (12) months after your Employment End Date, you will not, directly or indirectly, (i) hire or engage any current employee of Company, including anyone employed by or providing services to Company at the time of the completion of transaction contemplated by that certain Membership Interest Purchase Agreement by and among FiloHoldings, LLC, RelationEdge, LLC, the Company and each of the Seller Guarantors party thereto (the "MIPA"); (ii) solicit or encourage any employee to terminate employment or services with Company; or (iii) solicit or encourage any employee to accept employment with or provide services to you or any business associated with you.
9. **Non-Solicitation of Customers and Suppliers.** To further preserve the Confidential Information, for twelve (12) months after your Employment End Date, you agree not to directly or indirectly, on your own behalf or on behalf of any other person or entity, recruit or otherwise solicit or induce any customer or supplier of the Company at the time of the completion of the MIPA, to terminate its employment or arrangement with the Company, otherwise change its relationship with the Company or establish any relationship with you or any of you affiliates for any business purpose deemed competitive with the business of the Company.
10. **Non-Compete.** Consistent with the terms of the Amended and Restated Retention Agreement (the "Retention Agreement") by and among FiloHoldings LLC, RelationEdge LLC, you and Rackspace, you agree that until May 18, 2021, you agree you will not directly or indirectly, in a competitive capacity, whether as an officer, director, employee, stockholder, partner, proprietor, associate, representative, consultant, contractor, or in any other competitive capacity whatsoever engage in, become financially interested in, be employed by or have any business connection with any other person, corporation firm partnership or other entity whatsoever that engages in a Restricted Business (as defined below). You further agree that until May 18, 2021, you will not, directly or indirectly or assist or encourage any other person or entity in carrying out, directly or indirectly, any activity that would be prohibited by the first sentence of this Section if such activity were carried out by you, either directly or indirectly, and, in particular, you agree that you will not directly, or indirectly, induce any other employee of Rackspace or any of its subsidiaries, including RelationEdge LLC, to carry out, directly or indirectly, any such activity. For purposes hereof, "Restricted Business" means (a) any business engaged in application, cloud or infrastructure managed services, or application or cloud or infrastructure consulting services in connection with the implementation, customization and management of products or services provided by Salesforce as of immediately prior to November 18, 2019 and (b) any business that competes with the business as conducted by RelationEdge LLC immediately prior to November 18, 2019.
- The Restricted Period outlined above will be tolled and will not run during any such time that you are in breach of this Agreement or in violation of any of the covenants contained in this agreement, and once tolled will not begin to run again until such time as all violations have ceased.
- You recognize that the restrictions in this section may substantially limit your future flexibility in many ways. You acknowledge you have received adequate consideration for the promises and restrictions set forth in this agreement. You agree to waive any objection to the validity of these restrictions and acknowledge that these limited prohibitions are reasonable as to time, geographical area and scope of activities to be restrained and that these limited prohibitions do not impose a greater restraint than is necessary to protect Rackspace's goodwill, proprietary information and other business interests. You further agree that any breach of these covenants may result in irreparable damage and injury to Rackspace and that Rackspace may be entitled to injunctive relief in any court of competent jurisdiction without the necessity of posting any bond.
11. **Confidentiality.** Except as provided below, you and Rackspace agree to maintain in confidence both the existence and terms of this Agreement. Rackspace may disclose the terms of this Agreement consistent with business necessity. You may disclose the existence and terms of this Agreement to your spouse or domestic partner and with your legal and or financial advisors or as otherwise required by law or governmental agency.
12. **Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from, Section 409A of the Internal Revenue Code ("Code"). To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code,

the provision will be read in such a manner so that no payments due under this Agreement will be subject to an “additional tax” as defined in Section 409(a)(1)(B) of the Code. If the Company determines in good faith that any provision of this Agreement would cause you to incur an additional tax, penalty, or interest under Section 409A of the Code, you and the Company will use reasonable efforts to reform such provision, if possible, in a mutually agreeable fashion to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code or causing the imposition of such additional tax, penalty, or interest under Section 409A of the Code. The preceding provisions, however, will not be construed as a guarantee by the Company of any particular tax effect to you under this Agreement.

13. **Tax Consequences.** You acknowledge and agree that you are solely responsible for the tax consequences to you of any benefits conferred on you, or any payments made to you or on your behalf, under the terms of this Agreement. Rackspace has not made any representations to you concerning any possible tax consequences of any payments made pursuant to this Agreement.

14. **Entire Agreement.** This Agreement represents the entire agreement by and between the parties and there are no other agreements or understandings related to the subject matter herein other than your equity grant agreement(s), if any, which survive the end of your employment and continue in effect subject to their terms, including but not limited to the terms related to vesting and forfeiture in the event of a voluntary termination of employment. This Agreement may not be changed except by written agreement signed by the parties.

15. **Binding Heirs, Successors and Assigns.** Except as herein expressly provided, the terms and provisions of this Agreement will inure to the benefit of and be binding upon the heirs, successors, assigns and legal representatives of the parties.

16. **Arbitration.** All claims and matters in question arising out of this Agreement or the relationship between the Parties, whether sounding in contract, tort, a statutory cause of action or otherwise, will be resolved by binding arbitration pursuant to the Federal Arbitration Act. Either Party, however, may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement; enforce or vacate an arbitration award; or seek injunctive relief. This arbitration will be administered by the American Arbitration Association (“AAA”) in accordance with the National Rules for Resolution of Employment Disputes of the American Arbitration Association (“National Rules”) in effect at the time the dispute arose. There will be one arbitrator selected pursuant to the National Rules, unless the Parties agree on a different arbitration service. The arbitrator will issue a reasoned award within six (6) months of the filing of the arbitration notice. The Company will pay for your initial filing fee to the extent that it is more than a court filing.

17. **Jurisdiction.** The substantive laws of Texas govern this Agreement, and exclusive venue for any dispute will be Bexar County, Texas or in San Antonio, Texas.

18. **Headings.** The headings in this Agreement were used for administrative convenience only and will not be used in interpreting or construing the meaning of any provision.

19. **Invalid Provision.** If any provision of this Agreement is or may be held by a court of competent jurisdiction to be invalid, void, or unenforceable to any extent, the validity of the remaining parts, terms or provision of this Agreement will not be affected thereby, and such illegal or invalid part, term, or provision will be deemed not to be part of this Agreement. The remaining provisions will nevertheless survive and continue in full force and effect.

20. **Interpretation.** This Agreement will be construed as a whole according to its fair meaning. It will not be construed strictly for or against you. Unless the context indicates otherwise, the singular or plural number will be deemed to include the other. Captions are intended solely for the convenience of reference and will not be used in the interpretation of this Agreement.

21. **Consideration of Agreement and Older Workers Benefit Protection Act.** You acknowledge that you have been advised in writing by the Company that you should consult an attorney before executing this Agreement. You understand that you have twenty-one (21) calendar days from the date this Agreement is provided to you to decide whether to sign it. If you fail to sign and return this Agreement within twenty-one (21) days from the date that it was provided to you, all payment amounts offered in this Agreement are withdrawn and revoked automatically, and you will not be entitled to any payment or benefits that you are not otherwise entitled to under law. You may decide to sign this Agreement prior to the expiration of the forty-five (45) day period. However, if you choose to do so, then you affirm that this is your voluntary choice.

22. **Revocation Period.** You understand and acknowledge that you have seven (7) calendar days following the date that you sign and return this Agreement to revoke your acceptance of the Agreement. This Agreement will not become effective and enforceable and the payment amounts offered in this Agreement will not become payable until after this revocation period has expired without revocation.

23. **Counterparts.** This Agreement may be executed in a number of identical counterparts, each of which for all purposes is deemed an original and all of which constitute collectively one Agreement.

24. **Effective Date.** This Agreement, if signed and returned to the Company, is effective and enforceable the later of: (i) your Employment End Date or (ii) seven (7) calendar days following the date it is signed and returned, if not revoked during the seven day period (the "Effective Date").

25. **Review by Employee.** You acknowledge the following:

- (1) That you carefully read this Agreement, and that you understood it;
- (2) That you were advised and have had the opportunity to consult an attorney, at your expense, regarding the terms and meaning of this Agreement;
- (3) That you understand your deadline of twenty-one (21) days, to consider whether to agree and accept this Agreement;
- (4) That you understand that the Agreement is effective and enforceable on the Effective Date as defined above.

PLEASE READ THIS AGREEMENT CAREFULLY AND CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. IT INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS, INCLUDING CLAIMS BASED ON NEGLIGENCE. IF YOU WISH, YOU SHOULD TAKE ADVANTAGE OF THE FULL REVIEW PERIOD AFFORDED UNDER THIS AGREEMENT AND YOU SHOULD CONSULT AN ATTORNEY OF YOUR CHOOSING.

Employee:

By: Matt Stoyka (printed name)
 /s/ Matt Stoyka (signature) Date: 16 November 2020

Rackspace:

By: Mary Stich (printed name)
 /s/ Mary Stich (signature) Date: 16 November 2020
 VP & Deputy General Counsel (title)

On Behalf of Rackspace

IF YOU AGREE, PLEASE ELECTRONICALLY SIGN THIS AGREEMENT THROUGH DOCUSIGN PRIOR TO THE DEADLINE. CLICKING “FINISH” WILL RETURN A SIGNED COPY OF THE ENTIRE AGREEMENT TO YOUR RACKER RELATIONS TEAM MEMBER AND A SIGNED COPY TO YOU.



1 Fanatical Place
San Antonio, TX 78218

October 30, 2019

Martin Blackburn

RE: Offer of Employment – Highly Confidential

Dear Martin,

We are very pleased to offer you the role of Managing Director - EMEA. I have enclosed a copy of your Service Agreement, which you will need to sign and return to me at your earliest convenience.

In addition to the remuneration and allowances set out in your Service Agreement, the Company will offer the following:

1. The Company will recommend to the Executive Committee of the Board of Directors of Inception Topco, Inc. (the “Executive Committee”) a one-time recruiting grant of options to purchase 55,000 shares of Inception Topco, Inc. common stock, at a per share strike price equal to the fair market value of a share of Inception Topco, Inc. common stock on the date of grant, pursuant to the Equity Incentive Plan (the “Equity Award”). The Executive Committee has ultimate authority over this recommended award and would have to issue final approval before it would be granted. The recommended equity award will be presented for review and approval during the month following your first date of employment and would be issued pursuant and subject to the Equity Incentive Plan and a form of agreement for similarly situated employees of the Management Equity Program, which outline the vesting schedule and other terms.
2. You will be paid a signing bonus of £140,000 within thirty (30) days from the commencement date of your employment (“Commencement Date”), subject to the following claw-back provisions. The bonus is an advance payment that is actually earned over a one-year period. Therefore, entitlement to the bonus is contingent upon your continued employment with the Company through the first anniversary of the Commencement Date. If, prior to the first anniversary of the Commencement Date you resign or your employment is terminated by the Company for “Gross Misconduct” (as defined in the Employee Handbook), you agree that you are legally obligated to and will reimburse Rackspace for the unearned pro rata portion of the signing bonus based on your actual length of employment.
3. On the first (1st) payroll period occurring after 1 February 2020, you will be paid a lump sum retention bonus of £285,000. Your entitlement to this retention bonus is contingent upon your continued active employment in good standing with the company through 1 February 2020.

rackspace

1-210-312-4700 (International)

1-210-312-4300 (Fax)

www.rackspace.com

4. Your eligibility for an annual sales performance bonus is outlined in your Service Agreement. For the year 2020, your on-target sales performance bonus is £100,000. For the year 2021, your on-target sales performance bonus is £100,000. As stated in your Service Agreement, these potential sales performance bonuses are subjected to sales related objectives to be determined in the reasonable discretion of the Company and subject to the applicable commissions plans.

Finally, I hereby confirm my approval for your continued service on the Board of Directors for Sales-I Ltd and Innovation Group Ltd.

Congratulations on this offer, and we look forward to welcoming you into the Rackspace family soon.

Sincerely,

/s/ Holly B. Windham
Holly B. Windham
Chief Legal & People Officer



1-210-312-4700 (International)

1-210-312-4300 (Fax)

www.rackspace.com



Service Agreement

Martin Blackburn

("The Employee")

and

Rackspace Limited

Unit 5 Millington Road

Hyde Park Hayes

Middlesex

UB3 4AZ

("The Company")

AGREED TERMS

1 Interpretation

1.1 Definitions

Board means the board of directors of the Company including any committee of the Board duly appointed by it.

Bonus Scheme means the Company's discretionary corporate bonus scheme.

Contract means this service agreement between the Company and the Employee.

Confidential Information means information relating to the Company that is not generally known to the trade, and includes without limitation information relating to products, trade methods or secrets, research and development, inventions, marketing, customers, employees, orders and shipments, business plans and financial data.

Customer or Prospective Customer means any current or past customer who has engaged the Company in the 12 months preceding the Termination Date and with whom the Employee had material dealings or responsibility in that time, or a prospective customer with whom the Company was in the process of negotiation with a view to doing business and where the Employee was involved in or responsible for those negotiations in the 12 months prior to the Termination Date.

Employee Handbook means 'The Rackspace Way Employee Handbook' applicable in the United Kingdom.

Garden Leave means any period during which the Company has exercised its rights under clause 11.

Intellectual Property shall mean all inventions (whether patentable or not, and whether or not patent protection has been applied for or granted), improvements, discoveries, proprietary information, trademarks, trade mark applications, trade names, websites, internet domain names, logos, art work, slogans, know-how, technical information, trade secrets, processes, designs (whether or not registerable and whether or not design rights subsist in them), works in which copyright may subsist (including computer software and preparatory and design materials), rights and all forms of protection of a similar nature having equivalent effect anywhere in the world.

Restricted Business means any business that sells managed dedicated or cloud computing services substantially similar to those services provided by the Company, including but not limited to (i) professional advisory services for the migration,

deployment or management of cloud technologies; (ii) provisioning, hosting, management, monitoring, supporting, or maintenance of applications, computer servers (whether dedicated, shared or virtual) and network connectivity in a datacenter for remote use via the Internet; (iii) hosted or managed email, storage, collaboration, compute, virtual networking, applications, and similar services, or (iv) any related IT services or products substantially similar to the Company's products or services.

Restricted Employee means a senior employee or a skilled technical employee within the Company with whom you have substantially worked in the 12 months prior to the Termination Date and who could damage the legitimate business interests of the Company if working for or with a competitor of the Company.

Termination Date means the effective date on which your employment with the Company comes to an end.

- 1.2 The Company provides the Employee (also referred to as "you" or "your") with this Contract, which governs your employment with the Company. This Contract complies with the Company's duty under Section 1 of the Employment Rights Act 1996 to provide written particulars of the terms of employment. Save where otherwise indicated, this Contract forms the basis of your terms of employment with the Company.
- 1.3 On joining you will be given access to the Employee Handbook. The Employee Handbook does not form part of your Contract.
- 1.4 The Company may assign your Contract to any of its group companies on no less than the same or similar terms and conditions as set out in this Contract.

2 Commencement of Employment and Terms of Appointment

- 2.1 Your Contract commences on December 1, 2019.
- 2.2 No employment with any previous employer will count towards your continuous period of employment with this Company. This offer of employment is conditional on and subject to satisfactory vetting and background checks. The level of screening is dependent on the role you perform, accordingly, should your role change, further background screening may be required.

3 Job Title and Duties and Location

- 3.1 You are employed as **Managing Director – EMEA** and details of your duties and tasks will be discussed with you. Further duties will be allocated to you at the discretion of the Company as appropriate with your grade and title.
- 3.2 It is a condition of this Contract that you hold the professional licenses and qualifications necessary to perform your duties and should continue to hold such qualification throughout the duration of your Contract with the Company. You must notify the Company immediately if you cease holding such qualification or are subject to any investigation or inquiry that may affect you holding such qualification.
- 3.3 Your normal place of work will be at Unit 5, Millington Road, Hyde Park Hayes, Middlesex UB3 4AZ. However, as dictated by the nature of your job, you may be required to travel within the UK or abroad to perform your duties.

4 Hours of Work

- 4.1 Normal office hours are between 8.30 am to 5.30 pm, Monday to Friday, with one hour for lunch. A reasonable amount of overtime may be expected to be worked as dictated by internal or customer requirements or as directed by the Company, for which there will be no additional payment.
- 4.2 You and the Company each agree that the nature of your position is such that your working time cannot be measured and, accordingly, that the Contract falls within the scope of regulation 20 of the Working Time Regulations 1998.

- 4.3 Individual discretionary payments may be made on the basis of additional duties performed above and beyond a reasonable expectation. Where such payment is made on one occasion this does not guarantee a right to a payment on any subsequent occasion.

5 Probationary Period

You are not subject to a probationary period unless a benefits plan includes a separate non-discretionary requirement for benefits eligibility, in which case the probationary period will be narrowly limited to the terms of the benefits plan. For the sake of clarity, you will be eligible for life assurance, pension, and medical benefits (including medical benefits for your family) on your first day of employment.

6 Remuneration and Allowances

- 6.1 This position carries a base salary of **£435,000** per annum gross, payable in twelve (12) equal instalments, pro-rated and paid in arrears directly into a nominated UK Bank or Building Society account of your choice on or around the 25th of each month. Payments will be made after normal tax, national insurance and other relevant deductions.
- 6.2 The Company may deduct from salary or other payments due to you any sums owed by you to the Company.
- 6.3 Your salary shall be reviewed by the Company annually, the first such review to take place during the annual compensation cycle. We are under no obligation to award an increase following a salary review. There will be no review of the salary after notice has been given by either party to terminate the Contract.
- 6.4 Beginning 1 January 2020, you are eligible to participate in the Company's Bonus Scheme pursuant to which you will have the opportunity to earn an on-target bonus of **70%** of your base salary per annum. The award of any bonus under the Bonus Scheme is subject to management's absolute discretion and the level of any bonus and the operation of the Bonus Scheme can be changed at any time by the Company. The Company reserves the right to vary, discontinue or withdraw the Bonus Scheme in the future without prior notice and/or any compensation to you. If the Company makes a bonus payment in respect of a particular financial year of the Company, it shall not be obliged to make subsequent bonus payments in respect of subsequent financial years.
- You are also eligible for an annual sales performance bonus based on sales related objectives to be determined in the reasonable discretion of Company and subject to the applicable commissions plans. If the bonus is earned, it will be paid at the same time as the annual Bonus Scheme which follows year-end financial reconciliations in Q1 of the following calendar year.
- 6.4.1 Notwithstanding the foregoing, you shall in any event have no entitlement to be considered for or to receive any bonus if your employment terminates for any reason and/or if you have served or received notice of the termination of your employment on or prior to the date when a bonus might otherwise have been payable.
- 6.5 You are eligible to participate in the Company's flexible benefits plan. This gives you flexibility in the combination of remuneration and benefits you receive. Further details are available from HR.
- 6.6 The Company will pay you a monthly stipend of **£830** for a car lease.

7 Holidays

- 7.1 The Company's holiday year runs from 1 January to 31 December. You are entitled to 25 days' annual holiday, in addition to the normal public and bank holidays in England and Wales.
- 7.2 Following one full year of service, you will accrue one extra "health" day per year up to a maximum of five additional days. Your holiday entitlement in your first and last year will be pro- rated. The full holiday policy is set out in the Employee Handbook.
- 7.3 You shall not be entitled to payment in lieu of accrued but untaken holiday except on termination of this Contract. Where you have taken in excess of the holiday entitlement accrued at termination, the Company reserves the right to deduct from final salary or any other sums due to the Employee holiday pay for holiday taken in excess of your entitlement.

- 7.4 If either party has served notice to terminate the Contract, we may require you to take any accrued but unused holiday entitlement during the notice period. Any accrued but unused holiday entitlement shall be deemed to be taken during any period of Garden Leave.

8 Pension

- 8.1 A Group Personal Pension is available to all Company employees upon commencement of employment. The Company will contribute up to 10% of your basic salary. Where you are eligible for auto-enrolment, the Company shall automatically enrol you into the scheme setting your contribution at the minimum level required to meet the total employer/employee pension contribution levels as specified by law from time to time.
- 8.2 You will receive information about the scheme provider and details on employee contributions levels as well as whether you can opt out of the scheme or increase/decrease your contributions. Your membership is subject to the rules of the scheme (as may be amended from time to time). Further details are available from HR.

9 Health and Benefits

- 9.1 Private medical insurance is available to you to select beginning on the first day of employment. You will have the option to extend this cover to your dependants, should you wish to do so.
- 9.2 Life cover is currently provided as a core benefit and you will be covered from your first day in employment.
- 9.3 Permanent health insurance will be provided as a core benefit beginning on your first day of employment subject to the terms of the scheme from time to time in force.
- 9.4 Full details of the benefits that the Company offers can be found in the benefits booklet available from HR.

10 Termination and Notice Periods

- 10.1 Your Contract is for an indefinite period but subject to written notice by you or the Company depending on your length of service, as detailed below:
- Notice By Company: 12 months
- Notice By You: 12 weeks
- 10.2 Notwithstanding the above, the Company reserves the right to terminate your employment with immediate effect at any time by making a payment in lieu of base salary for all or part of the notice period.
- 10.3 The Company may also terminate the Contract with immediate effect without notice and with no liability to make any further payment to you (other than in respect of amounts accrued due at the date of termination).
- 10.4 On termination of your employment, for any reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by us in which you may participate except for any applicable equity grant documents between the parties.

11 Garden Leave

Where notice is served by the Company in accordance with clause 10 above, the Company may elect to place you on Garden Leave for all or part of the notice period. The Company will be under no obligation to provide work to you during this time. However, you will:

- 11.1 remain bound by the terms of this Contract including continuing duties of good faith and fidelity;
- 11.2 be contactable at all times during normal business hours (except during holidays in the normal way);
- 11.3 not contact any clients, customers, suppliers or employees, contractors or workers (unless specifically authorised by the Company) of the Company and will remain away from the Company's premises;

- 11.4 continue to receive basic salary and contractual benefits in the usual way subject to the terms of any benefit policies.

12 Sickness Absence and Absence Notification

- 12.1 Full details of the sickness, absence and notification policy is available in the Employee Handbook.
- 12.2 The Company's rights to terminate employment under the terms of this agreement apply even when such termination would or might cause you to forfeit any entitlement to company sick pay or permanent health insurance or other benefits.

13 Disciplinary and Grievance Procedures

- 13.1 Full details of the disciplinary and grievance procedures are contained within the Employee Handbook.
- 13.2 The Company may suspend you from all or part of his or her duties in order to investigate a disciplinary matter. This will be for a duration no longer than necessary in order to complete any investigation involving the Employee.

14 Post-termination Obligations

- 14.1 To protect the Company's legitimate business interests and connections to which you have access as a result of your employment with the Company, you agree that you shall not directly or indirectly on your own account or for the benefit of a third party either during your employment or for a period of 12 months after the Termination Date:
- 14.1.1 solicit Restricted Business away from the Company, transact or handle Restricted Business from any Customer or Prospective Customer; or
 - 14.1.2 otherwise deal with, approach, canvass or endeavour to solicit or entice away from the Company any Customer or Prospective Customer; or
 - 14.1.3 induce or seek to induce any Restricted Employee to leave his or her employment with the Company where the departure of such Restricted Employee is intended to be for: (i) your benefit or (ii) the benefit of a third party, whether that third party is your new employer or any other firm, company or person carrying on Restricted Business;
 - 14.1.4 be engaged or involved in any capacity with any business concern that is or intends to be in competition with the Restricted Business of the Company;
 - 14.1.5 at any time after the Termination Date, represent yourself as connected with the Company in any capacity, other than as a former employee, or use any registered business names or trading names associated with us.
- 14.2 The above restrictions set out at clause 14.1 shall not prevent you from holding an investment by way of shares or other securities of not more than 5% of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange.
- 14.3 Any period of restriction in this clause 14 shall be reduced by any period that you are placed on Garden Leave immediately before the Termination Date.
- 14.4 In the event that you receive an offer to be involved in a business concern during the Contract, or before the expiry of the last of the covenants of this clause 14, you shall immediately give the person making the offer a copy of these restrictions and shall tell us the identity of that person as soon as possible.
- 14.5 Each of the restrictions in this clause 14 are intended to be separate and severable. If any of the restrictions shall be held to be void but would be valid if part of their wording were deleted, such restriction shall apply with such deletion as may be necessary to make it valid or effective and enforceable.

15 Confidential Information

- 15.1 During the period of employment with the Company or at any time thereafter, you will not make any improper use of nor disclose any Confidential Information.

- 15.2 This clause must be read in conjunction with the Employee Handbook and the Company's policies and procedures on confidentiality. Upon commencement of your employment with the Company, you will be provided with Company intranet access where you can obtain a copy of these policies and procedures with which you should familiarise yourself.

16 Entitlement to Work in the United Kingdom (UK)

You warrant and undertake that you are entitled to work for the Company in the UK and will notify the Company immediately if you cease to be so entitled at any time during your employment with the Company. The Company may dismiss you without notice (or making a payment in lieu of notice) if you cease to be entitled to work for the Company in the UK. You agree you will promptly provide original documentary evidence of your entitlement to live and work in the UK if so requested by the Company.

17 Intellectual Property

- 17.1 In this clause, Intellectual Property shall be as defined in clause 1.1 above.
- 17.2 Subject to the provisions of the Copyright, Designs and Patents Act 1988, the Patents Act 1977, and the Registered Designs Act 1949, if at any time in the course of, or in connection with your employment under this Contract, you make or discover or participate in the making or discovery of any Intellectual Property directly or indirectly relating to or capable of being used in the business carried out by the Company full details of the Intellectual Property shall immediately be disclosed in writing by you to the Company and the Intellectual Property rights subsisting (or which may subsist in the future) shall automatically vest in the Company. To the extent that they do not vest automatically, you hold them in trust for us. You hereby irrevocably waive all moral rights under the Copyright, Designs and Patents Act 1988 (and all similar rights in other jurisdictions) which you have or will have in any existing or future works referred to in this clause.
- 17.3 At the request and expense of the Company, you shall give and supply all such information, data, drawings and assistance as may be necessary or in the opinion of the Company desirable to enable the Company to exploit the Intellectual Property to the best advantage (as decided by the Company), and shall execute all documents and do all things necessary or in the opinion of the Company desirable for obtaining patents or other protection of Intellectual Property in such parts of the world as may be specified by the Company and for vesting the same in the Company or as it may direct.
- 17.4 You irrevocably appoint us to be your attorney in your name and on your behalf to execute documents, use your name and do all things which are necessary or desirable for us to obtain for ourselves or our nominee the full benefit of this clause 17. A certificate in writing, signed by any director or the secretary of the Company, that any instrument or act falls within the authority conferred by this agreement shall be conclusive evidence that such is the case so far as any third party is concerned.

18 Data Protection

- 18.1 For the purposes of this clause 18, "personal data" and "sensitive personal data" mean personal data and sensitive personal data as those terms are defined in the Data Protection Act 2018 as amended from time to time.
- 18.2 There will be various situations in which the Company has a legitimate interest in processing personal data about you, for example, legal, personnel, administrative and/or management purposes and to the processing of any sensitive personal data relating to your employment with the Company, including:
- (a) information about your physical or mental health or condition in order to monitor sick leave and take decisions as to your fitness for work;
 - (b) your racial or ethnic origin or religious or similar information in order to monitor compliance with equal opportunities legislation; and
 - (c) information relating to the commission or alleged commission by you of any offence, and any criminal proceedings in which you have been involved or in order to satisfy compliance, regulatory or legal requirements and obligations to third parties.

- 18.3 The Company may make the data described in this clause 18 available to any of its group companies, to a third party managing an outsourced function such as payroll, background screening, or benefits (such as pension, health care and insurance bodies), or to a third party where the Company believes it is appropriate to comply with the law, to enforce its legal rights and/or to protect the rights and safety of others. Where such data is provided to third parties, it will only be shared to the extent reasonably necessary for those third parties to perform their functions and the third parties will not be authorised to use the data for any other purpose or function.
- 18.4 Guidelines of legitimate purposes for processing your personal data can be found on the Company's website under "Rackspace Personal Data Protection Policy" and other associated guidelines and policies. These include transfer of your personal data to:
- (a) those third parties described at sub-clause 18.3; and
 - (b) any group company, including any group company outside of the European Economic Area.
- 18.5 You agree to comply with data protection legislation when handling personal data or sensitive personal data, as appropriate, in the course of your employment with the Company in line with these guidelines and policies.
- 18.6 This clause 18 should be read in conjunction with the Employee Handbook, including the disciplinary policy, which will apply in the event of a breach of data protection requirements as specified in the Company guidelines and policies., You will be provided with Company intranet access where you can obtain and familiarise yourself with what is expected with respect to compliance with data protection laws.

19 Outside Interests

- 19.1 Subject to clause 19.2 during the Contract you shall not, except as our representative or with the Company's prior written approval, whether paid or unpaid, be directly or indirectly engaged, concerned or have any financial interest as agent, consultant, director, employee, owner, partner, shareholder or in any other capacity in any other business, trade, profession or occupation (or the setting up of any business, trade, profession or occupation). You may serve on boards of other companies subject to the written approval of the General Counsel of Company and such approval will not be unreasonably withheld.
- 19.2 Notwithstanding clause 19.1, you may hold an investment by way of shares or other securities of not more than 5% of the total issued share capital of any company (whether or not it is listed or dealt in on a recognised stock exchange) where such company does not carry on a business similar to or competitive with any business for the time being carried on by the Company or any group company.
- 19.3 You agree to disclose to us any matters relating to your spouse or civil partner (or anyone living as such), children or parents which may, in our reasonable opinion, be considered to interfere, conflict or compete with the proper performance of your obligations under this Contract.

20 Other

- 20.1 From time to time, the Company will need to alter your terms and conditions of employment in order, for example, to take account of latest "best practice" or new employment legislation. If there are any subsequent contractual changes after commencing employment with the Company, you will be notified in writing.
- 20.2 You will abide by the Company's policies and procedures, rules, guidelines and regulations as may be established or amended from time to time at its sole discretion and in such manner as appropriate, including but not limited to the Employee Handbook, circulars, electronic emails, memorandums, staff manuals and the Company's intranet.
- 20.3 There is no collective agreement that directly affects your employment with the Company.
- 20.4 This Contract is governed by and construed in accordance with the laws of England and Wales and each party agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any claim or dispute arising out of or in connection with this Contract.

Signed for and on behalf of Rackspace Limited:

/s/ Christopher Rosas

November 1, 2019

Date

Acceptance Routine

You are required to confirm your acceptance of the Contract of Employment Offer by completing the information below and signing both of the original copies of the Contract provided and returning one copy to the HR team. You are advised to retain the other copy for your own records.

I acknowledge receipt of the Contract and access to the Employee Handbook. I agree to read and abide by the Employee Handbook. I agree to abide by the terms and conditions of the Contract.

/s/ M. Blackburn

Martin Blackburn

1st November 2019

Date

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is between Rackspace US, Inc. (“Company”) and Steve Mills (“Employee”).

1. TERM OF EMPLOYMENT

This Agreement commences June 1, 2020 (“Effective Date”), and ends on May 31, 2022 (the “Employment Period”); however, the Employment Period will thereafter be automatically extended for one year periods unless either Company or Employee gives written notice of non-renewal no later than ninety days prior to the expiration of the then-applicable Employment Period. The term “Employment Period” shall refer to the Employment Period if and as so extended.

2. TITLE AND EXCLUSIVE SERVICES

- (a) **Title and Duties.** Employee’s title is Senior Vice President, General Manager, Americas, and Employee will perform job duties that are usual and customary for this position. This position will be based in San Antonio, Texas. The Company reserves the right to assign to the Employee duties of a different nature, either additional to, or instead of, those referred to above, it being understood that Employee will not be assigned duties which Employee cannot reasonably perform.
- (b) **Exclusive Services.** Employee shall not be employed or render services elsewhere during the Employment Period. Notwithstanding the foregoing provision of this Section, during the Employment Period, Employee may devote reasonable time to activities other than those required under this Agreement, including activities of a charitable, educational, religious or similar nature (including professional associations), or activities related to corporate board or advisory board positions for non-competitive companies, subject to the company’s standard approval policy, and the management of the Employee’s personal investments, to the extent such activities do not compete in a material way with the business of the Company.

3. COMPENSATION AND BENEFITS

- (a) **Base Salary.** Employee shall be paid an annual base salary of \$400,000 and shall be eligible for increases in base salary consistent with Company’s ordinary compensation cycles and process.
- (b) **Annual Corporate Bonus.** Employee is eligible for an annualized on-target bonus of 70% of annual salary, subject to the Rackspace Corporate Cash Bonus Plan and as approved by the board of directors or compensation committee.
- (c) **Equity Award.** In consideration for signing this Agreement, Company will recommend to the Executive Committee of the Board of Directors of Rackspace Corp. (the “Executive Committee”) a one-time recruiting grant of options to purchase 20,000 shares of Rackspace Corp. common stock, at a per share strike price equal to the fair market value of a share of Rackspace Corp. common stock on the date of grant, pursuant to the Equity Incentive Plan (the “Equity Award”). The Executive Committee has ultimate authority over this recommended award and would have to issue final approval before it would be granted. The recommended equity award is expected to be presented for review and approval within ninety (90) days of the first date of employment and would be issued pursuant and subject to the Equity Incentive Plan and a form of agreement for similarly situated employees of the Management Equity Program, which outline the vesting schedule and other terms.
- (d) **PTO.** Employee is eligible for PTO (paid time off) subject to the Company’s policy.
- (e) **Employment Benefit Plans.** Employee may participate in employee benefit plans in which other similarly situated employees may participate, according to the terms of applicable policies and as stated in the Employee Handbook. Employee acknowledges receipt of the Employee Handbook available on the intercompany website and will review and abide by its terms.
- (f) **Expenses.** Company will reimburse Employee for business expenses pursuant to Company policy.

Initials:

Company: MS

Employee: SM

4. NONDISCLOSURE OF CONFIDENTIAL INFORMATION

- (a) Company has provided and will continue to provide to Employee confidential information and trade secrets including but not limited to Company's operational, sales, marketing, personally identifiable information about employees, employee contact information and/or materials used for training and or/employee development, and engineering information, customer lists, business contracts, partner agreements, pricing and strategy information, product and cost or pricing data, compensation information, strategic business plans, budgets, financial statements, and other information Company treats as confidential or proprietary (collectively the "Confidential Information"). This section is not intended to limit Employee's rights to discuss Employee's compensation or other terms and conditions of employment as allowed by law. Employee will not be liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or that is made in a document filed in a lawsuit so long as it is filed under seal. Employee acknowledges that such Confidential Information is proprietary and agrees not to disclose it to anyone outside Company except to the extent that (i) it is necessary in connection with performing Employee's duties; (ii) Employee is required by court order to disclose the Confidential Information, provided that Employee shall promptly inform Company, shall cooperate with Company to obtain a protective order or otherwise restrict disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with the court order. Employee agrees to never use Confidential Information in competing, directly or indirectly, with Company. When employment ends, Employee will immediately return all Confidential Information to Company.
- (b) The terms of this Section 4 shall survive the expiration or termination of this Agreement for any reason.

5. NON-HIRE OF COMPANY EMPLOYEES

- (a) To further preserve the Confidential Information, during employment and for twelve (12) months after employment ends, Employee will not, directly or indirectly, (i) hire or engage any current employee of Company; (ii) solicit or encourage any employee to terminate employment or services with Company; or (iii) solicit or encourage any employee to accept employment with or provide services to Employee or any business associated with Employee.
- (b) The terms of this Section 5 shall survive the expiration or termination of this Agreement for any reason.

6. NON-SOLICITATION OF CUSTOMERS AND SUPPLIERS

- (a) To further preserve the Confidential Information, for twelve (12) months after employment ends, Employee agrees not to directly or indirectly, on Employee's own behalf or on behalf of any other person or entity, recruit or otherwise solicit or induce any customer or supplier of the Company, to terminate its employment or arrangement with the Company, otherwise change its relationship with the Company or establish any relationship with Employee or any of Employee's affiliates for any business purpose deemed competitive with the business of the Company.
- (b) The terms of this Section 6 shall survive the expiration or termination of this Agreement for any reason.

7. NON-COMPETITION AGREEMENT

- (a) To further preserve the Confidential Information, Employee agrees that during employment and for twelve (12) months after employment ends (the "Restricted Period"), Employee will not work, as an employee, contractor, officer, owner, consultant, or director, in any business anywhere in the world that sells managed, dedicated or cloud computing services substantially similar to those services provided by the Company, including but not limited to (i) professional advisory services for the migration, deployment or management of cloud technologies; (ii) provisioning, hosting, management, monitoring, supporting, or maintenance of applications, computer servers (whether dedicated, shared or virtual) and network connectivity in a datacenter for remote use via the Internet; (iii) hosted or managed email, storage, collaboration, compute, virtual networking, applications, and similar services, or (iv) any related IT services or products substantially similar to the Company's products or services, all of the foregoing being defined for the purposes of this Agreement as "Competitive IT Services." Notwithstanding the foregoing, Employee shall be permitted to acquire a passive stock or equity interest in such a business, provided that the stock or other equity interest acquired is not more than two percent (2%) of the outstanding interest in such business. Provided, that the foregoing restriction shall not prevent Employee from becoming an employee of or contractor for a division of any Competitive IT Services company so long as the division for which Employee will work does not provide Competitive IT Services, and as long as Employee does not, during the Restricted Period, perform services (including but not limited to providing information, advice, strategy, recruiting or any other interaction with regard to business matters) for any division of such company that provides Competitive IT Services.
- (b) The terms of this Section 7 shall survive the expiration or termination of this Agreement for any reason.

8. TERMINATION

Employee's employment may be terminated prior to the end of this Agreement only by mutual written agreement or:

- (a) **Death.** The date of Employee's death shall be the termination date.
- (b) **Disability.** Company may terminate this Agreement and/or Employee's employment if Employee is unable to perform the essential functions of Employee's full-time position for more than 180 days in any 12-month period, subject to applicable law.
- (c) **Termination By Employee For Good Reason.** Employee may terminate Employee's employment at any time for "Good Reason," which is:
 - (i) Company's repeated failure to comply with a material term of this Agreement after written notice by Employee specifying the alleged failure; or
 - (ii) a substantial and unusual reduction in responsibilities and authority. If Employee elects to terminate Employee's employment for "Good Reason," Employee must first provide Company written notice within thirty (30) days, after which Company shall have sixty (60) days to cure. If Company has not cured and Employee elects to terminate employment, Employee must do so within ten (10) days after the end of the cure period.
- (d) **Termination By Company.** Company may terminate Employee's employment with or without Cause and determine the termination date. "Cause" means:
 - (i) willful misconduct, including, without limitation, violation of sexual or other harassment policy, gross negligence, misappropriation of or material misrepresentation regarding property of Company, other than customary and de minimis use of Company property for personal purposes, as determined in the discretion of Company, or failure to take reasonable and appropriate action to prevent material injury to the financial condition, business or reputation of the Company;
 - (ii) abandonment of duties (other than by reason of disability);
 - (iii) failure to follow lawful directives of the Company (other than a failure resulting from incapacity due to physical or mental illness), or failure to meet reasonable performance objectives following a written warning and opportunity to cure for thirty (30) days;
 - (iv) a felony conviction or indictment, a plea of guilty or nolo contendere by Employee, or other conduct by Employee that has or would result in material injury to Company's reputation, including indictment or conviction of fraud, theft, embezzlement, or a crime involving moral turpitude;
 - (v) a material breach of this Agreement; or
 - (vi) a significant violation of Company's employment and management policies.

9. COMPENSATION UPON TERMINATION

- (a) **Death.** Company shall, within 30 days, pay to Employee's designee or, if no person is designated, to Employee's estate, Employee's accrued and unpaid base salary and bonus, subject to the terms of any applicable bonus plan, through the date of termination, and any payments required under applicable employee benefit plans.
- (b) **Disability.** Company shall, within 30 days, pay all accrued and unpaid base salary and bonus, subject to the terms of any applicable bonus plan, through the termination date and any payments required under applicable employee benefit plans.
- (c) **Termination By Company For Cause:** Company shall, within 30 days, pay to Employee, Employee's accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits).
- (d) **Non-Renewal By Employee.** If Employee gives notice of non-renewal under Section 1, Company shall determine the termination date and will pay accrued and unpaid base salary through the termination date, and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). If the termination date is before the end of the then current Employment Period, and if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, then Company will, in periodic payments in accordance with ordinary payroll practices and deductions, pay Employee an amount equal to Employee's pro-rata base salary through the end of the then current Employment Period (the "Severance Payments" or "Severance Pay Period").
- (e) **Termination With Severance.**
 - (1) Termination By Company Without Cause or Termination by Employee for Good Reason - Severance: If Company terminates Employee's employment without Cause and not by reason of death or disability or if Employee terminates for Good Reason, Company will pay the accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, (i) in periodic payments in accordance with ordinary payroll practices and deductions, the greater of Employee's current base salary for twelve (12) months or the amount that

would be provided by the severance guidelines that are prevailing at the time of termination based on the Employee's location, and (ii) a pro rata bonus, which represents the unpaid pro-rata portion of the actual annual performance bonus that Employee would otherwise be entitled to receive based on the actual level of achievement of the applicable performance objectives for the fiscal year in which Employee's termination occurs. The bonus amount shall be paid in a lump sum at the same time bonuses are paid to the Company's other similarly situated employees. The payment made pursuant to this section are referred to as (the "Severance Payments" or "Severance Pay Period").

- (2) Non-Renewal By Company – Severance: If Employee's employment ends because Company gives notice of non-renewal under Section 1, Company shall determine the termination date, even if such date is prior to the end of the Employment Period and will pay the accrued and unpaid base salary through the termination date and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, if Employee signs and does not revoke a Severance Agreement and General Release of claims in a form satisfactory to Company, Company will pay Employee, in periodic payments in accordance with ordinary payroll practices and deductions, the greater of Employee's current base salary for twelve 12 months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination base on the Employee's location (the "Severance Payments" or "Severance Pay Period").
- (3) Employment by Competitor or Re-hire During Severance Pay Period:
 - (i) If Employee competes with Company, or is hired or engaged in any capacity by any competitor of Company (to be determined in Company's discretion), during any Severance Pay Period, then the Severance Payments shall cease. The foregoing shall not affect Company's right to enforce the Non-Compete pursuant to Section 7. For purposes of this sub-section, a "competitor" of Company means: any business anywhere in the world that sells Competitive IT Services as defined in Section 7.
 - (ii) If Employee is rehired by Company during any Severance Pay Period, the Severance Payments shall cease.

10. OWNERSHIP OF MATERIALS

Employee agrees that all inventions, improvements, discoveries, designs, technology, and works of authorship (including but not limited to computer software) made, created, conceived, or reduced to practice by Employee, whether alone or in cooperation with others, during employment, together with all patent, trademark, copyright, trade secret, and other intellectual property rights related to any of the foregoing throughout the world, are among other things works made for hire and belong exclusively to the Company, and Employee hereby assigns all such rights to the Company. Employee agrees to execute any documents, testify in any legal proceedings, and do all things necessary or desirable to secure Company's rights to the foregoing, including without limitation executing inventors' declarations and assignment forms. If there is a separate signed agreement between Employee and the Company including terms directly related to intellectual property rights, then the intellectual property terms of that agreement shall control.

11. PARTIES BENEFITED; ASSIGNMENTS

This Agreement shall be binding upon Employee, Employee's heirs and Employee's personal representative or representatives, and upon Company and its respective successors and assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by Employee, other than by will or by the laws of descent and distribution. The Company may assign its rights and obligation under this Agreement to any entity, including any successor to all or substantially all the assets of the Company, by merger or otherwise.

12. GOVERNING LAW

This Agreement shall be governed, construed, interpreted, and enforced in accordance with the substantive laws of the State of Texas, without reference to the principles of conflicts of law of Texas or any other jurisdiction, and where applicable, the laws of the United States. Each of the Company and Employee (on behalf of itself and its affiliates) expressly consents to the personal jurisdiction of the Texas state and federal courts for any lawsuit relating to this Agreement, waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to such personal jurisdiction or service of process, and waives any objection to jurisdiction based on improper venue or improper jurisdiction.

Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action, or proceeding arising out of or relating to this Agreement. Each party hereto (i) certifies that no representative, agent, or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action, suit, or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party hereto have been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this Section.

Employee acknowledges and agrees that Employee is advised to be represented by counsel in connection with Employee's review and agreement to all terms and conditions of this Agreement.

Employee acknowledges and agrees that entering into this Agreement is not a condition of Employee's employment with the Company or its affiliates.

13. DEFINITION OF COMPANY

"Company" shall include Rackspace US, Inc., and its past, present and future divisions, operating companies, subsidiaries, affiliates and successors.

14. LITIGATION AND REGULATORY COOPERATION

During and after employment, Employee shall reasonably cooperate in the defense or prosecution of claims, investigations, or other actions which relate to events or occurrences during employment. Employee agrees, unless precluded by law, to promptly inform the Company if Employee is asked to participate (or otherwise become involved) in any such claim, investigation or action. Employee's cooperation shall include being available to prepare for discovery or trial and to act as a witness. Company will pay an hourly rate (based on base salary as of the last day of employment) for cooperation that occurs after employment, and reimburse for reasonable expenses, including travel expenses, reasonable attorneys' fees and costs.

15. DISPUTE RESOLUTION

- (a) **Injunctive Relief:** Employee agrees that irreparable damages to Company will result from Employee's breach of this Agreement, including loss of revenue, loss of goodwill associated with Employee as a result of employment, and/or loss of the benefit to Company of any training, confidential, and/or trade secret information provided to Employee, and any other tangible and intangible investments made to and on behalf of Employee. A breach or threat of breach of this Agreement shall give the non-breaching party the right to seek a temporary restraining order and a preliminary or permanent injunction enjoining the breaching party from violating this Agreement in order to prevent immediate and irreparable harm. The breaching party shall pay to the non-breaching party reasonable attorneys' fees and costs associated with enforcement of this Agreement, including any appeals. Pursuit of equitable relief under this Agreement shall have no effect regarding the continued enforceability of the Arbitration Section below. Remedies for breach under this Section are cumulative and not exclusive; the parties may elect to pursue any remedies available under this Agreement.
- (b) **Arbitration:** The parties agree that any dispute or claim, that could be brought in court including discrimination or retaliation claims, relating to this Agreement or arising out of Employee's employment or termination of employment, shall, upon timely written request of either party, be submitted to binding arbitration, except claims regarding: (i) workers' compensation benefits; (ii) unemployment benefits; (iii) Company's employee welfare benefit plans, if the plan contains a final and binding appeal procedure for the resolution of disputes under the plan; (iv) wage and hour disputes within the jurisdiction of any state Labor Commissioner; and (v) issues that could be brought before the National Labor Relations Board or covered by the National Labor Relations Act. *This Agreement is not intended to prohibit the Employee from filing a claim or communicating with any governmental agency including the Equal Employment Opportunity Commission, the National Labor Relations Board or the Department of Labor.* The arbitration shall be conducted in San Antonio, Texas. The arbitration shall proceed in accordance with the *National Rules for Resolution of Employment Disputes of the American Arbitration Association* ("AAA") in effect at the time the claim or dispute arose, unless other rules are agreed upon by the parties. Unless agreed to in writing, the arbitration shall be conducted by one arbitrator from AAA or a comparable arbitration service, and who is selected pursuant to the National Rules for Resolution of Employment Disputes of the AAA, or other rules as the parties may agree to in writing. Any claims received after the applicable statute of limitations period shall be deemed null and void. The parties further agree that by entering into this Agreement, the right to participate in a class or collective action is waived. **CLAIMS MAY BE ASSERTED AGAINST THE OTHER PARTY ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.** Further, unless the parties agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative, collective or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void. The arbitrator shall issue a reasoned award with findings of fact and conclusions of law. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement, or to enforce or vacate an arbitration award. However, in actions seeking to vacate an award, the standard of review to be applied by said court to the arbitrator's findings of fact and conclusions of law will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury, unless state law requires otherwise. Company will pay the actual fee for the arbitrator and the claimant's filing fee; unless otherwise provided by law and awarded by the arbitrator, each party will pay their own attorneys' fees and other expenses.

16. REPRESENTATIONS AND WARRANTIES OF EMPLOYEE

Employee shall keep all terms of this Agreement confidential, except as may be disclosed to Employee's spouse, accountants or attorneys, each of whom shall agree to keep all terms of this Agreement confidential. Employee represents that Employee is under no contractual or other restriction inconsistent with the execution of this Agreement, the performance of Employee's duties hereunder, or the rights of Company. Employee authorizes the Company to inform any prospective employer of the existence and terms of this Agreement without liability for interference with Employee's prospective employment. Employee represents that Employee is under no disability that prevents Employee from performing the essential functions of Employee's position, with or without reasonable accommodation. Employee represents that Employee is represented by counsel in connection with its review and agreement to all terms and conditions of this Agreement.

17. SECTION 409A COMPLIANCE

- (a) **General.** The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be taxable currently to the Employee under Section 409A(a)(1)(A) of the Code and related Department of Treasury guidance, the Company and the Employee shall cooperate in good faith to (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that they mutually determine to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement, and to avoid less-favorable accounting or tax consequences for the Company, and/or (ii) take such other actions as mutually determined to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A of the Code or to comply with the requirements of Section 409A of the Code and thereby avoid the application of penalty taxes thereunder; provided, however, that this Section does not create an obligation on the part of the Company to modify this Agreement or any other agreement, arrangement or plan and does not guarantee that the amounts payable hereunder will not be subject to interest or penalties under Section 409A, and in no event whatsoever shall the Company or any of its affiliates be liable for any additional tax, interest, or penalties that may be imposed on Employee as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.
- (b) **Separation from Service under Section 409A.** Notwithstanding any provision to the contrary in this Agreement: (i) no Severance Payments shall be payable unless the termination of the Employee's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; (ii) if the Employee is deemed at the time of Employee's separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent that delayed commencement of any portion of the Severance Payments (after taking into account all exclusions applicable to such Severance Payment under Section 409A) is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Severance Payments shall not be provided to the Employee prior to the earlier of (A) the expiration of the six-month period measured from the date of the Employee's "separation from service" with the Company (as such term is defined in the Department of Treasury Regulations issued under Section 409A) and (B) the date of the Employee's death; provided, that upon the earlier of such dates, all payments deferred pursuant to this Section 18(b) shall be paid to the Employee in a lump sum, and any remaining Severance Payments shall be paid as otherwise provided herein; (iii) the determination of whether the Employee is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Employee's separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Section 1.409A-1(i) of the Department of Treasury Regulations and any successor provision thereto); (iv) for purposes of Section 409A of the Code, the Employee's right to receive installment payments of the Severance Payments shall be treated as a right to receive a series of separate and distinct payments; and (v) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31 of the year following the year in which the expense was incurred.

The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year. Reimbursements and in-kind benefits are not subject to liquidation or exchange for another benefit.

18. WITHHOLDING

The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, and foreign withholding and other taxes and charges that the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

19. EXCESS PARACHUTE PAYMENTS

If it is determined (as hereafter provided) that any payment or distribution by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program, or arrangement, including without limitation any stock option, stock appreciation right, or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being contingent on a change in ownership or effective control of the Company or of a substantial portion of the assets of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto), or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest or penalties, are hereafter collectively referred to as the "Excise Tax"), then, in the event that the after-tax value of all Payments to Employee (such after-tax value to reflect the reduction for the Excise Tax and all federal, state, and local income, employment, and other taxes on such Payments) would, in the aggregate, be less than the after-tax value to Employee (reflecting a reduction for all such taxes in a like manner) of the amount that is 2.99 times Employee's "base amount" within the meaning of Section 280G(b)(3) of the Code (the "Safe Harbor Amount"), (a) the cash portions of the Payments payable to Employee under this Agreement shall be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value (as defined below) of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount, and (b) if the reduction of the cash portions of the Payments, payable under this Agreement, to zero would not be sufficient to reduce the Parachute Value of all Payments to the Safe Harbor Amount, then any cash portions of the Payments payable to Employee under any other agreements, policies, plans, programs, or arrangements shall be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount, and (c) if the reduction of all cash portions of the Payments, payable pursuant to this Agreement or otherwise, to zero would not be sufficient to reduce the Parachute Value of all Payments to the Safe Harbor Amount, then non-cash portions of the Payments shall be reduced, in the reverse order in which they are due to be paid commencing with the latest such payment, until the Parachute Value of all Payments paid to Employee, in the aggregate, equals the Safe Harbor Amount. All calculations under this Section shall be determined by a national accounting firm selected by the Company (which may include the Company's outside auditors). The Company shall pay all costs to obtain and provide such calculations to Employee and the Company. For purposes of this Agreement, the "Parachute Value" of a Payment shall mean the present value as of the date of the change in ownership or effective control, within the meaning of Section 280G of the Code, of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

20. MISCELLANEOUS

This Agreement is not effective unless fully executed by all parties, including the President and CEO or authorized officer of the Company, and approved by the Executive Committee as required by Company or its affiliates. This Agreement may not be modified, amended, or terminated except by an instrument in writing signed by Employee and the President and CEO or authorized officer of the Company that expressly identifies the amended provision of this Agreement. This Agreement contains the entire agreement of the parties on the subject matters in this agreement and supersedes any prior written or oral agreements or understandings between the parties except as noted in Section 10 above. No modification shall be valid unless in writing and signed by the parties. This Agreement may be executed in counterparts, a counterpart transmitted via electronic means, and all executed counterparts, when taken together, shall constitute sufficient proof of the parties' entry into this Agreement. The parties agree to execute any further or future documents which may be necessary to allow the full performance of this Agreement. The failure of a party to require performance of any provision of this Agreement shall not affect the right of such party to later enforce any provision. A waiver of the breach of any term or condition of this Agreement shall not be deemed a waiver of any subsequent breach of the same or any other term or condition. The headings in this Agreement are inserted for convenience of reference only and shall not control the meaning of any provision hereof.

If any provision of this Agreement shall, for any reason, be held unenforceable, such unenforceability shall not affect the remaining provisions hereof, except as specifically noted in this Agreement, or the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law. Company and Employee agree that the restrictions contained in Section 4, 5, 6, and 7, are reasonable in scope and duration and are necessary to protect Confidential Information. If any restrictive covenant is held to be unenforceable because of the scope, duration or geographic area of such restrictive covenant, the parties agree that a court or arbitrator may reduce the scope, duration, or geographic area, and in its reduced form, such provision shall be enforceable. Should Employee violate the provisions of Sections 5, 6, or 7, then in addition to all other remedies available to Company, the duration of these covenants shall be extended for the period of time when Employee began such violation until Employee permanently ceases such violation.

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this

Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

Upon full execution by all parties, this Agreement shall be effective on the later date of the two signature dates below.

EMPLOYEE:

/s/ Steve Mills

Steve Mills

Date: 26 June 2020

COMPANY:

/s/ Mary Stich

Rackspace US, Inc.
By: Mary Stich

Its: VP

Date: 27 June 2020

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement (the “First Amendment”) is dated July 2, 2020 by and between Steve Mills (“Employee”) and Rackspace US, Inc. (the “Company”).

WHEREAS, the Company and Employee are parties to that certain Employment Agreement commencing June 1, 2020 (the “Agreement”); and

WHEREAS, the parties hereto desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreement contained in the Agreement, as amended, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 3(b) is amended to read in its entirety as follows:

3(b) Variable Comp for H1 2020 and Annual Corporate Bonus. From January 1, 2020 through June 30, 2020, Employee will have the opportunity to earn \$250,000 in annual on-target variable compensation based on sales related objectives to be determined in the reasonable discretion of the Company, and subject to the terms of your applicable commissions plan. Effective July 1, 2020 Employee is eligible for an annualized on-target bonus of 70% of annual salary subject to the Rackspace Corporate Cash Bonus Plan and as approved by the board of directors or compensation committee.

All other terms and conditions of the Agreement not expressly amended herein remain in full force and effect.

EMPLOYEE:

/s/ Steve Mills

Steve Mills

Date: 10 July 2020

COMPANY:

/s/ Kelly Butler

Rackspace US, Inc.

By: Kelly Butler

Title: VP, Racker Rewards & HR Operations - US

Date: 10 July 2020

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement (the “First Amendment”) is effective April 1, 2021 by and between Kevin Jones (“Executive”) and Rackspace US, Inc. (the “Company”).

WHEREAS, the Company and Executive are parties to that certain Employment Agreement commencing April 22, 2019 (the “Agreement”); and

WHEREAS, the parties hereto desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreement contained in the Agreement, as amended, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Unless otherwise defined herein, all capitalized terms used in this First Amendment shall have the same meanings ascribed to them in the Agreement.
2. Section 3(a) of the Agreement is amended to change Executive’s Annual Base Salary to \$900,000.
3. Section 3(b) of the Agreement is amended as of January 1, 2020 (notwithstanding the effective date of this amendment) to change Executive’s annualized Target Bonus to 150% of the Annual Base Salary with a maximum Annual Bonus amount equal to 200% of the Annual Base Salary.

All other terms and conditions of the Agreement not expressly amended herein remain in full force and effect.

EXECUTIVE:

Kevin Jones

Date: _____

COMPANY:

Rackspace US, Inc.

By: _____

Title: _____

Date: _____

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to the Employment Agreement (the “Second Amendment”) is effective April 1, 2021 by and between Holly Windham (“Employee”) and Rackspace US, Inc. (the “Company”).

WHEREAS, the Company and Employee are parties to that certain Employment Agreement commencing April 17, 2017 and that First Amendment to Employment Agreement dated October 1, 2017 (together the “Agreement”); and

WHEREAS, the parties hereto desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreement contained in the Agreement, as amended, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Unless otherwise defined herein, all capitalized terms used in this Second Amendment shall have the same meanings ascribed to them in the Agreement.
2. Section 3(a) of the Agreement is amended to change Employee’s annual base salary to \$560,000.
3. Section 3(b) of the Agreement is amended to change Employee’s annualized bonus target to 80% of annual salary.

All other terms and conditions of the Agreement not expressly amended herein remain in full force and effect.

EXECUTIVE:

Holly Windham

Date: _____

COMPANY:

Rackspace US, Inc.
By: _____
Title: _____

Date: _____

**RACKSPACE RECEIVABLES LLC
FIRST AMENDMENT TO
RECEIVABLES FINANCING AGREEMENT**

This FIRST AMENDMENT TO RECEIVABLES FINANCING AGREEMENT is dated as of March 30, 2021 (this “*Amendment*”), among Rackspace Receivables LLC, a Delaware limited liability company (the “*Borrower*”), Rackspace US, Inc., as initial servicer (the “*Servicer*”, together with the Borrower, the “*Loan Parties*”), the financial institutions listed on the signature pages hereof, as Lenders and Group Agents, and BMO Capital Markets, as administrative agent and arranger (in such capacity, the “*Administrative Agent*”).

PRELIMINARY STATEMENTS

A. The Borrower, the Servicer, the Lenders, the Group Agents and the Administrative Agent have heretofore entered into that certain Receivables Financing Agreement dated as of March 19, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “*Receivables Financing Agreement*”); and

B. The Borrower has requested that the Lenders make certain amendments to the Receivables Financing Agreement, and the Lenders are willing to do so on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in the Receivables Financing Agreement shall have such meanings when used in this Amendment.

**ARTICLE II
AMENDMENTS**

Section 2.1. Section 8.01(c) of the Receivables Financing Agreement shall be amended by inserting the following paragraph immediately after clause (vi) thereof:

“Notwithstanding the foregoing, the financial statements, information and other documents required to be provided as described in clauses (iv) and (v) above may be those of (i) the Performance Guarantor or (ii) any direct or indirect parent of the Performance Guarantor (any such entity described in clause (i) or

(ii), a “Reporting Entity”), so long as in the case of clause (ii) either (1) such direct or indirect parent of the Performance Guarantor shall not conduct, transact or otherwise engage, or commit to conduct, transact or otherwise engage, in any business or operations other than its direct or indirect ownership of all of the Equity Interests in, and its management of, the Borrower or (2) if otherwise, the financial information so delivered shall be accompanied by a reasonably detailed description of the quantitative differences between the information relating to such parent, on the one hand, and the information relating to the Performance Guarantor and its Subsidiaries on a standalone basis, on the other hand.”

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1. Receivables Financing Agreement Representations. In order to induce the Lenders, the Group Agents and the Administrative Agent to enter into this Amendment, each of the Borrower and the Servicer hereby reaffirms, as of the date hereof after giving effect to this Amendment, its respective representations and warranties contained in Article VII of the Receivables Financing Agreement and additionally represents and warrants to the Administrative Agent and each Lender as set forth in this Article III.

Section 3.2. Due Authorization, Non-Contravention, etc. The execution, delivery and performance by each Loan Party of this Amendment are within such Loan Party’s powers, have been duly authorized by all necessary corporate action, and do not:

- (a) contravene such Loan Party’s constituent documents;
- (b) contravene in any material respects any contractual restriction, law or governmental regulation or court decree or order binding on or affecting such Loan Party; or
- (c) result in, or require the creation or imposition of, any Lien on any of such Loan Party’s properties.

Section 3.3. Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by any Loan Party of this Amendment.

Section 3.4. Validity, etc. This Amendment constitutes the legal, valid and binding obligation of each Loan Party signatory hereto enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors’ rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in law or at equity).

ARTICLE IV CONDITIONS

Section 4.1. Conditions Precedent. This Amendment shall become effective upon the receipt of the following:

- (a) the Administrative Agent shall have received executed counterparts of this Amendment from the Borrower, the Servicer, the Lenders, the Group Agents and the Administrative Agent; and
- (b) the Administrative Agent shall have received copies (executed or certified, as may be appropriate) of all legal documents or proceedings taken in connection with the execution and delivery of this Amendment to the extent the Administrative Agent or its counsel may reasonably request.

ARTICLE V MISCELLANEOUS PROVISIONS

Section 5.1. Ratification of and References to the Receivables Financing Agreement. Except for the amendments expressly set forth above, the Receivables Financing Agreement and each other Transaction Document is hereby ratified, approved and confirmed in each and every respect. Reference to this specific Amendment need not be made in the Receivables Financing Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Receivables Financing Agreement, any reference in any of such items to the Receivables Financing Agreement being sufficient to refer to the Receivables Financing Agreement as amended hereby.

Section 5.2. Headings. The various headings of this Amendment are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

Section 5.3. Execution in Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single agreement. Delivery of a counterpart hereof by facsimile transmission or by e-mail transmission of an Adobe portable document format file (also known as "PDF" file) shall be effective as delivery of a manually executed counterpart hereof. Each party agrees that this Amendment and any documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Amendment and such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Section 5.4. No Other Amendments. Except for the amendments expressly set forth above, the text of the Receivables Financing Agreement and the other Transaction Documents shall remain unchanged and in full force and effect, and the Lenders, the Group Agents and the Administrative Agent expressly reserve the right to require strict compliance with the terms of the Receivables Financing Agreement and the other Transaction Documents.

Section 5.5. Costs and Expenses. The Borrower agrees to pay on demand all costs and expenses of or incurred by the Administrative Agent in connection with the negotiation, preparation, execution and delivery of this Amendment, including the reasonable fees and expenses of counsel for the Administrative Agent.

Section 5.6. Governing Law. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

RACKSPACE RECEIVABLES LLC,
as the Borrower

By _____
Name:
Title:

RACKSPACE US, INC.,
as the Servicer

By _____
Name:
Title:

BMO CAPITAL MARKETS,
as Administrative Agent and Group Agent for the
BMO Group

By _____
Name:
Title:

[Signature Page to First Amendment]

BANK OF MONTREAL,
as Committed Lender

By

Name:

Title:

[Signature Page to First Amendment]

FAIRWAY FINANCE COMPANY, LLC,
as Conduit Lender

By

Name:

Title:

[Signature Page to First Amendment]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rackspace Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

By: /s/ Kevin Jones
 Kevin Jones
 Chief Executive Officer; Director
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amar Maletira, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rackspace Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

By: /s/ Amar Maletira
Amar Maletira
President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Jones, Chief Executive Officer of Rackspace Technology, Inc. (the “Company”), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Rackspace Technology, Inc.

Date: May 10, 2021

By: /s/ Kevin Jones
Kevin Jones
Chief Executive Officer; Director
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amar Maletira, President and Chief Financial Officer of Rackspace Technology, Inc. (the “Company”), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Rackspace Technology, Inc.

Date: May 10, 2021

By: /s/ Amar Maletira
Amar Maletira
President and Chief Financial Officer
(Principal Financial and Accounting Officer)