UNITED STATES
SEcurities and Exchange Commission
Washington, D.C. 20549

AMENDMENT NO. 2
to
FORM S-1
Registration Statement
Under
the Securities act of 1933

Rackspace Technology, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

7370
(Primary Standard industrial Classification Code Number)

1 Fanatical Place
City of Windcrest
San Antonio, Texas 78218
(211) 312-4000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant’s Principal Executive Offices)

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Executive Vice President,
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(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If an emerging growth company, indicate by check mark whether 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 7(a)(2)(B) of the Securities Act. ☐

Calculation of Registration Fee

<table>
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<tr>
<th>Title of Each Class of Securities to be Registered</th>
<th>Amount to be Registered($)(1)</th>
<th>Proposed Maximum Offering Price Per Share</th>
<th>Proposed Maximum Aggregate Offering Price($)(2)</th>
<th>Amount of Registration Fee($)(3)</th>
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<td>Common stock, par value $0.01 per share</td>
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(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.
(2) Includes 5,025,000 shares of common stock that the underwriters have the option to purchase. See “Underwriting (Conflict of Interest).”
(3) The registrant previously paid $12,980 of the registration fee in connection with a prior filing of this Registration Statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.
This is the initial public offering of shares of common stock of Rackspace Technology, Inc. We are offering 33,500,000 shares of common stock.

We expect the public offering price to be between $21.00 and $24.00 per share. Prior to this offering, there has been no public market for our common stock. We have applied to list our common stock on the Nasdaq Global Select Market ("Nasdaq") under the symbol "RKT." Following the completion of this offering, certain investment funds (the "Apollo Funds") managed by affiliates of Apollo Global Management, Inc, together with its subsidiaries, "Apollo," will beneficially own approximately 66.1% of the voting power of our outstanding common stock (or approximately 63.5% if the underwriters exercise their option to purchase additional shares of our common stock in full). As a result, we expect to be a "controlled company" under the corporate governance rules for Nasdaq-listed companies and will be exempt from certain corporate governance requirements of such rules. See "Risk Factors—Risk Related to the Offering and Ownership of our Common Stock," "Management—Controlled Company" and "Prospectus Risk Factors."
We combine our expertise with the world’s leading technologies – across applications, data and security – to deliver end-to-end multicloud solutions.

Our Mission

Embrace
Technology

Empower
Customers

Deliver
The Future
Experts on your side, doing what it takes to get the job done right. From first consultation to daily operations, Rackspace Technology combines the power of always-on service with best-in-class tools and automation to deliver technology when and how you need it.
We partner with customers at every stage of their multicloud journey.

What are you trying to solve?

Our Technology Areas

Our Process
For investors outside the United States: neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

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We have not, and the underwriters have not, authorized any other person to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer’s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.
TRADEMARKS, TRADE NAMES AND SERVICE MARKS

This prospectus contains references to our trademarks, trade names and service marks. “Rackspace,” “Rackspace Technology,” “Fanatical Experience,” “RackConnect,” “Rackspace Service Blocks,” “Rackspace Fabric” and “MyRackspace” 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 in the United States. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus 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 prospectus 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.

INDUSTRY AND MARKET DATA

We include statements and information in this prospectus concerning our industry ranking and the markets in which we operate, including our general expectations and market opportunity, which are based on information from independent industry organizations and other third-party sources (including third-party market studies, industry publications, surveys and forecasts). We have not independently verified any third-party information and such information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and “Cautionary Note Regarding Forward-Looking Statements” in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

The sources of certain statistical data, industry data, estimates and forecasts contained in this prospectus are the following independent industry publications or reports:


The Gartner reports described herein (the “Gartner Content”) represent research opinions or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. (“Gartner”) and are not representations of fact. Each Gartner Content speaks as of its original publication date (and not as of the date of this prospectus), and the opinions expressed in the Gartner Content are subject to change without notice.

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BASIS OF PRESENTATION

In this prospectus, unless otherwise indicated or the context otherwise requires, references to the “Company,” the “Issuer,” “we,” “us” and “our” refer to Rackspace Technology, Inc. and its consolidated subsidiaries.
On November 3, 2016, Rackspace Hosting, Inc. (now named Rackspace Technology Global, Inc., or “Rackspace Technology Global”) was acquired by Inception Parent, Inc., an indirect wholly-owned subsidiary of the Company. We refer to the acquisition of Rackspace Hosting, Inc. (now named Rackspace Technology Global, Inc.) as the “Rackspace Acquisition.” As a result of the Rackspace Acquisition, periods before November 3, 2016 reflect the financial position and results of operations of Rackspace Technology Global, Inc. (such periods, the “Predecessor Periods”) and periods beginning and after November 3, 2016 reflect our financial position and results of operations, including the push-down accounting effects of the Rackspace Acquisition (such periods, the “Successor Periods”). Due to the change in the basis of accounting resulting from the Rackspace Acquisition and the push-down accounting effects, the consolidated financial statements for the Predecessor and Successor periods are not necessarily comparable.

All consolidated financial statements presented in this prospectus have been prepared in U.S. dollars in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The Company reports financial and operating information in three segments: (1) Multicloud Services, (2) Apps & Cross Platform and (3) OpenStack Public Cloud.
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PROSPECTUS SUMMARY

The following summary contains selected information about us and about this offering. It does not contain all of the information that is important to you and your investment decision. Before you make an investment decision, you should review this prospectus in its entirety, including matters set forth under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus. Some of the statements in the following summary constitute forward-looking statements. See “Cautionary Note Regarding Forward-Looking Statements.”

Overview

Our Mission

Embrace technology. Empower customers. Deliver the future.

Our Business

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 serve our customers with a unique combination of proprietary technology resulting from over $1 billion of investment and services expertise from a team of highly skilled consultants and engineers. And we provide our customers with unbiased expertise and technology solutions, delivered over the world’s leading cloud services, all wrapped in a Fanatical Experience.

Cloud technology—the on-demand availability of compute, storage and networking—has revolutionized how companies manage their infrastructure and applications, providing businesses with greater flexibility and lower costs compared to legacy technologies. Over the past several years, businesses have adopted cloud solutions not only to drive cost, scale and reliability benefits, but also to create new revenue opportunities, increase their speed of innovation and compete with digital natives. At the same time, businesses are increasingly turning to the use of more than one cloud solution at a time (which we refer to as multicloud) to enhance performance, ensure redundancy and resilience and provide for increased security, compliance and governance. These trends have accelerated in recent periods as businesses create and adapt to new economic and labor models and are increasingly looking for technologies that enable digital transformation and enhance productivity.

The cloud has become the driver of innovation in the enterprise. At the same time, the number of cloud platforms, the diversity of services offered by each platform and the need to adapt to new paradigms create complexity that requires specialized expertise. Many companies lack the in-house resources to navigate this complexity, thereby limiting their ability to realize the full potential of the cloud. We believe this creates an opportunity for a services partner that enables businesses to fully embrace the power of multicloud technologies and, together, deliver incredible customer experiences.

We aim to be our customers’ most trusted advisor and services partner in their path to cloud transformation and to accelerate the value of their cloud investments. We give customers the ability to make fluid decisions when choosing the right technologies, and we recommend solutions based on customers’ unique objectives and workloads, irrespective of the underlying technology stack or deployment option. In this way, we empower our customers to harness the strength of the cloud.
Over the past eight years, we have invested over $1 billion and 12 million hours to develop a robust and proprietary suite of over 200 technology tools, branded solutions and accelerators for our customers. Our proprietary technology includes automation that ranges from service delivery to self-healing infrastructure, giving us the ability to anticipate and proactively respond to opportunities and threats. This toolset ensures consistency in our customers’ experience and allows our Rackers to automate key service and application management processes, freeing up resources to focus on strategic, high-value business opportunities. This drives an efficient business model that has generated revenue per employee of over $372,000 and $375,000 for the years ended December 31, 2018 and 2019, respectively, which we believe is ahead of our competitors and in line with leading software-as-a-service companies.

Our customers are served by a family of approximately 6,800 Rackers, including over 2,500 cloud-certified professionals. Our team includes some of the most qualified architects and engineers in the world, with over 2,700 Amazon Web Services (“AWS”) certifications, over 1,000 Google Cloud certifications, over 700 Microsoft Azure (“Azure”) certifications and over 400 VMware certifications worldwide as of May 31, 2020. Our Rackers are at the center of the customer experience—they maintain a hyper-focus on customer experience and satisfaction and are available to our customers 24x7x365 by phone, chat, email or web portal.

We have a culture of innovation that permeates all that we do. Our Rackers gather insights from customers, cloud partners and each other to design, implement and operate some of the most advanced cloud environments. With our deep technical expertise, we build alongside our customers to solve their most complex business challenges and explore their most promising business opportunities. Rackers are on the front lines of cloud technology and are often among the first to utilize the latest capabilities of the cloud when launching new solutions with our cloud partners. Our partnerships, Rackers and culture combine to ensure that we are at the forefront of major trends in technology, including cloud native application development, Internet of Things and containers. This expertise—and our ability to deliver it effectively—enables our customers to innovate faster and stay ahead of their competition.

Our business benefits from a highly efficient go-to-market strategy given our large installed base of recurring revenue. Our sales efforts are led primarily by a team of over 900 quota-bearing representatives and customer success managers. Our ecosystem of over 3,000 partners serves as an extension of our direct sales force, providing a source of additional new business opportunities. Our customer engagement model begins with our professional services, where we partner with a customer to assess its objectives and design the best cloud strategy to meet its needs, and continues with our flexible recurring service offerings.

We deliver our services to a global customer base through an integrated service delivery model. We have a presence in more than 60 cities around the world. This footprint allows us to better serve customers based in various countries, especially multinational companies requiring cross-border solutions. We have a strong presence with customers of all sizes, including large global enterprises, mid-market businesses and small and medium businesses (“SMBs”), which we define to be made up of customers with total revenue in excess of $1 billion, between $300 million and $1 billion and less than $300 million, respectively. As of March 31, 2020, our customer base included approximately 1,500 enterprises, 1,750 mid-market businesses and 120,000 SMBs.

Our success has been recognized by third parties and customers alike. We served over 120,000 customers across 120 countries as of December 31, 2018 and December 31, 2019, including more than half of the Fortune 100. Gartner has recognized us as a Leader in its 2020 report, Magic Quadrant for Public Cloud Infrastructure Professional and Managed Services, Worldwide, for the fourth year in a row. We have received several industry awards, including VMware’s Global Partner of the Year Award for Social Impact in 2020, Google Cloud’s Specialization Partner of the Year for Infrastructure in 2019.
and the Red Hat Innovation Award in 2017. Additionally, we believe we are one of the leading consulting partners for Amazon Web Services, with 14 competencies as of March 31, 2020.

For the year ended December 31, 2019, we had revenue of $2,438.1 million, a net loss of $102.3 million, Adjusted EBITDA of $742.8 million and Adjusted Net Income of $62.4 million. For the three months ended March 31, 2020, we had revenue of $652.7 million, a net loss of $48.2 million, Adjusted EBITDA of $185.6 million and Adjusted Net Income of $27.0 million. See “—Summary Consolidated Financial and Other Data” for the definitions of Adjusted EBITDA and Adjusted Net Income (Loss) and a reconciliation of net loss to Adjusted EBITDA and Adjusted Net Income (Loss). As of March 31, 2020, we had $3,987.5 million face value of outstanding indebtedness, $3,037.5 million of which was attributable to the Rackspace Acquisition in 2016.

**Our Transformation**

Our predecessor company was founded in 1998. Historically, we focused on providing outsourced, dedicated IT infrastructure. Since the Rackspace Acquisition, we have transformed our business in several ways:

- **Core offerings and service expertise.** We have invested in multiple high growth service offerings, including multicloud services, professional services, managed security and data services. In this process, we established one of the broadest partner ecosystems across the technology industry, including infrastructure partners such as AWS, Google, Microsoft and VMware, and application leaders such as Oracle, Salesforce, SAP and others. Additionally, we have made a series of transformative acquisitions to expand our cloud services capabilities and increase our geographic reach.

- **Go-to-market.** In 2016, our sales process was focused on the sale of a narrow group of point products, most notably our OpenStack Public Cloud and Single Tenant (managed hosting) offerings. Today, our sales process uses a professional services-driven approach, providing holistic multicloud solutions to meet our customers’ objectives and evolving those solutions over the full lifecycle of their cloud journey. We also have increased our focus on serving enterprise customers, which we define as companies that generate $1 billion or more in revenue per year.

- **Investment in proprietary technology and automation capabilities.** We have made significant investments to develop proprietary internal systems and tools for our customers. These include automation, artificial intelligence, predictive analytics and proprietary tools that make our services even more reliable and easier to use and extend our advantage over both our competitors and our customers’ ability to replicate these efficiencies on their own.

- **Management team.** In April 2019, we announced the hiring of our new CEO, Kevin Jones, and, in July 2019, we announced the hiring of our new CFO, Dustin Semach, and our new COO, Subroto Mukerji. In addition to these executives, we have made additional new hires across the executive leadership team, bringing in new talent with relevant experience across the IT services and technology landscape. Collectively, our executive leadership team benefits from over 150 years of cumulative experience at large technology companies, many with direct experience leading businesses through major transformation initiatives including product introductions and M&A.

Today, we are a trusted partner to the cloud ecosystem. We maintain close relationships with major cloud infrastructure and application vendors, enabling us to provide our customers with complete, unbiased multicloud services, all through our single customer interface. We no longer actively market our OpenStack Public Cloud service, which once was competitive with hyperscale public cloud platforms and was highly capital intensive, in order to focus our resources on growing our multicloud services portfolio.
Our transformation has also benefited our financial model in several key ways:

- We have increased the percentage of our revenue from segments which we believe benefit from attractive growth dynamics. In 2019, over 85% of our revenues came from our Multicloud Services and Apps & Cross Platform segments, which we refer to as our “Core Segments”. In contrast, in the twelve months ended September 30, 2016, less than 10% of our revenue came from our Cloud Office and Managed Cloud Services service offerings.

- For the three months ended March 31, 2020, revenue from our Core Segments (“Core Revenue”) was $589.4 million, representing a 6% increase, on a constant currency basis, and a 5% increase, on an actual basis, over the three months ended March 31, 2019, giving effect to our acquisition of Onica Holdings LLC (“Onica”) in November 2019 as if it had occurred on January 1, 2019. This compares to year-over-year revenue growth of 3%, on a constant currency basis, and 0%, on an actual basis, for the three months ended September 30, 2016, our last completed fiscal quarter as a public company prior to the closing of the Rackspace Acquisition, based on the public company’s core service offerings at such time, which were Single Tenant (managed hosting) and OpenStack Public Cloud, and excluding Cloud Office and Managed Cloud Services.

- We have decreased our capital intensity, which we define as total capital expenditures as a percentage of total revenue, from 16% for the twelve months ended September 30, 2016, to 9% for the twelve months ended March 31, 2020.

Our Opportunity

We believe that a paradigm shift is underway; today’s businesses are increasingly under pressure to move away from self-managed IT solutions and utilize multicloud technologies to compete effectively in a digital economy, resulting in a tailwind for technology and service providers that possess deep expertise in these areas. Our market opportunity represents the demand for cloud technology services. According to the Gartner Forecast: IT Services, Worldwide, 2018-2024, 2Q20 Update, the managed services and cloud infrastructure services market worldwide is estimated to be $410 billion in 2020 and is expected to grow 7% annually to $502 billion in 2023.

Our Integrated Services Portfolio

We serve our customers through an integrated services portfolio organized in two segments—Multicloud Services and Apps & Cross Platform. The services across these two segments are described in more detail below:

- **Multicloud Services**: Our Multicloud Services segment includes our public and private cloud managed services offerings, as well as professional services related to designing and building multicloud solutions and cloud-native applications. We offer an integrated suite of managed services offerings across our private cloud, the leading public clouds and colocation. Our managed cloud services help customers determine, manage and optimize the right infrastructure, platforms and services on which to deploy their applications to achieve the best performance, agility, security and cost efficiency. We also help customers establish governance, operational and architectural frameworks to mitigate risks and reduce inefficiencies, so they can manage costs, achieve industry-specific compliance objectives and improve security.

- **Apps & Cross Platform**: 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.
We deliver professional services across our entire portfolio, including multicloud solutions, applications, security and data. As part of our professional services process, we meet customers at every stage of their cloud journey and design solutions focused on modernizing their infrastructure and applications to enhance the value of their cloud technologies. This process often serves as the starting point for new business opportunities; following our initial professional services engagement, a customer will typically use any combination of our managed services under long-term contracts, and will often use our professional services multiple times as their technology needs continue to evolve.

In addition to our integrated services portfolio described above, we also offer our customers our OpenStack Public Cloud solution, our third reporting segment. This offering appeals to customers who (i) want to run applications on a public cloud that is built on open-source technology with no risk of vendor lock-in; (ii) value the expertise and exceptional customer service for which we are renowned; and (iii) want their public cloud and managed hosting platforms to work smoothly together, through technologies such as our proprietary RackConnect tool. While we expect to continue to offer our OpenStack Public Cloud solution, we ceased to actively market it to customers in 2017.

Our Technology Platform

Our technology platform is at the center of the Fanatical Experience that we deliver to customers. Our technologies focus on removing the complexities of multicloud deployments, unifying compelling aspects of the experience for our customers and enabling us to deliver scalable solutions.

- **Innovative automation** drives efficiency for us and our customers, enabling us to rapidly and consistently deliver our solutions across multiple products and clouds at scale.
- **AIOps** is a new field of software that combines monitoring, machine learning and automation to enhance IT operations.
- **Predictive operations** enables our data scientists to build sophisticated models to provide actionable insights to our business leaders, increasing our agility and ability to identify opportunities that enhance our customer relationships.
- **Self-service APIs** enable our customers to access data and resources programmatically, extending our automation and service delivery into their native tools and processes.
- **MyRackspace** and other portals and associated mobile apps service over 200,000 active monthly users and support product specific self-service, insights, account management, security management, ticketing and billing.
- **Unified billing** enables us to deliver an integrated single invoice for customers across all multicloud deployments.
- **Service management** applications ensure scale, speed, quality and consistency in our service delivery.

Our Differentiation

We offer solutions that are differentiated from our peers and drive a continuous cycle of product innovation and product development while delivering a Fanatical Experience. These solutions both enable and are enabled by several key factors:

**Focus on delivering strategic outcomes:** Our value proposition to customers includes a focus on solving strategic business problems, rather than selling a product or group of products in a point
Our customers are able to use our services to drive new revenue streams and enhance the value of their cloud investments, which may include collecting data to create new product offerings and applications, connecting workloads between clouds or automatically scaling cloud usage to match demand.

**Unified service experience for the multicloud:** We have developed Rackspace Fabric, a multi-tenant, end-to-end service management platform enabling our customers to access all of our supported clouds and all of our managed services from a single, web-based interface. This technology provides our customers with a consistent experience across all clouds and enables us to deliver a scalable and efficient means of offering our Fanatical Experience to over 120,000 customers worldwide.

**Unparalleled service expertise:** Our business benefits from a family of approximately 6,800 Rackers, including over 2,500 cloud-certified professionals. This expertise provides our clients with services expertise at a level we believe to be unmatched by our peers and allows us to sustain our competitive advantage over competing technology vendors.

**Efficient go-to-market enabled by close customer relationships:** Following an initial deployment, we are constantly engaged with our customers, proactively looking for opportunities to enhance the value of their cloud investments and evolving our solutions with their needs over time. Our close customer and partner relationships drive an efficient go-to-market strategy, with sales efficiencies we believe are unmatched by competing companies. Recurring revenue comprised more than 95% of our revenue in 2019. Additionally, as of December 31, 2019, among our customers with Annual Recurring Revenue of over $100,000 (a group which comprised over 75% of our revenue), over 50% were using multiple services.

**Differentiated relationships with technology partners:** We benefit from differentiated partnerships with major public and private cloud vendors, including AWS, Azure, Google Cloud and VMware. We work with our partners’ sales teams to offer bundled solutions through a single go-to-market effort. Additionally, we have insight into our partners’ product roadmaps (and vice versa), providing critical inputs for both sides to develop complementary services and technology. We believe these relationships are beneficial to us, our customers and our partners; we and our partners both receive critical inputs for further innovation and benefit from joint go-to-market initiatives, while our customers are able to maximize their use of innovative technologies more efficiently, reduce time-to-market and remain competitive.

**Customizable consumption of services:** Our service model enables customers to adapt their consumption of our services with the evolving needs of their businesses. Rackspace Service Blocks are packages of services tailored to address specific cloud use cases and enable a customized consumption model whereby customers can match their cloud needs with the associated spend. Rackspace Service Blocks allow our customers to maintain greater agility, performance and cost-efficiency as compared to traditional IT services contracts.

**Fanatical Experience:** The Fanatical Experience that we deliver to our customers is the foundation of the trust our customers place in us when they choose us to build, manage and operate their cloud environments. We use monitoring tools to perform over 5 million checks of our customers’ cloud environments every five minutes to proactively identify issues and take action, and we receive over 500,000 monthly customer knowledge-based visits to our website. This has resulted in compelling metrics for us, including an average Net Promoter Score ("NPS") of 44 for the three month period ended May 31, 2020, indicative of the quality of our customer experience.
Our Growth Strategies

In order to continue to drive growth and capture our large market opportunity, key elements of our growth strategies include:

**Continue to innovate:** We are a leader in cloud services across multicloud environments and will continue to invest in and grow our expertise and service offerings in major technology ecosystems such as cybersecurity, big data, containers, serverless computing and the Internet of Things.

**Drive sales execution:** We plan to continue executing on several sales initiatives that are designed to drive continued growth in our business.

**Expand geographic reach:** We believe there is significant need for our solutions on a global basis and, accordingly, opportunity for us to grow our business through further international expansion as these markets increase their use of multicloud solutions.

**Leverage and expand our partner ecosystem:** We benefit from close relationships with our cloud partners, allowing us to provide comprehensive multicloud services to our customers, and providing us with a source of new business opportunities and inputs for future product roadmaps.

**Pursue strategic acquisitions:** We intend to continue to explore potential transactions that could enhance our capabilities, increase the scope of our technology footprint or expand our geographic reach.

Recent Developments

**COVID-19 Pandemic**

The COVID-19 pandemic has accelerated cloud transformation efforts for new and existing customers and underscored the importance and mission-critical nature of multicloud strategies. Over the last several months, customers have increasingly turned to multicloud solutions to pivot to new business models and save costs. In fact, our hiring has continued to accelerate during the COVID-19 pandemic.

In response to the COVID-19 pandemic, we implemented a number of initiatives to ensure the safety of our Rackers. Since March 9, 2020, over 99.5% of our Rackers have been working from home. Additionally, our remote, technology-enabled model has enabled minimal disruption to our go-to-market efforts and service delivery organizations.

We believe our business benefits from a strong financial profile that positions us well in the current environment. Our exposure to customers remains broad and diverse, with over 120,000 customers across 120 countries as of March 31, 2020. Additionally, no customer generated more than 2% of our total revenue in 2019.

**Preliminary Unaudited Second Quarter Results**

The following presents selected preliminary estimates of our consolidated financial and other data as of, and for the three months ended, June 30, 2020 and actual unaudited financial and other data for the three months ended June 30, 2019. Our consolidated financial statements as of, and for the three months ended, June 30, 2020 are not yet available and are subject to completion of our financial closing procedures. The following information reflects our preliminary estimates based on currently
available information and is subject to change. We have provided ranges, rather than specific amounts, for the preliminary results described below primarily because we are still in the process of finalizing our financial and operating results as of, and for the three months ended, June 30, 2020 and, as a result, our final reported results may vary materially from the preliminary estimates. The preliminary financial data included in this prospectus have been prepared by, and are the responsibility of, our management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or applied agreed-upon procedures with respect to the preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. Our preliminary results also include non-GAAP financial measures. Neither such measures nor our estimates of GAAP results should be viewed as a substitute for interim financial statements prepared in accordance with GAAP.

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<th>High (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Statement of Operations Data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 602.4</td>
<td>$ 655</td>
<td>$ 657</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$ 62.5</td>
<td>$(44)</td>
<td>$(24)</td>
</tr>
<tr>
<td><strong>Other Financial and Operating Data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bookings (a)</td>
<td>$ 138.8</td>
<td>$ 288</td>
<td>$ 288</td>
</tr>
<tr>
<td>Adjusted EBITDA(b)</td>
<td>$ 182.7</td>
<td>$ 185</td>
<td>$ 188</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$ 40.7</td>
<td>$ 50</td>
<td>$ 52</td>
</tr>
</tbody>
</table>

(a) For definitions of Bookings and our key operating metrics, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operating Metrics” elsewhere in this prospectus.
(b) Adjusted EBITDA is a non-GAAP financial measure. For important information regarding our presentation of Adjusted EBITDA, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” elsewhere in this prospectus. See also the table below reconciling Adjusted EBITDA to net income (loss).

For the three months ended June 30, 2020, we expect revenue to be between $655 million and $657 million, which would be an increase of approximately 9% as compared to revenue of $602.4 million for the three months ended June 30, 2019. Revenue for the three months ended June 30, 2020 was positively impacted by the acquisition of Onica in November 2019 as well as new customer acquisitions and growing customer spend in our Multicloud Services and Apps & Cross Platform segments. On a constant currency basis, after giving effect to the acquisition of Onica as if it had occurred on January 1, 2019, we expect revenue to increase by approximately 4% for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019. Core Revenue for the three months ended June 30, 2020 is expected to increase by approximately 13% as compared to the three months ended June 30, 2019, and by approximately 7% on a constant currency basis, after giving effect to the acquisition of Onica as if it had occurred on January 1, 2019, as compared to the three months ended June 30, 2019.

For the three months ended June 30, 2020, we expect net loss to be between $24 million and $44 million, which would be a change of approximately $86 million to $106 million as compared to net income of $62.5 million for the three months ended June 30, 2019. The change is primarily driven by a $141 million unrealized gain on an equity investment recorded in the three months ended June 30, 2019, partially offset by the corresponding income tax impact of the gain.
For the three months ended June 30, 2020, we expect Bookings to be approximately $288 million, which would be an increase of approximately 107% as compared to Bookings of $138.8 million for the three months ended June 30, 2019.

For the three months ended June 30, 2020, we expect Adjusted EBITDA to be between $185 million and $188 million, which would be an increase of approximately 1% to 3% as compared to Adjusted EBITDA of $182.7 million for the three months ended June 30, 2019.

For the three months ended June 30, 2020, we expect capital expenditures to be between $50 million and $52 million, which would be an increase of approximately 23% to 28% as compared to capital expenditures of $40.7 million for the three months ended June 30, 2019.

As of June 30, 2020, we expect cash and cash equivalents to be approximately $161 million, current debt to be approximately $29 million aggregate principal amount and long-term debt to be approximately $3,966 million aggregate principal amount. As of June 30, 2020, we had $225.0 million and $28 million available for borrowing under our Revolving Credit Facility and our Receivables Financing Facility (each as defined herein), respectively. In connection with the closing of this offering, we expect to increase the size of our Revolving Credit Facility to $375.0 million, and, after giving effect to such increase, we would have had $375.0 million of undrawn commitments as of June 30, 2020 under our Revolving Credit Facility.

The following table reconciles expected net loss to expected Adjusted EBITDA for the three months ended June 30, 2020 and reconciles actual net income to Adjusted EBITDA for the three months ended June 30, 2019:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30, 2019</th>
<th>Three Months Ended June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaudited, in millions</td>
<td>Actual</td>
<td>Low (Estimated)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$ 62.5</td>
<td>$(44)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>100.8</td>
<td>70</td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>12.2</td>
<td>(9)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>124.3</td>
<td>117</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>6.4</td>
<td>10</td>
</tr>
<tr>
<td>Cash settled equity and special bonuses(a)</td>
<td>6.2</td>
<td>6</td>
</tr>
<tr>
<td>Transaction-related adjustments, net(b)</td>
<td>4.6</td>
<td>9</td>
</tr>
<tr>
<td>Restructuring and transformation expenses(c)</td>
<td>12.5</td>
<td>23</td>
</tr>
<tr>
<td>Management fees(d)</td>
<td>3.0</td>
<td>4</td>
</tr>
<tr>
<td>Net (gain) loss on divestiture and investments(e)</td>
<td>(143.4)</td>
<td>(1)</td>
</tr>
<tr>
<td>Net (gain) loss on extinguishment of debt</td>
<td>(5.0)</td>
<td>0</td>
</tr>
<tr>
<td>Other (income) expense(f)</td>
<td>(1.5)</td>
<td>0</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 182.7</td>
<td>$ 185</td>
</tr>
</tbody>
</table>

(a) Includes retention bonuses, mainly relating to restructuring and integration projects, and senior executive signing bonuses and relocation costs.
(b) Includes legal, professional, accounting and other advisory fees related to completed acquisitions (mostly Onica, consummated in the fourth quarter of 2019), integration costs of acquired businesses (mainly Datapipe and Onica), 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.
Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategies also is subject to certain risks. The risks described under the heading “Risk Factors” immediately following this summary may cause us not to realize the full benefits of our competitive strengths or may cause us to be unable to successfully execute all or part of our strategies. Some of the more significant challenges and risks we face include the following:

• attracting new customers, retaining existing customers and selling additional services and comparable gross margin services to our customers;
• risks associated with general economic conditions and uncertainties affecting markets in which we operate and economic volatility that could adversely impact our business, including the COVID-19 pandemic;
• our ability to successfully execute our strategies and adapt to evolving customer demands, including the trend to lower-gross margin offerings;
• risks associated with our substantial indebtedness and our obligations to repay such indebtedness;
• the loss of, and our reliance on, third-party providers, vendors, consultants and software;
• competing successfully against current and future competitors;
• security breaches, cyber-attacks and other interruptions to our and our third-party service providers’ technological and physical infrastructures; and
• our ability to meet our service level commitments to customers, including network uptime requirements.

Our Sponsor

Founded in 1990, Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, San Diego, Houston, Bethesda, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong, Shanghai and Tokyo. Apollo had assets under management of approximately $316 billion as of March 31, 2020 in credit, private equity and real assets funds invested across a core group of nine industries where Apollo has considerable knowledge and resources.

Upon the closing of this offering, we will be a “controlled company” within the meaning of the Nasdaq corporate governance standards because more than 50% of the voting power of our outstanding common stock will be beneficially owned by the Apollo Funds. For further information on the implications of this distinction, see “Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock” and “Management—Controlled Company.”

Following the closing of this offering, the Apollo Funds will continue to have the right, at any time until Apollo and its affiliates, including the Apollo Funds, no longer beneficially own at least 5% of the voting power of our outstanding common stock, to nominate a number of directors comprising a percentage of our board of directors in accordance with their beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number). See “Management—Board Composition,” “Certain Relationships and Related Party Transactions—Investor Rights Agreements” and “Description of Capital Stock—Composition of Board of Directors; Election and Removal of Directors” for more information.

Corporate Information

We were organized under the laws of the State of Delaware as a corporation on July 21, 2016. We changed our name to Rackspace Technology, Inc. from Rackspace Corp. on June 11, 2020 after changing our name to Rackspace Corp. from Inception Topco, Inc. on March 31, 2020. Our principal executive offices are located at 1 Fanatical Place, City of Windcrest, San Antonio, Texas 78218. Our telephone number is (210) 312-4000. Our website is located at https://www.rackspace.com. Our website and the information contained on, or that can be accessed through, our website will not be deemed to be incorporated by reference in, and are not considered part of, this prospectus.
### The Offering

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>Rackspace Technology, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common stock outstanding before this offering</strong></td>
<td>165,557,382 shares.</td>
</tr>
<tr>
<td><strong>Common stock offered by us</strong></td>
<td>33,500,000 shares (or 38,525,000 shares if the underwriters exercise their option to purchase additional shares in full as described below).</td>
</tr>
<tr>
<td><strong>Option to purchase additional shares</strong></td>
<td>We have granted the underwriters an option to purchase up to an additional 5,025,000 shares from us. The underwriters may exercise this option at any time within 30 days from the date of this prospectus. See “Underwriting (Conflict of Interest).”</td>
</tr>
<tr>
<td><strong>Common stock outstanding after giving effect to this offering</strong></td>
<td>199,057,382 shares (or 204,082,382 shares if the underwriters exercise their option to purchase additional shares in full).</td>
</tr>
<tr>
<td><strong>Use of proceeds</strong></td>
<td>We estimate that our net proceeds from this offering will be approximately $705.7 million (or approximately $812.9 million if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and commissions and offering expenses payable by us, based on an assumed initial offering price of $22.50 per share (the midpoint of the range set forth on the cover page of this prospectus). We currently expect to use a portion of the net proceeds from this offering to redeem, retire or repurchase $600 million aggregate principal amount of our outstanding 8.625% Senior Notes due 2024 (the “8.625% Senior Notes”) and to pay related premiums, fees and expenses. The remainder of the net proceeds will be used for general corporate purposes. See “Use of Proceeds” for additional information.</td>
</tr>
<tr>
<td><strong>Controlled company</strong></td>
<td>Upon completion of this offering, the Apollo Funds will continue to beneficially own more than 50% of the voting power of our outstanding common stock. As a result, we intend to avail ourselves of the “controlled company” exemptions under the Nasdaq rules, including exemptions from certain of the corporate</td>
</tr>
</tbody>
</table>
### Dividend policy
We do not intend to pay cash dividends on our common stock in the foreseeable future. However, we may, in the future, decide to pay dividends on our common stock. Any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, cash flows, capital requirements, levels of indebtedness, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements, and any other factors deemed relevant by our board of directors. See “Dividend Policy.”

### Listing
We have applied to list our common stock on Nasdaq under the symbol “RXT.”

### Risk factors
You should read the section titled “Risk Factors” beginning on page 18 of this prospectus for a discussion of some of the risks and uncertainties you should carefully consider before deciding to invest in our common stock.

### Conflict of interest
Apollo Global Securities, LLC, an affiliate of Apollo, is an underwriter in this offering. Affiliates of Apollo beneficially own in excess of 10% of our issued and outstanding common stock. As a result, Apollo Global Securities, LLC is deemed to have a “conflict of interest” under FINRA Rule 5121, and this offering will be conducted in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a “qualified independent underwriter” is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. Apollo Global Securities, LLC will not confirm sales of the securities to any account over which it exercises discretionary authority without the specific written approval of the account holder.

Except as otherwise indicated, all of the information in this prospectus:
- gives effect to a twelve-for-one stock split that was approved and effected on July 20, 2020 (the “Stock Split”);
• assumes an initial public offering price of $22.50 per share of common stock, the midpoint of the range set forth on the cover page of this prospectus;

• assumes no exercise of the underwriters’ option to purchase up to 5,025,000 additional shares of common stock in this offering;

• does not reflect the issuance of up to 10,663,741 shares of our common stock that may be issuable to an affiliate of ABRY (as defined herein) pursuant to the Datapipe Merger Agreement (as defined herein) as described further in “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement”;

• does not reflect 25,000,000 shares of common stock reserved for future grant or issuable in respect of awards granted under our new equity incentive plan (the “2020 Incentive Plan”), including shares of common stock underlying the CEO Performance RSU Grant and the CFO IPO Grant (each as defined herein) and up to 700,000 shares of common stock that may be issued upon the vesting of restricted stock units (“RSUs”) that we expect to grant to our employees on the date of this prospectus, and 11,500,000 shares of common stock reserved for future issuance under our new Employee Stock Purchase Plan (the “ESPP”). See “Executive Compensation—New Employee and Benefit Plans—2020 Incentive Plan” and “—Employee Stock Purchase Plan”;

and

• does not reflect 25,178,352 shares of common stock that may be issued upon the exercise of stock options and vesting of RSUs outstanding as of the consummation of this offering under the Rackspace Technology, Inc. Equity Incentive Plan (the “2017 Incentive Plan”). The following table sets forth the outstanding stock options and RSUs under the 2017 Incentive Plan as of March 31, 2020 (giving effect to the Stock Split):

<table>
<thead>
<tr>
<th></th>
<th>Number of Options or RSUs</th>
<th>Weighted-Average Exercise Price Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vested stock options (time-based vesting)(1)</td>
<td>3,500,532</td>
<td>$10.63</td>
</tr>
<tr>
<td>Unvested stock options (time-based vesting)(1)</td>
<td>14,647,224</td>
<td>$13.13</td>
</tr>
<tr>
<td>Unvested stock options (performance-based vesting)(1)</td>
<td>6,327,984</td>
<td>$12.36</td>
</tr>
<tr>
<td>Unvested RSUs (time-based vesting)</td>
<td>499,176</td>
<td>N/A</td>
</tr>
<tr>
<td>Unvested RSUs (performance-based vesting)</td>
<td>90,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(1) Upon a holder’s exercise of one option, we will issue to the holder one share of common stock.
**Summary Consolidated Financial and Other Data**

The following tables present our summary consolidated financial and other data for the periods indicated. We have derived the summary historical consolidated statement of operations data and the summary historical consolidated statement of cash flows data for the years ended December 31, 2017, 2018 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived our summary historical consolidated balance sheet data as of December 31, 2018 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated balance sheet data as of December 31, 2017 have been derived from our audited consolidated financial statements that are not included in this prospectus. We have derived the summary historical consolidated statement of operations data and the summary historical consolidated statement of cash flows data for the three months ended March 31, 2019 and 2020 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. We have derived our summary historical consolidated balance sheet data as of March 31, 2020 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated balance sheet data as of March 31, 2019 have been derived from our unaudited interim consolidated financial statements that are not included in this prospectus. Our summary consolidated financial and other data includes the results of operations for completed acquisitions subsequent to their respective acquisition dates. Our historical results are not necessarily indicative of our results that may be expected for any future period. The following summary consolidated financial and other data should be read in conjunction with the sections titled “Selected Historical Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Dividend Policy” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

### Consolidated Statement of Operations data:

<table>
<thead>
<tr>
<th>(In millions, except per share data and percentages)</th>
<th>Year Ended December 31</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>2,144.7</td>
<td>2,452.8</td>
</tr>
<tr>
<td>Gross profit</td>
<td>790.6</td>
<td>1,007.1</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales, net</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>Gain on settlement of contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(117.6)</td>
<td>(237.2)</td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(223.4)</td>
<td>(281.1)</td>
</tr>
<tr>
<td>Gain (loss) on investments, net</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Gain (loss) on extinguishment of debt</td>
<td>(16.9)</td>
<td>0.5</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>(7.4)</td>
<td>12.7</td>
</tr>
<tr>
<td>Total other expense</td>
<td>(243.1)</td>
<td>(263.3)</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(360.7)</td>
<td>(500.5)</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td>300.8</td>
<td>29.9</td>
</tr>
<tr>
<td>Net loss</td>
<td>(59.9)</td>
<td>(470.6)</td>
</tr>
<tr>
<td><strong>Net loss per share</strong>:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>(0.39)</td>
<td>(2.85)</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>153.7</td>
<td>165.2</td>
</tr>
</tbody>
</table>

### Consolidated Balance Sheet data (at end of period):

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>230.9</td>
<td>254.3</td>
</tr>
<tr>
<td>Gross profit</td>
<td>6,551.3</td>
<td>6,111.4</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on settlement of contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on investments, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on extinguishment of debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income (expense)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss per share</strong>:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Consolidated Statement of Cash Flows data:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>291.7</td>
<td>429.8</td>
</tr>
<tr>
<td><strong>Net cash (used in) investing activities</strong></td>
<td>1,226.2</td>
<td>348.3</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by financing activities</strong></td>
<td>867.5</td>
<td>(53.7)</td>
</tr>
</tbody>
</table>

15
The following table reconciles our calculations of Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income (Loss) to our net loss for the periods indicated:

### Table 1: Reconciliation of Net Loss to Non-GAAP Measures

<table>
<thead>
<tr>
<th>Period</th>
<th>Adjusted EBITDA</th>
<th>Adjusted EBIT</th>
<th>Adjusted Net Income (Loss)</th>
<th>Adjusted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Ended December 31,</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$546.8</td>
<td>$597.5</td>
<td>$700.7</td>
<td>$139.0</td>
</tr>
<tr>
<td>2018</td>
<td>$2,262.5</td>
<td>$2,374.3</td>
<td>$2,411.6</td>
<td>$2,382.2</td>
</tr>
<tr>
<td>2019</td>
<td>$192.8</td>
<td>$348.1</td>
<td>$209.7</td>
<td>$56.0</td>
</tr>
<tr>
<td><strong>Three Months Ended March 31,</strong></td>
<td>$185.6</td>
<td>$230.5</td>
<td>$2,482.1</td>
<td>$75.4</td>
</tr>
</tbody>
</table>

### Notes:

1. Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income (Loss) and Adjusted EPS are non-GAAP measures. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for important information about these measures.

The following table reconciles our calculations of Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income (Loss) to our net loss for the periods indicated:

### Table 2: Reconciliation of Net Loss to Non-GAAP Measures

<table>
<thead>
<tr>
<th>Period</th>
<th>Adjusted EBITDA</th>
<th>Adjusted EBIT</th>
<th>Adjusted Net Income (Loss)</th>
<th>Adjusted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Ended December 31,</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$56.8</td>
<td>$126.6</td>
<td>$164.2</td>
<td>$42.4</td>
</tr>
<tr>
<td>2018</td>
<td>$470.6</td>
<td>$53.9</td>
<td>$42.0</td>
<td>$11.0</td>
</tr>
<tr>
<td>2019</td>
<td>$102.3</td>
<td>$329.9</td>
<td>$42.0</td>
<td>$11.0</td>
</tr>
<tr>
<td>2020</td>
<td>$48.2</td>
<td>$329.9</td>
<td>$42.0</td>
<td>$11.0</td>
</tr>
</tbody>
</table>

### Notes:

(a) Includes expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition (amounting to $58 million, $26 million and $3 million for the years ended December 31, 2017, 2018 and 2019, respectively, and $3 million and zero for the three months ended March 31, 2019 and 2020, respectively), retention bonuses, mainly relating to restructuring and integration projects, and, beginning in the second quarter of 2019, senior executive signing bonuses and relocation costs.

(b) Includes legal, professional, accounting and other advisory fees related to completed acquisitions (including the Rackspace Acquisition in 2016 and the acquisitions of TriCore and Datapipe in 2017, RelationEdge in 2018 and Onica in the fourth quarter of 2019), 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 our existing management consulting agreements. The existing management consulting agreements will be terminated effective as of the pricing of this offering and therefore no management fees will accrue or be payable for periods after the pricing of this offering. See “Certain Relationships and Related Party Transactions—Management Consulting Agreements” elsewhere in this prospectus.

(e) Includes patent-related settlement costs, which our management determined were not related to our recurring, underlying operations.

(f) Includes gains from the disposition of our Mailgun business and, in 2019, the sale of our investment in CrowdStrike.

(g) Represents a gain on the cash settlement with a customer to terminate a multi-year agreement in advance of its scheduled expiry date (in June 2018).

(h) Includes losses related to two Term Loan Facility (as defined herein) amendments in 2017 and gains on our repurchases of 8.625% Senior Notes in 2018 and 2019.

(i) Represents mainly changes in the fair value of foreign currency derivatives.

(j) All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.

(k) 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 2019 and the 2020 interim period, we based it on an average of the 2019 and estimated 2020 tax rates, 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 2017 and 2018, we used a structural non-GAAP tax rate of 30% and 27%, respectively, which reflects the removal of the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments on a year-by-year basis. 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.

(2) The following table reconciles our GAAP net loss per share on a diluted basis to our Adjusted EPS (which gives effect to the Stock Split and equity awards which would be dilutive to our Adjusted EPS as described in footnote (b) below):

<table>
<thead>
<tr>
<th>(In whole dollars)</th>
<th>Year Ended December 31, 2019</th>
<th>Three Months Ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP net loss per share (diluted)</td>
<td>$ (0.62)</td>
<td>$ (0.29)</td>
</tr>
<tr>
<td>Per share impacts of adjustments to net loss(a)</td>
<td>1.00</td>
<td>0.45</td>
</tr>
<tr>
<td>Impact of shares dilutive after adjustments to net loss(b)</td>
<td>(0.00)</td>
<td>(0.00)</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$ 0.38</td>
<td>$ 0.16</td>
</tr>
</tbody>
</table>

(a) Reflects the aggregate adjustments made to reconcile Adjusted Net Income (Loss) to our net loss, as noted in the above table, divided by the GAAP diluted number of shares outstanding for the relevant period, as adjusted for the Stock Split.

(b) Reflects the impact of 637,631 and 879,850 shares of common stock relating to equity awards for the year ended December 31, 2019 and three months ended March 31, 2020, respectively, which, due to rounding, did not have an impact on Adjusted EPS for the periods presented. These awards would have been antidilutive to GAAP net loss per share, and therefore not included in the calculation of GAAP EPS, but would be dilutive to Adjusted EPS and are therefore included in the share count for purposes of presenting this non-GAAP measure.
You should carefully consider the risks and uncertainties described below, as well as the other information contained in this prospectus, including our consolidated financial statements and the related notes included elsewhere in this prospectus and “Management's Discussion and Analysis of Financial Condition and Results of Operations,” before deciding to invest in our common stock. In addition, past financial performance may not be a reliable indicator of future performance and historical trends may not predict results or trends in future periods. Any of the following risks could materially and adversely affect our business, financial condition and results of operations, in which case the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

If we are unable to attract new customers, retain existing customers and sell additional services and sell comparable gross margin services to customers, our revenue and results of operations could be adversely affected.

Our ability to maintain or increase our revenues and profit may be impacted by a number of factors, including our ability to attract new customers, retain existing customers and sell additional services and comparable gross margin services to our customers. In addition, as we seek to grow our customer base increasingly through outbound sales, we expect to incur higher customer acquisition costs and, to the extent we are unable to retain and sell additional services to existing customers, our revenue and results of operations may decrease.

Growth in the demand for our services may be inhibited and we may be unable to profitably maintain or grow our customer base for a number of reasons, such as:

- our inability to provide compelling services or effectively market them to new and existing customers;
- loss of our favorable relationships with our third-party cloud service providers;
- customer migration to platforms that we do not have expertise in managing;
- the inability of customers to differentiate our services from those of our competitors or our inability to effectively communicate such distinctions;
- the decision of customers to host internally or in colocation facilities as an alternative to the use of our services;
- the decision of customers to use internal or other third-party resources to manage their platforms and applications;
- reductions in IT spending by customers or potential customers;
- our inability to penetrate international markets;
- a reduction in the demand for our services due to macroeconomic factors in the markets in which we operate;
- our inability to strengthen awareness of our brand; and
- reliability, quality or compatibility problems with our services.

Moreover, we may face difficulty retaining existing customers over the long term. Certain customer contracts, particularly within our Multicloud Services segment, typically have initial terms (typically from 12 to 36 months) and, unless terminated, may be renewed or automatically extended on a month-to-month basis. Our customers have no obligation to renew their services after their initial
contract periods expire and any termination fees associated with an early termination may not be sufficient to recover our costs associated with such contracts. In addition, many of our other service offerings, including most of our public cloud offerings, can be based on a consumption model and can be canceled at any time without penalty. As a result, we may face high rates of customer churn if we are unable to meet our customer needs, requirements and preferences.

Our costs associated with generating revenue from existing customers are generally lower than costs associated with generating revenue from new customers, and depending on the customer and the service offering, there may be substantial variation in the gross margins associated with existing and new customers. Any failure by us in continuing to attract new customers or grow our revenue from existing customers could have a material and adverse effect on our business, financial condition and results of operations.

**Our business is affected by general economic conditions and uncertainties affecting markets in which we operate and economic volatility could adversely impact our business.**

Our overall performance depends in part on worldwide economic and geopolitical conditions. The United States (the “U.S.”), the United Kingdom (the “U.K.”) and other key international economies have experienced cyclical downturns from time to time in which economic activity was impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty with respect to the economy. These economic conditions can arise suddenly and the full impact of such conditions can remain uncertain. In addition, geopolitical developments, such as existing and potential trade wars and other events beyond our control, such as the COVID-19 pandemic, which has resulted in the imposition of related public health measures and travel restrictions, and civil unrest can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Any of these effects could have a material and adverse impact on our business, financial condition and results of operations.

The recent outbreak of a novel strain of coronavirus, now referred to as COVID-19, has spread, and continues to spread, globally and the World Health Organization declared the outbreak to constitute a “pandemic” in March 2020. Currently, COVID-19 has not had a significant impact on our operations or financial performance; however, the extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and our sales cycles, impact on our customer, employee or industry events and effect on our vendors, all of which are uncertain and cannot be predicted. For example, in response to the COVID-19 pandemic, we have shifted to a work from home environment for all employees whose presence in the office is nonessential. In addition, we have and may in the future continue to postpone or cancel customer, employee or industry events, which could impact our brand visibility and our ability to obtain new customers. Moreover, any deterioration in economic conditions resulting from the COVID-19 pandemic can affect the rate of IT spending, and any reductions may fall disproportionately on outsourced and cloud-based solutions like ours. In addition, impacts of the COVID-19 pandemic may be exacerbated by the disproportionate impact it is having on the small and medium-size businesses that make a large portion of our customer base, many of which may be forced to shut down or limit operations for an indefinite period of time. Economic weakness, customer financial difficulties and constrained spending on IT operations could adversely affect our customers’ ability or willingness to purchase our service offerings, delay purchasing decisions and lengthen our sales cycles, reduce the value or duration of their subscription contracts, or increase churn, all of which could have a material and adverse effect on our sales and operating results. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our
indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

If we are unable to successfully execute our strategies and continue to develop and sell the services and solutions our customers demand, our business, financial condition and results of operations may suffer.

We must adapt to rapidly changing customer demands and preferences in order to successfully execute our strategies. This requires us to anticipate and respond to customer demands and preferences, address business model shifts, optimize our go-to-market execution by improving our cost structure, align sales coverage with strategic goals, improve channel execution and strengthen our services and capabilities in our areas of strategic focus. Any failure to successfully execute our strategies, including any failure to invest in strategic growth areas, could adversely affect our business, financial condition and results of operations.

Our strategies require significant investments that may adversely affect our near-term revenue growth and results of operations.

We expect the implementation of our strategies to require significant investments, and the investments we must make could result in lower gross margins and raise our operating expenses and capital expenditures. The risks and challenges we face in connection with our strategies include upgrading and integrating our service offerings, expanding our professional services capability, expanding into new geographies, growing in geographies where we currently have a small presence and ensuring that the performance, features and reliability of our service offerings and our customer service remain competitive in a rapidly changing technological environment. These investments may adversely affect our near-term revenue growth and results of operations, and we cannot assure that they will ultimately be successful.

We have a history of losses and may not be able to achieve profitability in the future.

We incurred net losses of $59.9 million, $470.6 million and $102.3 million in the fiscal years ended December 31, 2017, December 31, 2018 and December 31, 2019, respectively. We may not be able to achieve profitability in the future or on a consistent basis. We have incurred substantial expenses and expended significant resources to market, promote, and sell our services, and we have substantial debt service payments. Our ability to achieve or maintain profitability will depend on our ability to increase our revenue, manage our cost structure, and avoid significant liabilities. Revenue growth may slow or revenue may decline for a number of reasons, including general macroeconomic conditions, increasing competition, or a decrease in the growth of the markets in which we operate. In addition, as a public company, we expect to incur significant legal, accounting and other expenses that we have not incurred to date as a private company. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. Any failure to increase our revenue or manage our expenses could prevent us from achieving profitability at all or on a consistent basis, which would cause our business, financial condition and results of operations to suffer.

Our results of operations have historically varied and may fluctuate significantly, which could make our future results difficult to predict and could cause our results of operations to fall below investor or analyst expectations.

Our results of operations may fluctuate due to a variety of factors, including many of the risks described in this section, many of which are outside of our control. Many of these factors outside our control could result in increased costs, decreases in the amount of expected revenue and diversion of
management's time and energy, which could materially and adversely impact our business. Our period-to-period results of operations are not necessarily an indication of our future operating performance. Similarly, our Bookings, Annualized Recurring Revenue and Quarterly Net Revenue Retention Rate metrics may not provide an accurate indication of our future or expected results of operations. For instance, we expect that Bookings could fluctuate significantly on a quarterly basis based on the timing of one or more customer purchase decisions, which we cannot control, and which makes it difficult for us to accurately predict Bookings for any future period. In addition, in calculating Adjusted Net Income (Loss), we utilize estimates of our net effective tax rate, which may fluctuate based on a number of factors, including tax law changes and the geographic distribution of our profits and losses. As a result, our calculation of Adjusted Net Income (Loss) could change from period to period, including due to factors not tied to our financial performance. Furthermore, our revenue, gross margins and profitability in any given period are dependent partially on the service, customer and geographic mix reflected in the respective period. Variations in cost structure and gross margins across business units and services may lead to operating profit volatility on an annual and quarterly basis. Fluctuations in our revenue can lead to even greater fluctuations in our results of operations. Our budgeted expense levels depend in part on our expectations of long-term future revenue. Given the fixed nature of certain operating costs related to our personnel and facilities, any substantial adjustment to our expenses to account for lower than expected levels of revenue will be difficult. Consequently, if our revenue does not meet projected levels, our operating expenses would be high relative to our revenue, which would negatively affect our operating performance.

If our revenue or operating results do not meet or exceed the expectations of investors or securities analysts, the price of our common stock may decline.

Our key operating metrics are subject to assumptions and limitations and may not provide an accurate indication of our future or expected results.

Our key operating metrics, including Bookings, Annualized Recurring Revenue (ARR) and Quarterly Net Revenue Retention Rate, are based on numerous assumptions and limitations, are calculated using our internal data that have not been independently verified by third parties and may not provide an accurate indication of our future or expected results. For instance, our Bookings metric is calculated by annualizing the monthly value of recurring customer contracts entered into during a period and adding the actual (not annualized) estimated value of professional services consulting, advisory or project-based orders received during the period, but does not reflect actual or anticipated contract non-renewals or service cancellations (which we do not report), and to the extent we experience such contract non-renewals or service cancellations, will not result in revenue in future periods. Bookings also does not differentiate between recurring and non-recurring revenue, may not correlate to the time period in which revenue is recognized or anticipated to be recognized and is increased by a customer moving from one workload to another workload (which would not be an increase if a customer had a net zero revenue impact in a single workload from a new contract and cancellation). As a result, the assumptions used in calculating Bookings are subject to several limitations. Annualized Recurring Revenue is a historical measure that annualizes our revenue for a previously completed fiscal quarter and therefore is not a reliable indicator of our future or expected results, and Annualized Recurring Revenue also does not reflect any actual or anticipated reductions in revenue due to contract non-renewals or service cancellations. Quarterly Net Revenue Retention Rate may fluctuate from quarter to quarter based on the customers that qualify to be included in the cohort used to calculate the metric. As a result, our key operating metrics may not reflect our actual performance, and investors should consider each one of our key operating metrics in light of the assumptions used in calculating the metric and limitations as a result thereof. In addition, investors should not place undue reliance on our key operating metrics as indicators of our future or expected results. Moreover, our key operating metrics may differ from similarly titled metrics presented by other companies and may not be comparable to such other metrics. See “Management’s Discussion and
Our substantial indebtedness could materially and adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments.

We are a highly leveraged company. As of March 31, 2020, we had $3,987.5 million face value of outstanding indebtedness, in addition to $225.0 million of undrawn commitments under our senior secured first lien revolving credit facility (the “Revolving Credit Facility”) (without any letters of credit outstanding) and $155.8 million outstanding under financing obligations. In connection with the closing of this offering, we expect to increase the size of our Revolving Credit Facility to $375.0 million, and, after giving effect to such increase, we would have had $375.0 million of undrawn commitments as of March 31, 2020 under our Revolving Credit Facility. Our outstanding indebtedness as of March 31, 2020 includes $2,817.3 million of borrowings under our senior secured first lien term loan facility (the “Senior Facilities”), $1,120.2 million of 8.625% Senior Notes and $50.0 million of borrowings under our accounts receivable financing facility (the “Receivables Financing Facility”). For the years ended December 31, 2018 and 2019, we made total debt service payments, consisting of required principal and interest payments, of approximately $275.4 million and $280.6 million, respectively, which represented 94.0% and 65.3%, respectively, of our cash flow from operations (or 51.1% and 41.2%, respectively, of our cash flow from operations calculated prior to any deductions for cash interest payments).

Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the 8.625% Senior Notes (the “Indenture”), the credit agreement governing the Senior Facilities (the “First Lien Credit Agreement”) and agreements covering other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and the repayment of our indebtedness, thereby reducing funds available to us for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our operations or business;
- make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- impact our rent expense on leased space, which could be significant;
- make us more vulnerable to downturns in our business, our industry or the economy;
- restrict us from making strategic acquisitions, engaging in development activities, introducing new technologies or exploiting business opportunities;
- cause us to make non-strategic divestitures;
- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to dispose of assets;
- prevent us from raising the funds necessary to repurchase all 8.625% Senior Notes tendered to us upon the occurrence of certain changes of control, which failure to repurchase would constitute an event of default under the Indenture, or refinance the Senior Facilities upon a change of control, which is an event of default under the First Lien Credit Agreement; or
• expose us to the risk of increased interest rates, as certain of our borrowings, including borrowings under the Senior Facilities, are at variable rates of interest.

In addition, the First Lien Credit Agreement and the Indenture contain restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

We may not be able to compete successfully against current and future competitors.

The market for our services is highly competitive, quickly evolving and subject to rapid changes in technology. We expect to continue to face intense competition from our existing competitors as well as additional competition from new market entrants in the future as the market for our services continues to grow.

Our current and potential competitors vary by size, service offerings and geographic region. These competitors may elect to partner with each other or with focused companies to grow their businesses. They include:

• in-house IT departments of our customers and potential customers;
• traditional global IT systems integrators, including large multi-national providers, such as Accenture, Atos, CapGemini, Cognizant, Deloitte, DXC Technology and IBM;
• cloud service providers and digital systems integrators;
• regional managed services providers; and
• colocation solutions providers, such as Equinix, CyrusOne and QTS.

The primary competitive factors in our market are: focus on the cloud, technology and service expertise, customer experience, speed of innovation, strength of relationships with technology partners, automation and scalability, standardized operational processes, geographic reach, brand recognition and reputation and price.

Many of our current and potential competitors have substantially greater financial, technical and marketing resources; relationships with large vendor partners; larger global presence; larger customer bases; longer operating histories; greater brand recognition; and more established relationships in the industry than we do. As a result, some of these competitors may be able to:

• develop superior products or services, gain greater market acceptance and expand their service offerings more efficiently or more rapidly;
• adapt to new or emerging technologies and changes in customer requirements more quickly;
• bundle their offerings, including hosting services with other services they provide at reduced prices;
• streamline their operational structure, obtain better pricing or secure more favorable contractual terms, allowing them to deliver services and products at a lower cost;
• take advantage of acquisition, joint venture and other opportunities more readily;
• adopt more aggressive pricing policies and devote greater resources to the promotion, marketing and sales of their services, which could cause us to have to lower prices for certain services to remain competitive in the market; and
• devote greater resources to the research and development of their products and services.

To the extent we face increased price competition, we may have to lower the prices of certain of our services in the future to stay competitive, while simultaneously seeking to maintain or improve our revenue and gross margin.

In addition, consolidation activity through strategic mergers, acquisitions and joint ventures may result in new competitors that can offer a broader range of products and services, may have greater
scale or a lower cost structure. To the extent such consolidation results in the ability of vertically-integrated companies to offer more integrated services to customers than we can, customers may prefer the single-source approach and direct more business to such competitors, thereby impairing our competitive position. Furthermore, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships or strategic relationships. As we look to market and sell our services to potential customers, we must convince their internal stakeholders that our services are superior to their current solutions. If we are unable to anticipate or react to these competitive challenges, our competitive position would weaken, which could adversely affect our business, financial condition and results of operations.

We may from time to time enter into strategic relationships with one or more of our competitors. By way of example, we have non-exclusive managed service provider relationships with AWS, Microsoft and Google and have entered into agreements with colocation service providers to provide us with colocation space.

**Our business is highly dependent on our ability to maintain favorable relationships with our third-party cloud infrastructure providers and the ability of those third-party cloud infrastructure providers to provide the services and features that our customers desire.**

We have non-exclusive managed service provider relationships with AWS, Microsoft and Google. Some of our customers first select their cloud infrastructure platform provider and then engage us to provide the managed services for the selected platform and, more often than not, we resell the cloud infrastructure to the customer (although some customers may elect to purchase the cloud infrastructure directly from the providers). Our agreements with AWS, Microsoft and Google may be terminated at will by the counterparty. If we are unable to maintain these relationships on favorable terms, or at all, we may not be able to retain our current customers or attract new customers, which could have a material and adverse effect on our business, financial condition and results of operations. Further, if our cloud infrastructure providers are unable to provide the types of services and features that meet customer needs, our customers may migrate to alternative cloud infrastructure providers that we may not have the ability to resell and/or support or may not be able to support on a competitive cost structure, which could have a material and adverse effect on our business, financial condition and results of operations.

We rely on our relationships with third-party cloud infrastructure providers to help drive revenue to our business. Most of these providers offer services that are complementary to our services; however, some may compete with us in one or more of our service offerings. These providers may decide in the future to terminate their agreements with us and/or to market and sell a competitor’s or their own services rather than ours, which could cause our revenue to decline. Also, we derive tangible and intangible benefits from our association with some of these providers, particularly high-profile providers that reach a large number of companies through the Internet. If a substantial number of these providers terminate their relationship with us, our business, financial condition and results of operations could be adversely affected.

**Our referral and reseller partners provide revenue to our business, and we benefit from our association with them. The loss of these participants could adversely affect our business.**

Our referral and reseller partners drive revenue to our business. Most of these partners offer services that are complementary to our services; however, some may actually compete with us in one or more of our service offerings. These referral and reseller partners may decide in the future to terminate their agreements with us and/or to market and sell a competitor’s or their own services rather than ours, which could cause our revenue to decline. Also, we derive tangible and intangible benefits from our association with some of our referral and reseller partners, particularly high-profile partners.
that reach a large number of companies through the Internet. If a substantial number of these partners terminate their relationships with us, our business, financial condition and results of operations could be adversely affected.

We also receive payments and credits from some of our referral and reseller partners, including consideration under volume incentive programs and shared marketing expense programs. Our referral and reseller partners may decide to terminate or reduce the benefits under their incentive programs, or change the conditions under which we may obtain such benefits. Any sizable reduction, termination or significant delay in receiving benefits under these programs could adversely impact our business, financial condition and results of operations. If we are unable to timely react to any changes in our referral and reseller partners' programs, such as the elimination of funding for some of the activities for which we have been compensated in the past, such changes could adversely impact our business, financial condition and results of operations.

If we fail to hire and retain qualified employees and management personnel, our strategies and our business could be harmed.

Our ability to be successful and to execute on our strategies depends on our ability to identify, hire, train and retain qualified executives, IT professionals, technical engineers, software developers, operations employees and sales and senior management personnel who maintain relationships with our customers and who can provide the technical, strategic and marketing skills required for our company to grow. Our ability to execute on our sales strategy is also dependent on our ability to identify, hire, train and retain a sufficient number of qualified sales personnel. There is a shortage of qualified personnel in these fields. We compete with other companies for this limited pool of potential employees. Furthermore, the implementation of our strategies will result in changes throughout our business, which may create uncertainty for our employees. Such uncertainties may impair our ability to attract, retain and motivate key personnel and could cause customers, suppliers and others who deal with us to seek to change existing business relationships. In addition, the industry in which we operate is generally characterized by significant competition for skilled personnel, and as our industry becomes more competitive, it could become especially difficult to retain personnel with unique in-demand skills and knowledge, whom we would expect to become recruiting targets for our competitors. There is no assurance that we will be able to recruit or retain qualified personnel or successfully transition knowledge from departing employees, and this failure could cause a dilution of our service-oriented culture and our inability to develop and deliver new services, which could cause our business to be negatively impacted.

Security breaches, cyber-attacks and other interruptions to our or our third-party service providers' infrastructure may disrupt our internal operations and we may be exposed to claims and liability, lose customers, suffer harm to our reputation, lose business-critical compliance certifications and incur additional costs.

We are materially dependent upon our networks, information technology infrastructure and related technology systems to provide services to our customers and to manage our internal operations. Many of our customers require access to our services on a continuous basis and may be materially impaired by interruptions in our or our third-party service providers' infrastructure. The services we offer also involve the transmission of large amounts of sensitive and proprietary information over public communications networks, as well as the processing and storage of confidential customer information, which may include information subject to stringent domestic and foreign data protection laws, including those governing personally identifiable information, protected health information or other types of sensitive data. We also process, store and transmit our own data as part of our business and operations, which may include personally identifiable, confidential or proprietary information.
Cyber-attacks have become more prevalent in our industry, and the techniques used to sabotage or obtain unauthorized access to systems are constantly expanding and evolving and may not be recognized until they are successfully launched against a target. Without the proper tools, software, services and processes in place that are necessary to protect against and mitigate harm, we could be continuously susceptible to unauthorized access, infrastructure attacks, malicious file attacks, ransomware, bugs, worms, malicious software programs, remnant data exposure, computer viruses, denial-of-service attacks, accidents, employee error or malfeasance, intentional misconduct by computer “hackers,” state-sponsored cyber-attacks and attempts by outside parties to fraudulently induce our employees or customers to disclose or grant access to our data or our customers’ data. Our current security measures may fail or be inadequate to defeat or mitigate these attacks, and we may be unable to implement additional security measures in a timely manner. Even if implemented, these measures could be circumvented as a result of accidental or intentional actions by parties within or outside of our organization. Additionally, other disruptions can occur, such as infrastructure gaps, hardware and software vulnerabilities, inadequate or missing security controls, exposed or unprotected customer data and the accidental or intentional disclosure of source code or other confidential information by former or current employees. Any such incidents could (i) interfere with the delivery of services to our customers, (ii) impede our customers’ ability to do business, (iii) compromise the security of infrastructure, systems and data, (iv) lead to the dissemination to third parties of proprietary information or sensitive, personal, or confidential data about us, our employees or our customers, including personally identifiable information of individuals involved with our customers and their end users and (v) impact our ability to do business in the ordinary course. Each of these risks could further intensify as we maintain information in digital form stored on servers connected to the Internet, especially in light of the growing frequency, scope and well-documented sophistication of cyber-attacks and intrusions. If a breach or other security incident were to occur, it could expose us to increased risk of claims and liability, including litigation, regulatory enforcement, notification obligations and indemnity obligations, as well as loss of existing or potential customers, harm to our reputation, increases in our security costs (including spending material resources to investigate or correct the breach or incident and to prevent future security breaches and incidents), disruption of normal business operations, the impairment or loss of industry certifications and government sanctions (including debarment), all of which could have a material and adverse effect on our business, financial condition and results of operations.

The security of our services is important in our customers’ decisions to purchase or use our services. Threats to our infrastructure may not only affect the data that we own but also the data belonging to our customers. When customers use our services, they rely on the security of our infrastructure, including hardware and other elements provided by third parties, to ensure the reliability of our services and the protection of their data. We also offer professional services to our customers where we consult on data center solutions and assist with implementations. We offer managed services domestically and in some jurisdictions outside of the U.S. where we manage the data center infrastructure for our customers. An actual or perceived breach of, or other security incident relating to, our cloud storage systems and networks could result in significant loss. In the event of a claim, we could be liable for substantial damage awards that may significantly exceed our liability insurance coverage by unknown but significant amounts, which could have a material and adverse effect on our financial condition and results of operations. Additionally, we cannot be certain that our insurers will not deny coverage as to any such claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, business, financial condition and results of operations. The costs could be exacerbated by regulatory fines and penalties, notification costs and the loss of revenue due to brand and reputational harm.
Similar security risks exist with respect to our business partners and the third-party vendors that we rely on for aspects of our IT support services and administrative functions, including the systems owned, operated or controlled by other unaffiliated operators to the extent we rely on such other systems to deliver services to our customers. Our ability to monitor our third-party service providers' data security is limited. As a result, we are subject to the risk that cyber-attacks on, or other security incidents affecting, our business partners and third-party vendors may adversely affect our business even if an attack or breach does not directly impact our systems. It is also possible that security breaches sustained by, or other security incidents affecting, our competitors could result in negative publicity for our entire industry that indirectly harms our reputation and diminishes demand for our services.

In addition, our customers require and expect that we maintain industry-related compliance certifications, such as International Organization for Standardization (ISO) 27001, Service Organization Controls (SOC 1, 2, 3) and Payment Card Industry (PCI), Federal Information Security Management Act (FISMA), Federal Risk and Authorization Management Program (FedRAMP) and Health Insurance Portability and Accountability Act (HIPAA) in the U.S., Information Security Registered Assessors Program (IRAP) in Australia and Public Services Network (PSN) in the U.K. There are significant costs associated with maintaining existing and implementing any newly-adopted industry-related compliance certifications, including costs associated with retroactively building security controls into services which may involve re-engineering technology, processes and staffing. The inability to maintain applicable compliance certifications could result in monetary fines, disruptive participation in forensic audits due to a breach, security-related control failures, customer contract breaches, customer churn and brand and reputational harm.

Our inability to prevent service disruptions and ensure network uptime could lead to significant costs and could harm our business reputation and have a material and adverse effect on our business, financial condition and results of operations.

Our value proposition to customers is highly dependent on the ability of our existing and potential customers to access our services and platform capabilities at any time and within an acceptable amount of time. We have experienced interruptions in service in the past and may in the future experience service interruptions due to such things as power outages, power equipment failures, cooling equipment failures, network connectivity downtime, routing problems, security issues, hard drive failures, database corruption, system failures, natural disasters, software failures, human and software errors, denial-of-service attacks and other computer failures. Because our ability to attract and retain customers depends on our ability to provide customers with highly reliable service, even minor interruptions in our service could harm our reputation.

Because our service offerings do not require geographic proximity of our data centers to our customers, our infrastructure is consolidated into a few large facilities. Accordingly, any failure or downtime in one of our data center facilities could affect a significant percentage of our customers. The total destruction or severe impairment of any of our data center facilities could result in significant downtime of our services and the loss of customer data. In addition, it may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our services and platform capabilities become more complex and our user traffic increases. To the extent that our facilities fail or experience downtime or we do not effectively upgrade our systems as needed or continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations may be adversely affected. Service interruptions continue to be a significant risk for us and could materially and adversely impact our business, financial condition and results of operations.

Any future service interruptions could:

- cause our customers to seek damages for losses incurred;
delay payment to us by customers;
result in legal claims against us;
divert our resources;
require us to replace existing equipment or add redundant facilities;
affect our reputation as a reliable provider of hosting services;
cause existing customers to cancel or elect not to renew their contracts; or
make it more difficult for us to attract new customers.

Our customer agreements include certain service level commitments to our customers relating primarily to network uptime, critical infrastructure availability and hardware replacement. If we are unable to meet the stated service level commitments, we may be contractually obligated to provide these customers with service credits for a portion of the service fees paid by our customers. As a result, a failure to deliver services for a relatively short duration could cause us to issue these credits to a large number of affected customers. In addition, we cannot be assured that our customers will accept these credits in lieu of other legal remedies that may be available to them. Our failure to meet our commitments could also result in substantial customer dissatisfaction or loss. Our failure to meet our service level commitments to our customers could lead to future loss of revenues and have a material and adverse effect on our business, financial condition and results of operations.

Our ability to operate our data centers relies on access to sufficient and reliable electric power.

Since our data centers rely on third parties to provide power sufficient to meet operational needs, our data centers could have a limited or inadequate amount of electrical resources necessary to meet our customer requirements. We and other data center operators attempt to limit exposure to system downtime due to power outages by using backup generators and power supplies. However, these protections may not limit our exposure to power shortages or outages entirely. Any system downtime resulting from insufficient power resources or power outages could cause physical damage to equipment, increase our susceptibility to security breaches, damage our reputation and lead us to lose current and potential customers, which would harm our business, financial condition and results of operations.

Failure to have reliable Internet, telecommunications and fiber optic network connectivity and capacity may adversely affect our results of operations.

Our success depends in part upon the capacity, reliability and performance of our network infrastructure, including our Internet, telecommunications and fiber optic network connectivity providers. We depend on these companies to provide uninterrupted and error-free service through their telecommunications networks. Some of these providers are also our competitors. We exercise little control over these providers, which increases our vulnerability to problems with the services they provide. We have experienced and expect to continue to experience interruptions or delays in network service. Any failure on our part or the part of our third-party suppliers to achieve or maintain high data transmission capacity, reliability or performance could significantly reduce customer demand for our services and have a material and adverse effect on our business, financial condition and results of operations. We also can provide no assurances that our redundancy planning will be effective.

As our customers’ usage of telecommunications capacity increases, we will be required to make additional investments in our capacity to maintain adequate data transmission speeds, the availability of which may be limited or the cost of which may be on terms unacceptable to us. If adequate capacity is not available to us as our customers’ usage increases, our network may be unable to achieve or maintain sufficiently high data transmission capacity, reliability or performance. In addition, our business and results of operations would suffer if our network suppliers increased the prices for their services and we were unable to successfully pass along the increased costs to our customers.
We have overestimated our data center capacity requirements in the past. If we overestimate or underestimate our data center capacity requirements, our business, financial condition and results of operations could be adversely affected.

The costs of building out, leasing and maintaining our data centers constitute a significant portion of our capital and operating expenses. To manage our capacity while minimizing unnecessary excess capacity costs, we continuously evaluate our short and long-term data center capacity requirements, and we have overestimated our data center capacity requirements in the past. However, many of the data center sites that we lease are subject to long-term leases. If our capacity needs are reduced, or if we decide to close a data center, we may nonetheless be committed to perform our obligations under the applicable leases including, among other things, paying the base rent for the balance of the lease term. Moreover, as a result of changing technological trends, we have seen customer demand shift towards our offerings provided on the infrastructure of a third-party cloud infrastructure provider, which reduces our data center capacity needs. In addition, the solutions we offer and our customer-based approach may encourage our customers to move to the public cloud, which may reduce our data center capacity needs. If we overestimate our data center capacity requirements and therefore secure excess data center capacity, our operating margins could be materially reduced. If we underestimate our data center capacity requirements, we may not be able to service the expanding needs of our existing customers and may be required to limit new customer acquisition or enter into leases that are not optimal, both of which may materially and adversely impair our business, financial condition and results of operations.

Real or perceived errors, failures or bugs in our customer solutions, software or technology could adversely affect our business, financial condition and results of operations.

Undetected real or perceived errors, failures, bugs or defects may be present or occur in the future in our customer solutions, software or technology or the technology or software we license from third parties, including open source software. Despite testing by us, real or perceived errors, failures, bugs or defects may not be found until our customers use our services. Real or perceived errors, failures, bugs or defects in our customer solutions could result in negative publicity, loss of or delay in market acceptance of our services and harm to our brand, weakening of our competitive position, claims by customers for losses sustained by them or failure to meet the stated service level commitments in our customer agreements. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend significant additional resources in order to help correct the problem. Any real or perceived errors, failures, bugs or defects in our customer solutions could also impair our ability to attract new customers, retain existing customers or expand their use of our services, which could adversely affect our business, financial condition and results of operations.

We rely on third-party software that may be difficult to replace, or which could cause errors or failures of our service that could lead to lost customers or harm to our reputation.

We rely on software licensed from third parties to offer our services. This software may not continue to be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of this software could result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated, which could harm our business, and there is no guarantee that we would be successful in developing, identifying, obtaining or integrating equivalent or similar technology, which could result in the loss or limiting of our services or features available in our services. Any errors or defects in third-party software or inadequate or delayed support by our third-party licensors could result in errors or a failure of our service, which could harm our business, financial condition and results of operations.
If our third-party vendors, including our third-party software licensors, increase their prices and we are unable to pass those increased costs to our customers, it could have a material and adverse effect on our results of operations.

If third-party vendors increase their prices and we are unable to successfully pass those costs on to our customers, it could have a material and adverse effect on our results of operations. Many of our contracts with our customers give us the flexibility to increase our prices from time to time; however, notwithstanding our contractual right to do so, raising prices may decrease the demand for our services, cause customers to terminate their existing relationships with us or limit our ability to attract new customers.

Our services depend in part on intellectual property and proprietary rights and technology licensed from third parties.

Much of our business and many of our services rely on key technologies developed or licensed by third parties. For example, we sell or otherwise provide licenses to use third-party software in connection with the sale of some of our managed service partner offerings. These third-party software components may become obsolete, defective or incompatible with future versions of our services, or relationships with the third-party licensors may deteriorate, or our agreements with the third-party licensors may expire or be terminated. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our service offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material and adverse effect on our business and results of operations. Furthermore, incorporating intellectual property or proprietary rights licensed from third parties on a non-exclusive basis in our services could limit our ability to protect the intellectual property and proprietary rights in our services and our ability to restrict third parties from developing, selling or otherwise providing similar or competitive technology using the same third-party intellectual property or proprietary rights.

Sales to enterprise customers involve risks that may not be present in or that are present to a greater extent than sales to smaller entities.

We continue to focus our sales efforts on enterprise customers. Sales to such customers generally have longer sales cycles, more complex customer requirements, substantial upfront sales costs and contract terms that are less favorable to us, including as it relates to pricing and limitations on liability. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our solutions, the discretionary nature of purchasing and budget cycles and the competitive nature of evaluation and purchasing approval processes. As a result, the length of our sales cycle, from identification of the opportunity to deal closure, may vary significantly from customer to customer, with sales to large enterprises typically taking longer to complete.

Some of our professional services engagements with our clients are based on estimated pricing terms. If our estimates are incorrect, these terms could become unprofitable.

Some of our customer contracts for professional services are fixed-price contracts to which we commit before we provide services to these clients. In pricing such fixed-price client contracts, we are required to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. As a result, the profit that is anticipated at a contract's inception is not guaranteed. Our estimates reflect our best judgments about the nature of the engagement and our expected costs in providing the contracted services. However, any increased or unexpected costs or any unanticipated delays in connection with our performance of these engagements, including delays caused by our third-party providers or by factors outside our control, could make these contracts less profitable or unprofitable and could have an adverse impact on our business, financial condition or results of operations.
If we fail to maintain, enhance and protect our brand, our ability to expand our customer base will be impaired and our business, financial condition and results of operations may suffer.

We believe that maintaining, enhancing and protecting our brand is important to support the marketing and sale of our existing and future services to new customers and expand sales of our services to existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. In June 2020, we undertook a comprehensive rebranding effort, changing the legacy "Rackspace" brand to “Rackspace Technology”, which better communicates our enhanced value proposition to customers. Successfully maintaining, enhancing and protecting our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable services that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to successfully differentiate our services and platform capabilities from competitive services and our ability to obtain, maintain, protect and enforce trademark and other intellectual property protection for our brand. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses incurred in building and maintaining our brand. If we fail to successfully promote, maintain and protect our brand, our business, financial condition and results of operations may be adversely affected.

Our ability to operate and expand our business is susceptible to risks associated with international sales and operations.

We have operations across the globe. We anticipate that a significant portion of our revenue will continue to be derived from sources outside of the U.S. A key element of our strategy is to further expand our customer base internationally and successfully operate data centers in foreign markets. We have limited experience operating in foreign jurisdictions other than the U.K., Australia and Hong Kong and expect to continue to grow our international operations. Managing a global organization is difficult, time consuming and expensive. If we are unable to manage the risks of our global operations and geographic expansion strategy, our business, results of operations and ability to grow could be materially and adversely affected. In addition, conducting international operations subjects us to new risks that we have not generally faced. These risks include:

• localization of our services, including translation into foreign languages and adapting to local practices and regulatory requirements and differing technology standards or customer requirements;
• lack of familiarity with and unexpected changes in foreign regulatory requirements;
• longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
• difficulties in managing and staffing international operations;
• fluctuations in currency exchange rates;
• restrictions on the ability to move cash;
• potentially adverse tax consequences, including the complexities of transfer pricing and foreign value added tax systems;
• challenges associated with repatriating earnings generated or held abroad in a tax-efficient manner and changes in tax laws;
• dependence on certain third parties, including channel partners with whom we do not have extensive experience;
• the burdens of complying with a wide variety of foreign laws and legal standards;
• increased financial accounting and reporting burdens and complexities;
trade regulations and procedures and actions affecting production, pricing and marketing of services, including policies adopted by countries that may champion or otherwise favor domestic companies and technologies over foreign competitors;

• political, social and economic instability and corruption abroad, terrorist attacks, civil unrest and security concerns in general;

• pandemics and public health emergencies, such as COVID-19; and

• reduced or varied protection for intellectual property and proprietary rights in some countries.

Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability.

Legal, political and economic uncertainty surrounding the planned exit of the U.K. from the European Union (the “E.U.”), or Brexit, could have a material and adverse effect on our business.

In June 2016, U.K. voters approved a referendum to withdraw the U.K.’s membership from the E.U., which is commonly referred to as “Brexit.” The U.K.’s withdrawal from the E.U. occurred on January 31, 2020, but the U.K. will remain in the E.U.’s customs union and single market until December 31, 2020 (the “Transition Period”). During the Transition Period, the E.U. and the U.K. will undertake negotiations on trade as well as other matters relating to Brexit. Negotiations between the U.K. and the E.U. are expected to continue in relation to the customs and trading relationship between the U.K. and the E.U. following the expiry of the Transition Period.

We have operations in the U.K. and the E.U. and, as a result, we face risks associated with the potential uncertainty and disruptions that may follow Brexit, including with respect to volatility in exchange rates and interest rates and potential material changes to the regulatory regime applicable to our operations in the U.K. The uncertainty concerning the U.K.’s legal, political and economic relationship with the E.U. after the Transition Period could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets. These developments, or the perception that any of them could occur, have had and may continue to have a significant adverse effect on global economic conditions and the stability of global financial markets and could significantly reduce global market liquidity and limit the ability of key market participants to operate in certain financial markets. In particular, it could also lead to a period of considerable uncertainty in relation to the U.K. financial and banking markets, as well as on the regulatory process in Europe. Asset valuations, currency exchange rates and credit ratings may also be subject to increased market volatility.

If the U.K. and the E.U. are unable to negotiate acceptable trading and customs terms or if other E.U. Member States pursue withdrawal, barrier-free access between the U.K. and other E.U. Member States or among the European Economic Area (“EEA”) overall could be diminished or eliminated. The long-term effects of Brexit will depend on any agreements (or lack thereof) between the U.K. and the E.U. and, in particular, any arrangements for the U.K. to retain access to E.U. markets either during a transitional period or more permanently after the Transition Period.

We may also face new regulatory costs and challenges as a result of Brexit that could have an adverse effect on our operations. For example, the U.K. could lose the benefits of global trade agreements negotiated by the E.U. on behalf of its members, which may result in increased trade barriers that could make our doing business in the E.U. and the EEA more difficult. There may continue to be economic uncertainty surrounding the consequences of Brexit that adversely impact customer confidence resulting in customers reducing their spending budgets on our solutions, which could harm our business.
The ongoing instability and uncertainty surrounding Brexit and the final terms reached regarding Brexit, could require us to restructure our business operations in the U.K. and the E.U. and could have an adverse impact on our business and employees in the U.K. and E.U.

**Failure to develop and maintain adequate internal systems could cause us to be unable to properly provide service to our customers, causing us to lose customers, suffer harm to our reputation and incur additional costs.**

Some of our enterprise systems have been designed to support individual service offerings, resulting in a lack of standardization among various internal systems, tools and processes across products, platforms, services, functions and geographies, making it difficult to serve customers who use multiple service offerings. This lack of standardization causes us to implement manual processes to overcome the fragmentation, which can result in increased expense and manual errors.

We continually seek to drive efficiencies in our infrastructure and business processes. Our inability to manage competing priorities, execute multiple concurrent projects, plan and manage resources effectively and meet deadlines and budgets could result in us not being able to implement the systems needed to speed up implementation of customer solutions and deliver our services in a compelling manner to our customers. If we are unable to drive efficiencies in our infrastructure and business processes, our business, financial condition and results of operations could be adversely affected.

**The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.**

Market opportunity estimates and expectations about market growth included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Even if the markets in which we compete meet the size estimates and growth expectations included in this prospectus, our business could fail to grow for a variety of reasons, which could adversely affect our results of operations. For more information regarding the estimates of market opportunity and the expectations about market growth included in this prospectus, see “Business—Overview—Our Opportunity.”

**We may not be able to renew the leases on our existing facilities on terms acceptable to us, if at all, which could adversely affect our business, financial condition and results of operations.**

We do not own the facilities occupied by our current data centers but occupy them pursuant to commercial leasing arrangements. The initial terms of our main existing data center leases expire over the next 15 years. Upon the expiration or termination of our data center facility leases, we may not be able to renew these leases on terms acceptable to us, if at all. Even if we are able to renew the leases on our existing data centers, we expect that rental rates, which will be determined based on then-prevailing market rates with respect to the renewal option periods and which will be determined by negotiation with the landlord after the renewal option periods, will be higher than rates we currently pay under our existing lease agreements. Migrations to new facilities could also be expensive and present technical challenges that may result in downtime for our affected customers. There can also be no assurances that our plans to mitigate customer downtime for affected customers will be successful. This could damage our reputation and lead us to lose current and potential customers, which could harm our business, financial condition and results of operations.
We rely on a number of third-party providers for data center space, equipment, maintenance and other services, and the loss of, or problems with, one or more of these providers may impede our growth or cause us to lose customers.

We rely on third-party providers to supply data center space, equipment and maintenance. For example, we lease data center space from third-party landlords, purchase equipment from equipment providers and source equipment maintenance through third parties. While we have entered into various agreements for the lease of data center space, equipment, maintenance and other services, the third-party could fail to live up to the contractual obligations under those agreements. For example, a data center landlord may fail to adequately maintain its facilities or provide an appropriate data center infrastructure for which it is responsible. If that were to happen, we would not likely be able to deliver the services to our customers that we have agreed to provide according to our standards or at all. Additionally, if the third parties that we rely on fail to deliver on their obligations, our customers may lose confidence in our company, which would make it likely that we would not be able to retain those customers, and could harm our business, financial condition and results of operations.

We are subject to various laws, directives, regulations, contractual obligations and policies regarding the protection of confidentiality and appropriate use of personal information.

We are subject to a variety of federal, state, local and international laws, directives and regulations, as well as contractual obligations and policies, relating to the collection, use, retention, security, disclosure, transfer and other processing of information, including sensitive, proprietary, healthcare, financial and personal information. The regulatory framework for privacy and security issues worldwide is complex and rapidly evolving and as a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. Any failure by us, our suppliers or other parties with whom we do business to comply with our contractual commitments, policies or with federal, state, local or international regulations could result in proceedings against us by governmental entities or others. In many jurisdictions, enforcement actions and consequences for noncompliance are rising. In the United States, these include enforcement actions in response to rules and regulations promulgated under the authority of federal agencies, state attorneys general and legislatures and consumer protection agencies. In addition, security advocates and industry groups have regularly proposed, and may propose in the future, self-regulatory standards with which we must legally comply or that contractually apply to us. If we fail to follow these security standards even if no personal information is compromised, we may incur significant fines or experience a significant increase in costs.

Internationally, virtually every jurisdiction in which we operate has established its own data security and privacy legal framework with which we or our customers must comply, including but not limited to the U.K. and the E.U. The E.U.'s data protection landscape recently changed, resulting in possible significant operational costs for internal compliance and risk to our business. The E.U. has adopted the General Data Protection Regulation, or GDPR, which went into effect in May 2018, and together with national legislation, regulations and guidelines of the E.U. member states, contains numerous requirements and changes from previously existing E.U. law, including the increased jurisdictional reach of the European Commission, more robust obligations on data processors and additional requirements for data protection compliance programs by companies. E.U. member states are tasked under the GDPR to enact, and have enacted, certain legislation that adds to and/or further interprets the GDPR requirements and potentially extends our obligations and potential liability for failing to meet such obligations. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to the U.S. as well as other third countries that have not been found to provide adequate protection to such personal data. While we have taken steps to mitigate the impact on us with respect to transfers of data, such as implementing standard contractual clauses, the efficacy and longevity of these transfer mechanisms remains uncertain. The GDPR also introduced numerous
privacy-related changes for companies operating in the E.U., including greater control for data subjects (for example, the “right to be forgotten”), increased data portability for E.U. consumers, data breach notification requirements and increased fines. In particular, under the GDPR, fines of up to 20 million euros or 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR’s requirements. Such penalties are in addition to any civil litigation claims by customers and data subjects. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

Non-compliance with relevant data privacy laws, directives and regulations, such as the GDPR, could result in proceedings against us by governmental entities, customers, data subjects or others. We may also experience difficulty retaining or obtaining new European or multinational customers due to the legal requirements, compliance cost, potential risk exposure and uncertainty for these entities, and we may experience significantly increased liability with respect to these customers pursuant to the terms set forth in our engagements with them.

Domestic laws in this area are also complex and developing rapidly. Many state legislatures have adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security and data breaches, and the Consumer Financial Protection Bureau and the Federal Trade Commission, have adopted, or are considering adopting, laws and regulations concerning personal information and data security. In addition, laws in all 50 states require businesses to provide notice to customers whose personally identifiable information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is costly. States are also constantly amending existing laws, requiring attention to frequently changing regulatory requirements. Further, California recently enacted the California Consumer Privacy Act, or CCPA, which took effect on January 1, 2020 and imposes obligations on companies that process personal information of California residents. The CCPA was amended prior to going into effect, and it is possible that further amendments will be enacted, but even in its current form it remains unclear how various provisions of the CCPA will be interpreted and enforced. Among other things, the CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the U.S., which could increase our potential liability and adversely affect our business.

Because the interpretation and application of many privacy and data protection laws along with contractually imposed industry standards are uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our services and platform capabilities. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation, we could be required to fundamentally change our business activities and practices or modify our services and platform capabilities, any of which could have an adverse effect on our business.

In addition, our board of directors has adopted a code of conduct that applies to all of our directors, officers and employees which, among other things, sets forth our policies regarding the protection of customer, third party, proprietary and confidential information. We also make public statements about our use and disclosure of personal information through information provided on our website, press statements and our privacy policies, and we have a Chief Privacy Officer that oversees our compliance with these policies. Although we endeavor to comply with our public statements and
Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and data security laws, regulations, contractual obligations and policies, could result in additional cost and liability to us, damage our reputation, inhibit sales and have a material and adverse effect on our business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, contractual obligations and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our services. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our services, particularly in certain industries and foreign countries. If we are not able to adjust to changing laws, regulations and standards related to the Internet, our business may be harmed.

**Customers could potentially expose us to lawsuits for their lost profits or damages, which could impair our results of operations.**

Because our services are critical to many of our customers’ businesses, any significant disruption in our services could result in lost profits or other indirect or consequential damages to our customers. Although we generally require our customers to sign agreements that contain provisions attempting to limit our liability for service outages, we cannot be assured that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as the result of a service interruption or other Internet site or application problems that they may ascribe to us. The outcome of any such lawsuit would depend on the specific facts of the case and any legal and policy considerations that we may not be able to mitigate. In such cases, we could be liable for substantial damage awards that may exceed our liability insurance coverage by unknown but significant amounts, which could materially and adversely impair our business, financial condition and results of operations.

**Our clients include national, provincial, state and local governmental entities.**

Our government work carries various risks inherent in the government contracting process. These risks include, but are not limited to, the following:

- Government entities typically fund projects through appropriated monies and demand is affected by public sector budgetary cycles and funding authorizations. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination.

- Government contracts are subject to heightened reputational and contractual risks compared to contracts with commercial clients. For example, government contracts and the proceedings surrounding them are often subject to more extensive scrutiny and publicity. Negative publicity, including an allegation of improper or illegal activity, regardless of its accuracy, or challenges to government contracts awarded to us, may adversely affect our reputation.

- Government contracts can be challenged by other interested parties and such challenges, even if unsuccessful, can increase costs, cause delays and defer of project implementation and revenue recognition.

- Terms and conditions of government contracts also tend to be more onerous and are often more difficult to negotiate. For example, these contracts often contain high liability for breaches and feature less favorable payment terms and sometimes require us to take on liability for the performance of third parties.
• Political and economic factors such as pending elections, the outcome of elections, changes in leadership among key executive or legislative decision makers, revisions to governmental tax or other policies and reduced tax revenues can affect the number and terms of new government contracts signed or the speed at which new contracts are signed, decrease future levels of spending and authorizations for programs that we bid, shift spending priorities to programs in areas for which we do not provide services and/or lead to changes in enforcement or how compliance with relevant rules or laws is assessed.

• If a government client discovers improper or illegal activities during audits or investigations, we may become subject to various civil and criminal penalties, including those under the civil U.S. False Claims Act and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with other agencies of that government. The inherent limitations of internal controls may not prevent or detect all improper or illegal activities.

• U.S. government contracting regulations impose strict compliance and disclosure obligations. Disclosure is required if certain company personnel have knowledge of “credible evidence” of a violation of federal criminal laws involving fraud, conflict of interest, bribery or improper gratuity, a violation of the civil U.S. False Claims Act or receipt of a significant overpayment from the government. Failure to make required disclosures could be a basis for suspension and/or debarment from federal government contracting in addition to breach of the specific contract and could also impact contracting beyond the U.S. federal level. Reported matters also could lead to audits or investigations and other civil, criminal or administrative sanctions.

The occurrences or conditions described above could affect not only our business with the government entities involved, but also our business with other entities of the same or other governmental bodies or with certain commercial clients and could have a material and adverse effect on our results of operations.

In addition, the success of our government solutions business is highly dependent on our FISMA and FedRAMP certifications which evidence our ability to meet certain federal government security compliance requirements. Failure to maintain the FedRAMP certification would result in a breach in many of our government contracts, which in turn, could subject us to liability and result in reputational harm and customer and employee attrition. Further, government contracts are increasingly requiring that FedRAMP-authorized service offerings be hosted on public cloud infrastructure. In the event that we are unable to expand the scope of our FedRAMP-authorized service offerings accordingly, it may impair our ability to successfully bid on government contracts.

Our operations and operations of our third-party channel partners in countries outside of the U.S. are subject to a number of anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition and results of operations.

We operate internationally and must comply with complex foreign and U.S. laws including the Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act of 2010 and the United Nations Convention Against Corruption, which prohibit engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We must also comply with economic and trade sanctions administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and the U.S. Commerce Department based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals, as well as other anti-corruption and anti-money laundering laws in the countries in which we conduct activities. We do business and may in the future do additional business in countries and regions in which we may face, directly or indirectly, corrupt demands by officials or by private entities in which corrupt offers are expected. Furthermore,
many of our operations require us to use third parties to conduct business or to interact with people who are deemed to be governmental officials under the FCPA. Thus, we face the risk of unauthorized payments or offers of payments or other things of value by our employees, contractors or agents. While it is our policy to implement compliance procedures to prohibit these practices, our due diligence policy and the procedures we undertake may not sufficiently vet our third-party channel partners for these risks prior to entering into a contractual relationship with them. As a result, despite our policies and any safeguards and any future improvements made to them, our employees, contractors, third-party channel partners and agents may engage in conduct for which we might be held responsible, regardless of whether such conduct occurs within or outside the United States. We may also be held responsible for any violations by an acquired company that occurs prior to an acquisition, or subsequent to the acquisition but before we are able to institute our compliance procedures. A violation of any of these laws, even if prohibited by our policies, may result in severe criminal and/or civil sanctions and other penalties and could have a material and adverse effect on our business.

Compliance with U.S. regulations on trade sanctions and embargoes administered by OFAC and the U.S. Commerce Department also poses a risk to us. We cannot provide services to certain countries subject to U.S. trade sanctions. Furthermore, the laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. Any failure to comply with applicable legal and regulatory trading obligations could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from governmental contracts, seizure of shipments and loss of import and export privileges. For example, in 2017, prior to our acquisition of Datapipe, one of Datapipe's European subsidiaries provided network interconnectivity and distributed denial of attack protection service to an Iranian entity subject to OFAC sanctions. Datapipe self-reported the instance to OFAC and we have taken remedial measures to safeguard against re-occurrence. If we provide services to sanctioned targets in the future in violation of applicable export laws or economic sanctions, we could be subject to government investigations, penalties and reputational harm.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery or anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, financial condition and results of operations could be harmed. In addition, responding to any action will likely result in a materially significant diversion of management’s attention and resources and significant defense costs and other professional fees.

Certain of our international operations are conducted in countries or regions experiencing corruption or instability, which subjects us to heightened legal and economic risks.

We do business and may in the future do additional business in certain countries or regions in which corruption is a serious problem. Moreover, to effectively compete in certain non-U.S. jurisdictions, it is frequently necessary or required to establish joint ventures, strategic alliances or marketing arrangements with local operators, partners or agents. In certain instances, these local operators, partners or agents may have interests that are not always aligned with ours. Reliance on local operators, partners or agents could expose us to the risk of being unable to control the scope or quality of our overseas services or being held liable under any anti-corruption laws for actions taken by our strategic or local partners or agents even though these partners or agents may not themselves be
subject to such anti-corruption laws. Any determination that we have violated anti-corruption laws could have a material and adverse effect on our business, results of operations, reputation or prospects.

We may be liable for the material that content providers distribute over our network, and we may have to terminate customers that provide content that is determined to be illegal, which could adversely affect our results of operations.

The laws relating to the liability of private network operators for information carried on, stored on, or disseminated through their networks are unsettled or evolving in many jurisdictions. We have been and expect to continue to be subject to legal claims relating to the content disseminated on our network, including claims under The Digital Millennium Copyright Act of 1998, other similar legislation, regulation and common law. In addition, there are other potential customer activities, such as online gambling and pornography, where we, in our role as a hosting provider, may be held liable as an aider or abettor of our customers. If we need to take costly measures to reduce our exposure to these risks, terminate customer relationships and the associated revenue or defend ourselves against such claims, our business, financial condition and results of operations could be negatively affected.

Government regulation is continuously evolving and, depending on its evolution, may adversely affect our business, financial condition and results of operations.

We are subject to varying degrees of regulation in each of the jurisdictions in which we provide services. Local laws and regulations, and their interpretation and enforcement, differ significantly among those jurisdictions. These regulations and laws may cover taxation, privacy, data protection, pricing, content, intellectual property and proprietary rights, distribution, mobile communications, electronic device certification, electronic waste, electronic contracts and other communications, consumer protection, web services, the provision of online payment services, unencumbered Internet access to our services, the design and operation of websites and the characteristics and quality of services. These laws can be costly to comply with, can be a significant diversion to management's time and effort and can subject us to claims or other remedies, as well as negative publicity. Many of these laws were adopted prior to the advent of the Internet and related technologies and, as a result, do not contemplate or address the unique issues that the Internet and related technologies currently produce. Some of the laws that do reference the Internet and related technologies have been and continue to be interpreted by the courts, but their applicability and scope remain largely uncertain.

Despite our substantial indebtedness, we may still be able to incur significantly more debt, including secured debt, which could intensify the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial indebtedness in the future. Although the terms of the Indenture and the First Lien Credit Agreement contain restrictions on our subsidiaries' ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. These restrictions do not prevent us from incurring indebtedness or our subsidiaries from incurring obligations that do not constitute indebtedness under the terms of the Indenture and the First Lien Credit Agreement. To the extent that we incur additional indebtedness or such other obligations, the risk associated with our substantial indebtedness as described above under the risk factor “Our substantial indebtedness could materially and adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments,” including our potential inability to service our debt, will increase.

As of March 31, 2020, we had $225.0 million available for additional borrowing under the Revolving Credit Facility portion of our Senior Facilities (without any letters of credit outstanding), all of which would be secured, and $30.3 million available for additional borrowing under our Receivables
Financing Facility. In connection with the closing of this offering, we expect to increase the size of our Revolving Credit Facility to $375.0 million, and, after giving effect to such increase, we would have had $375.0 million for additional borrowing under our Revolving Credit Facility as of March 31, 2020, all of which would be secured. In addition to the 8.625% Senior Notes and our borrowings under the Senior Facilities and the Receivables Financing Facility, the covenants under the Indenture and the First Lien Credit Agreement and the covenants under any other of our existing or future debt instruments allow us to incur a significant amount of additional indebtedness and, subject to certain limitations, such additional indebtedness could be secured.

We may not be able to generate sufficient cash to service all our indebtedness and to fund our working capital and capital expenditures and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to satisfy our debt obligations will depend upon, among other things: our future financial and operating performance, which will be affected by prevailing economic, industry and competitive conditions and financial, business, legislative, regulatory and other factors, many of which are beyond our control; and our future ability to borrow under our Revolving Credit Facility, the availability of which depends on, among other things, our compliance with the covenants in the First Lien Credit Agreement.

We cannot assure you that our business will generate cash flow from operations, or that we will be able to draw under our Revolving Credit Facility, Receivables Financing Facility or otherwise, in an amount sufficient to fund our liquidity needs. If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. We cannot assure you that we will be able to restructure or refinance any of our debt on commercially reasonable terms or at all. In addition, the terms of existing or future debt agreements, including the First Lien Credit Agreement and the Indenture, may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations when due. Our equityholders, including Apollo and its affiliates, have no continuing obligation to provide us with debt or equity financing. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would result in a material and adverse effect on our financial condition and results of operations.

If we cannot make scheduled payments on our indebtedness, we will be in default, and holders of the 8.625% Senior Notes could declare all outstanding principal and interest to be due and payable, the lenders under the Senior Facilities could terminate their commitments to loan money, our secured lenders (including the lenders under the Senior Facilities) could foreclose against the assets securing their loans and we could be forced into bankruptcy or liquidation.
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Our debt agreements contain restrictions that limit our flexibility in operating our business.

The First Lien Credit Agreement and the Indenture contain, and any future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our subsidiaries’ ability to, among other things:

- incur additional debt, guarantee indebtedness or issue certain preferred shares;
- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock or make other restricted payments;
- prepay, redeem or repurchase certain debt;
- make loans or certain investments;
- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates;
- substantially alter the businesses we conduct;
- enter into agreements restricting our subsidiaries’ ability to pay dividends; and
- designate our subsidiaries as unrestricted subsidiaries.

In addition, the Revolving Credit Facility requires us to comply with a net first lien leverage ratio under certain circumstances and the Receivables Financing Facility requires us to comply with a leverage ratio and an interest coverage ratio.

Because of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. A failure to comply with the covenants in the First Lien Credit Agreement, the Indenture, the Receivables Financing Facility or any of our other existing or future indebtedness could result in an event of default, which, if not cured or waived, could have a material and adverse effect on our business, financial condition and results of operations. In the event of any such event of default, the lenders under the Senior Facilities and the Receivables Financing Facility:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit;
- could require us to apply all our available cash to repay these borrowings; or
- could effectively prevent us from making debt service payments on the 8.625% Senior Notes;

any of which could result in an event of default under the 8.625% Senior Notes.

Such actions by the lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under the Senior Facilities and the Receivables Financing Facility and any of our other existing or future secured indebtedness could proceed against the collateral granted to them to secure the Senior Facilities, the Receivables Financing Facility or such other indebtedness. We have pledged substantially all of our assets as collateral under the Senior Facilities and have pledged certain of our accounts receivable as collateral under the Receivables Financing Facility.
If any of our outstanding indebtedness under the Senior Facilities, the Receivables Financing Facility or our other indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

**Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.**

Borrowings under the Senior Facilities and the Receivables Financing Facility are at variable rates of interest and expose us to interest rate risk. We have entered into, and in the future we may enter into, interest rate swaps that involve the exchange of floating for fixed rate interest payments to reduce interest rate volatility. However, we currently do not maintain interest rate swaps with respect to all our variable rate indebtedness, and any swaps we have or may enter into may not fully mitigate our interest rate risk, may prove disadvantageous or may create additional risks.

**London Inter-Bank Offered Rate (“LIBOR”) reform may adversely impact our results of operations.**

In July 2017, the U.K.’s Financial Conduct Authority, which regulates LIBOR, announced it intends to stop compelling banks to submit rates for the calculation of LIBOR by the end of 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the U.K. or elsewhere. At this time, no consensus exists as to what rate or rates will become accepted alternatives to LIBOR, although the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has proposed that the Secured Overnight Financing Rate (“SOFR”) is the rate that represents best practice as the alternative to LIBOR for use in derivatives and other financial contracts that are currently indexed to LIBOR. Currently, the interest rates on our Senior Facilities, interest rate swaps and our Receivables Financing Facility are tied to LIBOR, and the transition from LIBOR to SOFR or any other alternative benchmark rate that may be established may cause our future interest expense to change significantly and adversely impact our results of operations. In addition, we may need to renegotiate the First Lien Credit Agreement and interest rate swaps to replace LIBOR with SOFR or another alternative rate.

**Any downgrade in our credit ratings could limit our ability to obtain future financing, increase our borrowing costs and adversely affect the market price of our existing debt securities or otherwise impair our business, financial condition and results of operations.**

Nationally recognized credit rating organizations have issued credit ratings relating to our long-term debt. Our outstanding debt under the Senior Facilities and the 8.625% Senior Notes currently has non-investment grade ratings. Certain of these organizations have downgraded our credit ratings in the past. There can be no assurance that any rating assigned to any of our debt securities or loans will remain in effect for any given period or that any such ratings will not be lowered, suspended or withdrawn entirely by a rating agency if, in that rating agency’s judgment, circumstances so warrant.

Any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could:

- adversely affect the market price of some or all our outstanding debt securities or loans;
- limit our access to the capital markets or otherwise adversely affect the availability of other new financing on favorable terms, if at all;
result in new or more restrictive covenants in agreements governing the terms of any future indebtedness that we may incur;

• increase our cost of borrowing; and

• impact our business, financial condition and results of operations.

Any failure by us to identify, manage, complete and integrate acquisitions and other significant transactions, including dispositions, successfully could harm our business, financial condition and results of operations.

As part of our strategy, we expect to continue to acquire companies or businesses, enter into strategic alliances and joint ventures and make investments to further our business, both domestically and globally ("Strategic Transactions"). Risks associated with these Strategic Transactions include the following, any of which could adversely affect our business, financial condition and results of operations:

• If we fail to identify and successfully complete and integrate Strategic Transactions that further our strategic objectives, we may be required to expend resources to develop services and technology internally, which may put us at a competitive disadvantage.

• Due to the inherent limitations in the due diligence process, we may not identify all events and circumstances that could impact the valuation or performance of a Strategic Transaction and cause us to incur various expenses in identifying, investigating and pursuing suitable opportunities, whether or not the transactions are completed.

• Managing Strategic Transactions requires varying levels of management resources, which may divert our attention from other business operations.

• We have not realized all anticipated benefits, synergies and cost-savings initiatives from certain previous Strategic Transactions, and in the future, we may not fully realize all or any of the anticipated benefits of any particular Strategic Transaction.

• We may be adversely impacted by liabilities that we assume from a company we acquire or in which we invest, whether known or unknown.

• Our organizational structure could make it difficult for us to efficiently integrate the Strategic Transactions into our on-going operations and retain and assimilate employees of our organization or those of the acquired business. If key employees depart because of integration issues, or if customers, suppliers or others seek to change their dealings with us because of these changes, our business could be negatively impacted.

• Certain previous Strategic Transactions have resulted, and in the future any such Strategic Transactions by us may result, in significant costs and expenses, including those related to severance pay, early retirement costs, employee benefit costs, charges from the elimination of duplicative facilities, other liabilities, legal, accounting and financial advisory fees and required payments to executive officers and key employees under retention plans.

• We may issue equity or equity-linked securities or borrow to finance Strategic Transactions, and the amount and terms of any potential future acquisition-related or other dilutive issuance of equity or borrowings, as well as other factors, could negatively affect our financial condition and results of operations.

In addition, we may divest assets or businesses that are no longer a part of our strategy. These divestitures similarly require significant investment of time and resources, may disrupt our business and distract management from other responsibilities and may result in losses on disposition or continued financial involvement in the divested business, including through indemnification or other
financial arrangements, for a period following the transaction, which could adversely affect our business, financial condition and results of operations.

**Our results of operations could be materially and adversely affected by fluctuations in foreign currency exchange rates.**

Although we report our results of operations in U.S. dollars, a significant portion of our revenue and expenses are denominated in currencies other than the U.S. dollar. Further, 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. However, some of our customers are currently invoiced in currencies other than the applicable functional currency. As a result, we may incur foreign currency losses based on changes in exchange rates between the date of the invoice and the date of collection. In addition, large changes in foreign exchange rates relative to our functional currencies could increase the costs of our services to non-U.S. customers relative to local competitors, thereby causing us to lose existing or potential customers to these local competitors. Thus, our results of operations are subject to fluctuations due to changes in foreign currency exchange rates. Further, as we grow our international operations, our exposure to foreign currency risk could become more significant. We have entered into, and in the future we may enter into, foreign currency hedging contracts to reduce foreign currency volatility. However, we currently do not maintain foreign currency hedging contracts with respect to all our foreign currencies, and any contracts we have or may enter into may not fully mitigate our foreign currency risk, may prove disadvantageous or may create additional risks.

**We are exposed to commodity and market price risks that affect our results of operations.**

We consume a large quantity of power to operate our data centers and as such are exposed to risk associated with fluctuations in the price of power. During 2019, we incurred approximately $42 million in costs to power our data centers. We anticipate an increase in our consumption of power in the future if our private cloud sales grow. Power costs vary by locality and are subject to substantial seasonal fluctuations and changes in energy prices. Certain of our data centers are located within deregulated energy markets. Power costs have historically tracked the general costs of energy and continued increases in electricity costs may negatively impact our gross margins. We periodically evaluate the advisability of entering into fixed-price utilities contracts and have entered into certain fixed-price utilities contracts for some of our power consumption. If we choose not to enter into a fixed-price contract, we expose our cost structure to this commodity price risk. If we do choose to enter into a fixed-price contract, we lose the opportunity to reduce our power costs if the price for power falls below the fixed cost. Therefore, increases in our power costs could result in lower gross margins and materially and adversely impact our results of operations.

**Concerns about greenhouse gas emissions and global climate change may result in environmental taxes, charges, assessments or penalties, resulting in increased electricity prices.**

The effects of human activity on the global climate change have attracted considerable public and scientific attention, as well as the attention of the U.S. government. Efforts are being made to reduce greenhouse emissions, particularly those from coal combustion by power plants, some of which we rely upon for power. The added cost of any environmental taxes, charges, assessments or penalties levied on these power plants could be passed on to us, increasing the cost to run our data centers. Additionally, environmental taxes, charges, assessments or penalties could be levied directly on us in proportion to our carbon footprint. Any enactment of laws or passage of regulations regarding greenhouse gas emissions by the U.S., or any domestic or foreign jurisdiction we perform business in, could adversely affect our business, financial condition and results of operations.
We utilize open source software in providing a substantial portion of our services. Our use of open source software, and our contributions to open source projects, could impose limitations on our ability to provide our services, expose us to litigation, cause us to impair our assets and allow third parties to access and use software and technology that we use in our business, all of which could adversely affect our business, financial condition and results of operations.

We utilize open source software, including Linux-based software, in providing a substantial portion of our services and we expect to continue to incorporate open source software in a substantial portion of our services in the future. The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to offer our services. Moreover, we cannot ensure that we have not incorporated additional open source software in a manner that is inconsistent with the terms of the applicable license. If we fail to comply with these licenses, or if we combine our proprietary software with open source software in a certain manner, we may be subject to certain requirements, including requirements that we offer our solutions that incorporate the open source software for no cost, that we make available the source code for modifications or derivative works we create based upon, incorporating or using the open source software, and that we license such modifications or derivative works under the terms of applicable open source licenses.

Additionally, the use and distribution of open source software can lead to greater risks than the use of third-party commercial software, as some open source projects have known vulnerabilities and open source software does not come with warranties or other contractual protections regarding infringement claims or the quality of the code. From time to time parties have asserted claims against companies that distribute or use open source software in their products and services, asserting that open source software infringes their intellectual property rights. We have been subject to suits, and could be subject to suits in the future, by parties claiming infringement of intellectual property rights with respect to what we believe to be open source software. Litigation could be costly for us to defend, and in such an event, we could be required to seek licenses from third parties to continue using such software or offering certain of our services or to discontinue the use of such software or the sale of our affected services in the event we could not obtain such licenses, any of which could adversely affect our business, financial condition and results of operations.

We also participate in open source projects, including contributing portions of our proprietary software code to such open source projects. Our participation in open source projects, and our use of open source solutions in a substantial portion of our services, could result in an impairment of design and development assets. In addition, our activities with these open source projects could subject us to additional risks of litigation, including indirect infringement claims based on third-party contributors because of our participation in these projects. Furthermore, our participation in open source projects may allow third parties, including our competitors, to have access to software that we use in our business, which could limit our ability to restrict third parties from developing, selling or otherwise providing similar or competitive technology or services, and which may enable our competitors to provide similar services with lower development effort and time, which could ultimately result in a loss of sales for us. While we may be able to claim protection of our intellectual property under other rights, such as trade secrets or contractual rights, our participation in open source projects limits our ability to assert certain of our patent rights against third parties (even if we were to conclude that their use infringes our patents with competing offerings), unless such third parties assert patent rights against us. This limitation on our ability to assert our patent rights against others could harm our business and ability to compete.
Our business is dependent on our ability to continue to obtain, maintain, protect and enforce the intellectual property and proprietary rights on which our business relies. If we are not successful in obtaining, maintaining, protecting and enforcing our intellectual property and proprietary rights, our business, financial condition and results of operations could be materially and adversely affected.

In addition to our use of open source software, we rely on patent, copyright, trademark, service mark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property and proprietary rights, all of which provide only limited protection. For example, we do not have any patent rights related to our proprietary tools, technology, processes and systems, including Rackspace Fabric, and rely on confidentiality agreements to protect such proprietary rights. We cannot assure you that any future patent, copyright, trademark or service mark registrations will be issued for pending or future applications or that any registered or unregistered copyrights, trademarks or service marks will be enforceable or provide adequate protection of our intellectual property and proprietary rights. Furthermore, the legal standards relating to the validity, enforceability and scope of protection of intellectual property and proprietary rights are uncertain.

We regard our trademarks, trade names and service marks as having significant value, and our brand is an important factor in the marketing of our services. We intend to rely on both registration and common law protection for our trademarks. However, we may be unable to prevent competitors from acquiring trademarks or service marks and other intellectual property and proprietary rights that are similar to, infringe upon, misappropriate, violate or diminish the value of our trademarks and service marks and our other intellectual property and proprietary rights. The value of our intellectual property and proprietary rights could diminish if others assert rights in or ownership of our intellectual property or proprietary rights, or in trademarks that are similar to our trademarks.

We also endeavor to enter into agreements with our employees, contractors and parties with whom we do business to limit access to and disclosure of our proprietary information. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, including our know-how and trade secrets. Additionally, we currently have patents issued and patent applications pending in the U.S. and the E.U., primarily related to our historical, legacy offerings such as OpenStack Public Cloud. However, our patent applications may be challenged and/or ultimately rejected, and our issued patents may be contested, circumvented, found unenforceable or invalidated. Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, any patents issued from pending or future patent applications owned by or licensed to us in the future may not provide us with competitive advantages, or may be circumvented or successfully challenged, invalidated or held unenforceable through administrative process, including re-examination, *inter partes* review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings) or litigation. There may be issued patents, or pending patent applications that may result in issued patents, or of which we are not aware held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or services.

Third parties may independently develop technologies that are substantially equivalent, superior to, or otherwise competitive to the technologies we employ in our services or that infringe, misappropriate or otherwise violate our intellectual property and proprietary rights. If we fail to protect our intellectual property and proprietary rights adequately, our competitors may gain access to our proprietary technology and develop and commercialize substantially identical services or technologies, and the steps we have taken may not prevent unauthorized use, access, distribution, misappropriation, reverse engineering or disclosure of our intellectual property and proprietary information, including our know-how and trade secrets. Enforcement of our intellectual property and proprietary rights also
depends on successful legal actions against infringers and parties who misappropriate or otherwise violate our intellectual property and proprietary rights, including our proprietary information and trade secrets, but these actions may not be successful, even when our rights have been infringed, misappropriated or otherwise violated. In addition, the laws of some foreign countries do not protect our intellectual property and proprietary rights to the same extent as the laws of the U.S., and patent, trademark, copyright and trade secret protection may not be available to us in every country in which our services are available.

Despite the measures taken by us, it may be possible for a third party to copy or otherwise obtain and use our intellectual property and proprietary rights, including our technology and information, without authorization. Policing unauthorized use of our proprietary technologies and other intellectual property and our services is difficult, time-consuming and costly, and litigation could become necessary in the future to protect or enforce our intellectual property and proprietary rights. Any such litigation could be time consuming and expensive to prosecute or resolve, result in substantial diversion of management attention and resources and harm our business and results of operations. Furthermore, any such litigation may ultimately be unsuccessful and could result in the impairment or loss of portions of our intellectual property and proprietary rights. Additionally, our efforts to enforce our intellectual property and proprietary rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property and proprietary rights, and if such defenses, counterclaims or countersuits are successful, we could lose valuable intellectual property and proprietary rights.

**Third-party claims of intellectual property or proprietary right infringement, misappropriation or other violation may be costly to defend and may limit or disrupt our ability to sell our services.**

Third-party claims of intellectual property or proprietary right infringement, misappropriation or other violation are commonplace in technology-related industries. Companies in the technology industry, holding companies, non-practicing entities and other adverse intellectual property owners who may or may not have relevant service revenue, but are seeking to profit from royalties in connection with grants of licenses, own large numbers of patents, copyrights, trademarks, service marks and trade secrets and frequently make claims of allegations of infringement, misappropriation or other violations of intellectual property and proprietary rights and may pursue litigation against us. These or other parties have claimed in the past, and could claim in the future, that we have misappropriated, violated, infringed or misused intellectual property proprietary rights. We could incur substantial costs in defending any such litigation, and any such litigation, regardless of merit or outcome, could be time consuming and expensive to settle or litigate and could divert the attention of our technical and management personnel and could harm our business, results of operations and reputation. An adverse determination in any such litigation could prevent us from offering our services to our customers and may require that we procure or develop substitute services that do not infringe, misappropriate or otherwise violate, which could be costly, time-consuming or impossible, or require us to obtain a costly and/or unfavorable license. Certain of our agreements with our customers and other third parties include indemnification provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights. For any intellectual property or proprietary right claim against us or our customers or such other third parties, we may also have to pay damages (including treble damages and attorneys’ fees if we are found to have willfully infringed a party's rights), indemnify our customers or such other third parties against damages or stop using technology or intellectual property found to be in violation of a third party's rights, which could harm our business. We may be unable to replace or obtain a license for those technologies with technologies that have the same features or functionality and that are of equal quality and performance standards on commercially reasonable terms or at all. Licensing replacement technologies and intellectual property may significantly increase our operating expenses or may require us to restrict our business activities in one or more respects. We may also be required to develop alternative technology and intellectual property that is non-infringing.
misappropriating or violating, which could require significant effort, time and expense and ultimately may not be an alternative that functions as well as the original or is accepted in the marketplace.

**We may have additional tax liabilities.**

We are subject to a variety of taxes and tax collection obligations in the U.S. (federal and state) and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. We may recognize additional tax expense and be subject to additional tax liabilities, including other liabilities for tax collection obligations due to changes in laws, regulations, administrative practices, principles and interpretations related to tax, including changes to the global tax framework, competition and other laws and accounting rules in various jurisdictions. Such changes could come about as a result of economic, political and other conditions, or certain jurisdictions aggressively interpreting their laws in an effort to raise additional tax revenue. An increasing number of jurisdictions are considering or have unilaterally adopted laws or country-by-country reporting requirements that could adversely affect our effective tax rates or result in other costs to us which could adversely affect our operating results.

We are also currently subject to tax audits in various jurisdictions, and these jurisdictions may assess additional tax liabilities against us. Developments in an audit, investigation or other tax controversy could have a material and adverse effect on our operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods. We regularly assess the likelihood of an adverse outcome resulting from these proceedings to determine the adequacy of our tax accruals. Although we believe our tax estimates are reasonable, the final outcome of audits, investigations and any other tax controversies could be materially different from our historical tax accruals.

**Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, may have a material and adverse impact on our business, financial condition and results of operations.**

The U.S. government has adopted a new approach to trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. It has also imposed tariffs on certain foreign goods, including information and communication technology products. These measures may materially increase costs for goods imported into the U.S. This in turn could mean that a larger portion of our customer’s IT spending will be made on hardware costs and less will be available to spend on our services, which could adversely affect our business, financial condition and results of operations.

**Risks Related to this Offering and Ownership of Our Common Stock**

**Our stock price may fluctuate significantly and purchasers of our common stock could incur substantial losses.**

The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The following factors could affect our stock price:

- our operating and financial performance and prospects;
- quarterly variations in the rate of growth (if any) of our financial or operational indicators, such as earnings per share, net income, revenues, Adjusted Net Income, Adjusted EBIT, Adjusted EBITDA, Bookings, Annualized Recurring Revenue and Quarterly Net Revenue Retention Rate;
• the public reaction to our press releases, our other public announcements and our filings with the SEC;
• strategic actions by our competitors;
• changes in operating performance and the stock market valuations of other companies;
• announcements related to litigation;
• our failure to meet revenue or earnings estimates made by research analysts or other investors;
• changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
• speculation in the press or investment community;
• sales of our common stock by us or our stockholders, or the perception that such sales may occur;
• changes in accounting principles, policies, guidance, interpretations or standards;
• additions or departures of key management personnel;
• actions by our stockholders;
• general market conditions;
• domestic and international economic, legal and regulatory factors unrelated to our performance;
• material weakness in our internal control over financial reporting; and
• the realization of any risks described under this “Risk Factors” section, or other risks that may materialize in the future.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, financial condition and results of operations.

**We will incur significant costs and devote substantial management time as a result of operating as a public company.**

As a public company, we will continue to incur significant legal, accounting and other expenses. For example, we will be required to comply with the requirements of Section 404(a) of the Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and heightened auditing standards, and Nasdaq, our stock exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. The rules governing management's assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring significant expenses and devote substantial management effort toward ensuring
compliance with the requirements of the Sarbanes-Oxley Act. In that regard, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Furthermore, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail in meeting our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material and adverse effect on our business, financial condition and results of operations. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing and materiality of such costs.

We continue to be controlled by the Apollo Funds, and Apollo's interests may conflict with our interests and the interests of other stockholders.

Following this offering, the Apollo Funds will beneficially own approximately 65.1% of the voting power of our outstanding common stock (or approximately 63.5% if the underwriters exercise their option to purchase additional shares in full). Therefore, individuals affiliated with Apollo will have effective control over the outcome of votes on all matters requiring approval by our stockholders, including the election of directors, entering into significant corporate transactions such as mergers, tender offers, the sale of all or substantially all of our assets and issuance of additional debt or equity. The interests of Apollo and its affiliates, including the Apollo Funds, could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by the Apollo Funds could delay, defer or prevent a change in control of our company or impede a merger, takeover or other business combination which may otherwise be favorable for us. Additionally, Apollo and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in or provide advice to businesses that compete directly or indirectly with us, or are suppliers or customers of ours. Apollo and its affiliates may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor. So long as the Apollo Funds continue to directly or indirectly beneficially own a significant amount of our equity, even if such amount is less than 50%, the Apollo Funds will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions. The Apollo Funds also have a right to nominate a number of directors comprising a percentage of our board of directors in accordance with their beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number), which currently represents at least a majority of our board of directors. In addition, we have an executive committee that serves at the discretion of our board of directors and includes two members nominated by the Apollo Funds, who are authorized to take actions (subject to certain exceptions) that they reasonably determine are appropriate. See “Management—Board Committees—Executive Committee” for a further discussion.

We are a “controlled company” within the meaning of Nasdaq's rules and, as a result, qualify for and intend to rely on exemptions from certain corporate governance requirements.

Following this offering, the Apollo Funds will continue to control a majority of the voting power of our outstanding voting stock, and as a result we will be a controlled company within the meaning of Nasdaq's corporate governance standards. Under Nasdaq rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
• the nominating and corporate governance committee be composed entirely of independent directors or otherwise require that the
nominees for directors are determined or recommended to our board of directors by the independent members of our board of
directors pursuant to a formal resolution addressing the nominations process and such related matters as may be required under the
federal securities laws; and

• the compensation committee be composed entirely of independent directors.

We intend to utilize these exemptions as long as we remain a controlled company. Accordingly, you may not have the same protections
afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive
a premium on their shares.

Provisions of our certificate of incorporation and bylaws may make it more difficult for, or prevent a third party from, acquiring control of
us without the approval of our board of directors. These provisions include:

• providing that our board of directors will be divided into three classes, with each class of directors serving staggered three-year terms;

• prohibiting cumulative voting in the election of directors;

• providing for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3% in voting
power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, if less
than 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo
Funds;

• empowering only the board of directors to fill any vacancy on our board of directors (other than in respect of an Apollo Board Nominee
(as defined below), a Searchlight Board Nominee (as defined below) or an ABRY Board Nominee (as defined below)), whether such
vacancy occurs as a result of an increase in the number of directors or otherwise;

• authorizing the issuance of “blank check” preferred stock without any need for action by stockholders;

• prohibiting stockholders from acting by written consent if less than 50.1% of the voting power of our outstanding common stock is
beneficially owned by Apollo and its affiliates, including the Apollo Funds;

• to the extent permitted by law, prohibiting stockholders from calling a special meeting of stockholders if less than 50.1% of the voting
power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Funds; and

• establishing advance notice requirements for nominations for election to our board of directors (other than in respect of an Apollo
Board Nominee, a Searchlight Board Nominee or an ABRY Board Nominee) or for proposing matters that can be acted on by
stockholders at stockholder meetings.

Additionally, our certificate of incorporation provides that we are not governed by Section 203 of the Delaware General Corporation Law,
or the DGCL, which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business
combinations. However, our certificate of incorporation will include a provision that restricts us from engaging in any business combination with
an interested stockholder for three years following the date that person becomes an interested stockholder, but such restrictions shall not apply
to any business combination between
Apollo and any affiliate thereof or their direct and indirect transferees, on the one hand, and us, on the other, or certain other situations as described below in “Description of Capital Stock—Certain Corporate Anti-takeover Provisions—Delaware Takeover Statute.” Any issuance by us of preferred stock could delay or prevent a change in control of us. Our board of directors will have the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value $0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of our preferred stock may have the effect of delaying, deferring or preventing a change in control without further action by the stockholders, even where stockholders are offered a premium for their shares.

In addition, as long as the Apollo Funds beneficially own a majority of the voting power of our outstanding common stock, the Apollo Funds will be able to control all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and certain corporate transactions. Our Investor Rights Agreements will also require the approval of Apollo and its affiliates, including the Apollo Funds, for certain important matters, including certain acquisitions and dispositions outside of the ordinary course of business, certain issuances of equity securities and incurrence of debt, and mergers, consolidations and transfers of all or substantially all of our assets, until the first time that Apollo and its affiliates, including the Apollo Funds, cease to beneficially own at least 33% of our common stock. See “Description of Capital Stock—Certain Corporate Anti-takeover Provisions—Certain Matters that Require Consent of Our Stockholders.”

Together, the provisions in our certificate of incorporation, bylaws and the Investor Rights Agreements and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock beneficially owned by the Apollo Funds and their right to nominate a specified number of directors in certain circumstances, could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of us, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. For a further discussion of these and other such anti-takeover provisions, see “Description of Capital Stock—Certain Corporate Anti-takeover Provisions.”

Our certificate of incorporation will provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or of our certificate of incorporation or our bylaws or (iv) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended, or the Securities Act, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, or to any claim for which the federal district courts of the United States have exclusive jurisdiction. Our certificate of incorporation further provides that the federal district courts of the United States shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any action,
suit or proceeding asserting a cause of action arising under the Securities Act. We recognize that the forum selection clause in our certificate of incorporation may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clause in our certificate of incorporation may limit our stockholders’ ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the provisions of our certificate of incorporation described above. However, the enforceability of similar exclusive forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies’ organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in our certificate of incorporation. Additionally, our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations.

**Our certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.**

Under our certificate of incorporation, none of Apollo, Searchlight, ABRY, their affiliated funds, the portfolio companies owned by such funds, any affiliates of Apollo, Searchlight or ABRY or any of their respective officers, directors, principals, partners, members, managers, employees, agents or other representatives will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. In addition, our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, principal, partner, member, manager, employee, agent or other representative of Apollo, Searchlight, ABRY or their respective affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to Apollo, Searchlight, ABRY or their respective affiliates and representatives, instead of us, or does not communicate information regarding a corporate opportunity to us that such individual has directed to Apollo, Searchlight, ABRY or their respective affiliates and representatives. For instance, a director of our company who also serves as a director, officer or employee of Apollo, Searchlight, ABRY or any of their portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. Upon consummation of this offering, our board of directors will consist of 10 members, six of whom will be Apollo Board Nominees, one of whom will be a Searchlight Board Nominee and one of whom will be an ABRY Board Nominee. These potential conflicts of interest could have a material and adverse effect on our business, financial condition, results of operations or prospects if attractive corporate opportunities are allocated by any of Apollo, Searchlight or ABRY to itself or its affiliated funds, the portfolio companies owned by such funds or any of their affiliates instead of to us. A description of our obligations related to corporate opportunities under our certificate of incorporation are more fully described in “Description of Capital Stock—Corporate Opportunity.”
We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of our indebtedness, from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or other distributions to us. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.” Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them and we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

**Investors in this offering will experience immediate and substantial dilution.**

Based on our pro forma as adjusted net tangible book deficit per share as of March 31, 2020 and an assumed initial public offering price of $22.50 per share, we expect that purchasers of our common stock in this offering will experience an immediate and substantial dilution of $37.72 per share, or $36.82 per share if the underwriters exercise their option to purchase additional shares in full, representing the difference between our pro forma as adjusted net tangible book deficit per share and the initial public offering price. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. See “Dilution.”

You may be diluted by the future issuance of additional common stock or convertible securities in connection with our incentive plans, acquisitions or otherwise, or in connection with shares issuable to an affiliate of ABRY pursuant to the Datapipe Merger Agreement, any of which could adversely affect our stock price.

After the completion of this offering, we will have 1,295,942,618 shares of common stock authorized but unissued (assuming no exercise of the underwriters’ option to purchase additional shares). Our certificate of incorporation will authorize us to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. At the closing of this offering, there will be approximately 25,178,352 shares of common stock underlying outstanding options and RSUs under the 2017 Incentive Plan. In addition, we expect to reserve 36,500,000 shares of our common stock in the aggregate for issuance under the 2020 Incentive Plan and the ESPP, which includes shares of common stock underlying the CEO Performance RSU Grant and the CFO IPO Grant and up to 700,000 shares of common stock underlying RSUs that we expect to grant to our employees on the date of this prospectus. See “Executive Compensation—New Employee Benefit and Stock Plans—2020 Incentive Plan” and “—Employee Stock Purchase Plan.” Moreover, depending on the multiple of invested capital realized by the Apollo Funds on their investment in the Company, which may be achieved based on the volume-weighted average price of our common stock for a 30 consecutive trading day period, we may be required to issue to an affiliate of ABRY pursuant to the Datapipe Merger Agreement, 2,665,935 shares, if the multiple of invested capital realized by the Apollo Funds exceeds 2.0 times, and up to 10,663,741 shares of our common stock in the aggregate if the multiple of invested capital realized by the Apollo Funds exceeds 4.5 times, as described further under “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement.” Any common stock that we issue, including under our 2017 Incentive Plan, 2020 Incentive Plan, ESPP or other equity incentive plans that we may adopt in the future, as well as under the Datapipe Merger Agreement or outstanding options or RSUs, would dilute the percentage ownership held by the investors who purchase common stock in this offering.

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From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. Our issuance of additional shares of our common stock or securities convertible into our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock.

**Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.**

At the closing of this offering, we will have 199,057,382 shares of common stock outstanding (or 204,082,382 shares if the underwriters exercise their option to purchase additional shares in full). In addition, there will be approximately 25,178,352 shares of common stock underlying outstanding options and RSUs under the 2017 Incentive Plan, and we expect to reserve 25,000,000 shares of common stock for issuance under the 2020 Incentive Plan, which includes shares underlying the CEO Performance RSU Grant and the CFO IPO Grant and up to 700,000 shares of common stock underlying RSUs that we expect to grant to our employees on the date of this prospectus, we expect to reserve 11,500,000 shares of common stock for issuance under the ESPP and we may be required to issue additional shares of common stock to an affiliate of ABRY under the Datapipe Merger Agreement. We and the Apollo Funds, Searchlight, affiliates of ABRY and all of our directors and executive officers, who as of July 20, 2020 collectively beneficially owned approximately 165,401,718 shares of our common stock, have agreed that, for a period of 180 days after the date of this prospectus, we and they will not, without the prior written consent of Goldman Sachs & Co. LLC on behalf of the underwriters, dispose of any shares of common stock or any securities convertible into or exchangeable for our common stock, subject to certain exceptions. See "Underwriting (Conflict of Interest)." Following the expiration of the applicable lock-up period, all of the issued and outstanding shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding periods, and other limitations of Rule 144. Goldman Sachs & Co. LLC may, in its sole discretion, release all or any portion of the shares subject to lock-up agreements at any time and for any reason. In addition, following the lock-up period, certain of our existing stockholders, including the Apollo Funds, Searchlight and ABRY, have certain rights to require us to register the sale of common stock held by them including in connection with underwritten offerings. Additionally, we also intend to file a registration statement in respect of all shares of common stock that we may issue under the 2017 Incentive Plan, the 2020 Incentive Plan and the ESPP. Once we register these shares, they can be freely sold in the public market upon issuance. Sales of significant amounts of stock in the public market upon expiration of lock-up agreements, the perception that such sales may occur, or early release of any lock-up agreements, could adversely affect prevailing market prices of our common stock or make it more difficult for you to sell your shares of common stock at a time and price that you deem appropriate. See "Shares Eligible for Future Sale" for a discussion of the shares of common stock that may be sold into the public market in the future.

We will have broad discretion in the use of the net proceeds to us from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds to us from this offering, including for the purposes described in the section titled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. We intend to use a portion of the net proceeds of this offering to redeem, repurchase or otherwise repay a portion of our outstanding indebtedness. Our management may not apply the net proceeds in ways that increase the value of your investment in our common stock. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, our ultimate use may vary substantially from our currently intended use. Investors will need to rely upon the judgment of our management with respect to the use of proceeds. Pending use, we may invest the net
proceeds from this offering in short-term, investment-grade, interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government that may not generate a high yield for our stockholders. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, results of operations and prospects could be harmed, and the market price of our common stock could decline.

There has been no prior public market for our common stock and there can be no assurances that a viable public market for our common stock will develop or be sustained.

Prior to this offering, our common stock was not traded on any market. An active, liquid and orderly trading market for our common stock may not develop or be maintained after this offering. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors’ purchase and sale orders. We cannot predict the extent to which investor interest in our common stock will lead to the development of an active trading market on Nasdaq or otherwise or how liquid that market might become. The initial public offering price for the common stock was determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. See “Underwriting (Conflict of Interest).” If an active public market for our common stock does not develop, or is not sustained, it may be difficult for you to sell your shares at a price that is attractive to you or at all.

The initial public offering price of our common stock may not be indicative of the market price of our common stock after this offering.

The initial public offering price was determined by negotiations between us and representatives of the underwriters, based on numerous factors which we discuss in “Underwriting (Conflict of Interest),” and may not be indicative of the market price of our common stock after this offering. If you purchase our common stock, you may not be able to resell those shares at or above the initial public offering price.

We do not anticipate paying dividends on our common stock in the foreseeable future.

We do not anticipate paying any dividends in the foreseeable future on our common stock. We intend to retain all future earnings for the operation and expansion of our business and the repayment of outstanding debt. Our Senior Facilities and the Indenture contain, and any future indebtedness likely will contain, restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to pay dividends and make other restricted payments. As a result, capital appreciation, if any, of our common stock may be your major source of gain for the foreseeable future. While we may change this policy at some point in the future, we cannot assure you that we will make such a change. See “Dividend Policy.”

If securities or industry analysts do not publish research or reports about our business or publish negative reports, our stock price could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock, publishes unfavorable research about our business or if our operating results do not meet their expectations, our stock price could decline.
We may issue preferred securities, the terms of which could adversely affect the voting power or value of our common stock.

Our certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred securities having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred securities could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred securities the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred securities could affect the residual value of the common stock.
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which involve risks and uncertainties. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this prospectus, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth are forward-looking statements. The forward-looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business” and include, among other things, statements relating to:

- our strategy, outlook and growth prospects;
- our operational and financial targets and dividend policy;
- general economic trends and trends in the industry and markets; and
- the competitive environment in which we operate.

These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause our results to vary from expectations include, but are not limited to:

- our ability to attract new customers, retain existing customers and sell additional services and comparable gross margin services to our customers;
- general economic conditions and uncertainties affecting markets in which we operate and economic volatility that could adversely impact our business, including the COVID-19 pandemic;
- our ability to successfully execute our strategies and adapt to evolving customer demands, including the trend to lower-gross margin offerings;
- fluctuations in our operating results;
- risks associated with our substantial indebtedness and our obligations to repay such indebtedness;
- competition in the hosting and cloud computing markets;
- inability to compete successfully against current and future competitors;
- dependence on favorable relationships with third-party cloud infrastructure providers;
- failure to hire and retain qualified employees and personnel;
- security breaches, cyber-attacks and other interruptions to our and our third-party service providers’ technological and physical infrastructures;
- our ability to meet our service level commitments to customers, including network uptime requirements;
- increased energy costs, power outages and limited availability of electrical resources;
- increased Internet bandwidth costs or decreased Internet reliability or performance;
- errors in estimating our data center capacity requirements;
- our ability to adequately obtain, maintain, protect and enforce our intellectual property and proprietary rights and claims of intellectual property and proprietary right infringement, misappropriation or other violation by competitors and third parties;
The ability of certain of our vendors and customers to reduce or terminate our services at will without a penalty;
• exposure to risks associated with international sales and operations, including foreign currency exchange rates, corruption and instability;
• failure to maintain, enhance and protect our brand;
• the loss of, and our reliance on, third-party providers, vendors, consultants and software;
• our ability to successfully defend litigation brought against us;
• issues with renewing the leases on existing facilities;
• domestic and foreign regulation of our business, our customers, the environment and the third-party providers on whom we rely;
• liability associated with the content and privacy of the data of our customers;
• risks related to diverting management's attention from our ongoing business operations;
• uncertainty surrounding open source software and other risks associated with our use of open source and participation in open source projects;
• additional tax liabilities; and
• other risks, uncertainties and factors set forth in this prospectus, including those set forth under “Risk Factors.”

These forward-looking statements reflect our views with respect to future events as of the date of this prospectus and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this prospectus and, except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this prospectus. We anticipate that subsequent events and developments will cause our views to change. You should read this prospectus and the documents filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different from what we expect. Our forward-looking statements do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures or investments we may undertake. We qualify all of our forward-looking statements by these cautionary statements.
USE OF PROCEEDS

We expect to receive approximately $705.7 million of net proceeds (based upon the assumed initial public offering price of $22.50 per share, the midpoint of the range set forth on the cover page of this prospectus and assuming no exercise of the underwriters’ option to purchase additional shares) from the sale of the common stock offered by us, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Assuming no exercise of the underwriters’ option to purchase additional shares, each $1.00 increase (decrease) in the public offering price would increase (decrease) our net proceeds by approximately $31.7 million. We estimate that the net proceeds to us, if the underwriters exercise their option to purchase the maximum number of additional shares of common stock from us, will be approximately $812.9 million, after deducting underwriting discounts and commissions and estimated expenses payable by us in connection with this offering (based upon the assumed initial public offering price of $22.50 per share, the midpoint of the range set forth on the cover page of this prospectus).

We expect to use a portion of the net proceeds from this offering to redeem, retire or repurchase $600 million aggregate principal amount of our outstanding 8.625% Senior Notes and to pay related premiums, fees and expenses. The interest rate for our 8.625% Senior Notes is 8.625%. The 8.625% Senior Notes will mature on November 15, 2024. Assuming that we redeem $600 million aggregate principal amount of the 8.625% Senior Notes on November 15, 2020 at the optional redemption price of 104.313% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of redemption, we would use approximately $625.9 million of the net proceeds from this offering for such redemption. However, we may decide to opportunistically redeem, retire or repurchase all or a portion of such amount of 8.625% Senior Notes through tender offers, open market repurchases, privately negotiated transactions, redemptions or otherwise, upon such terms and at such prices as we may decide and which could differ from the optional redemption price of 104.313% applicable starting on November 15, 2020. The timing of our use of the net proceeds to redeem, retire or repurchase our outstanding indebtedness will depend upon market conditions, among other factors. The remainder of the net proceeds will be used for general corporate purposes. Our management team will retain broad discretion to allocate the net proceeds of this offering for general corporate purposes. Pending use as described above, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government or repay any outstanding borrowings under the Revolving Credit Facility or the Receivables Financing Facility.
DIVIDEND POLICY

We currently do not intend to pay cash dividends on our common stock in the foreseeable future. However, we may, in the future, decide to pay dividends on our common stock. Any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, cash flows, capital requirements, levels of indebtedness, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements and any other factors deemed relevant by our board of directors.

As a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries. Our ability to pay dividends will therefore be restricted as a result of restrictions on their ability to pay dividends to us under our Senior Facilities, the Indenture and under other current and future indebtedness that we or they may incur. See “Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock” and “Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”
The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2020 on:

- an actual basis, giving effect to the Stock Split; and
- an as adjusted basis, giving effect to the filing of our amended and restated certificate of incorporation and the sale of 33,500,000 shares in this offering at an assumed initial public offering price of $22.50, after deducting underwriting discounts, commissions and estimated offering expenses payable by us in this offering, and giving effect to the repayment of a portion of our indebtedness with the net proceeds of this offering as described in “Use of Proceeds.”

You should read this table together with the information included elsewhere in this prospectus, including “Prospectus Summary—Summary Consolidated Financial and Other Data,” “Use of Proceeds,” “Selected Historical Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes.

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual</th>
<th>As Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents(1)</td>
<td>$125.2</td>
<td>$185.6</td>
</tr>
<tr>
<td>Debt:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revolving Credit Facility(2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Loan Facility</td>
<td>2,817.3</td>
<td>2,817.3</td>
</tr>
<tr>
<td>8.625% Senior Notes</td>
<td>1,120.2</td>
<td>520.2</td>
</tr>
<tr>
<td>Receivables Financing Facility(2)</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Total debt(3)</td>
<td>3,987.5</td>
<td>3,387.5</td>
</tr>
<tr>
<td>Stockholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock—$0.01 par value; 1,495,000,000 shares authorized, 165,410,082 shares issued and outstanding (actual); 1,495,000,000 shares authorized, 198,910,082 shares issued and outstanding (as adjusted)</td>
<td>1.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Preferred stock—$0.01 par value; 5,000,000 shares authorized, no shares issued and outstanding (actual); 5,000,000 shares authorized, no shares issued and outstanding (as adjusted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional paid-in capital(4)</td>
<td>1,610.2</td>
<td>2,363.6</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(765.7)</td>
<td>(791.6)</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>(49.5)</td>
<td>(49.5)</td>
</tr>
<tr>
<td>Total stockholders’ equity(4)</td>
<td>796.6</td>
<td>1,524.5</td>
</tr>
<tr>
<td>Total capitalization(4)</td>
<td>$4,784.1</td>
<td>$4,912.0</td>
</tr>
</tbody>
</table>

(1) As adjusted cash and cash equivalents assumes that $600 million aggregate principal amount of 8.625% Senior Notes are redeemed at a redemption price equal to 104.313% of the principal amount thereof, plus accrued and unpaid interest on such principal amount from the previous interest payment date to March 31, 2020.

(2) As of March 31, 2020, $225.0 million and $30.3 million were available for borrowing under the Revolving Credit Facility and the Receivables Financing Facility, respectively. In connection with the closing of this offering, we expect to increase the size of the Revolving Credit Facility to $375.0 million, and, after giving effect to such increase, we would have had $375.0 million of undrawn commitments as of March 31, 2020 under our Revolving Credit Facility.

(3) Our total debt as of March 31, 2020 does not include $62.7 million of unamortized debt issuance costs and $4.6 million of unamortized debt discount.

(4) Each $1.00 increase (decrease) in the offering price per share of our common stock would increase (decrease) our as adjusted cash and cash equivalents, additional paid in capital, stockholders’ equity and total capitalization by approximately $31.7 million.
The foregoing table, except as otherwise indicated:

- assumes no exercise of the underwriters’ option to purchase 5,025,000 additional shares of common stock in this offering;
- does not reflect the issuance of up to 10,663,741 shares of our common stock that may be issuable to an affiliate of ABRY pursuant to the Datapipe Merger Agreement. See “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement;”
- does not reflect 25,000,000 shares of common stock reserved for future grant or issuable in respect of awards granted under the 2020 Incentive Plan, including shares of common stock underlying the CEO Performance RSU Grant and the CFO IPO Grant and up to 700,000 shares of common stock that may be issued upon the vesting of RSUs that we expect to grant to our employees on the date of this prospectus, and 11,500,000 shares of common stock reserved for future issuance under the ESPP. See “Executive Compensation—New Employee Benefit and Stock Plans—2020 Incentive Plan” and “—Employee Stock Purchase Plan;” and
- does not reflect 25,178,352 shares of common stock that may be issued upon the exercise of stock options and vesting of RSUs outstanding as of the consummation of this offering under the 2017 Incentive Plan. The following table sets forth the outstanding stock options and RSUs under the 2017 Incentive Plan as of March 31, 2020 (giving effect to the Stock Split):

<table>
<thead>
<tr>
<th>Number of Options or RSUs</th>
<th>Weighted-Average Exercise Price Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vested stock options (time-based vesting)(1)</td>
<td>3,500,532</td>
</tr>
<tr>
<td>Unvested stock options (time-based vesting)(1)</td>
<td>14,647,224</td>
</tr>
<tr>
<td>Unvested stock options (performance-based vesting)(1)</td>
<td>6,327,984</td>
</tr>
<tr>
<td>Unvested RSUs (time-based vesting)</td>
<td>499,176</td>
</tr>
<tr>
<td>Unvested RSUs (performance-based vesting)</td>
<td>90,000</td>
</tr>
</tbody>
</table>

\(1\) Upon a holder’s exercise of one option, we will issue to the holder one share of common stock.

63
Purchasers of the common stock in this offering will experience immediate and substantial dilution to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book deficit per share of our common stock after this offering.

Our historical net tangible book deficit as of March 31, 2020 was $(3,706.4) million, or $(22.41) per share. Our historical net tangible book deficit represents the amount of our total tangible assets (total assets less goodwill and total intangible assets) less total liabilities. Historical net tangible book deficit per share represents historical net tangible book deficit divided by the number of shares of common stock issued and outstanding as of March 31, 2020.

Our pro forma net tangible book deficit as of March 31, 2020 was $(3,026.5), or $(15.22) per share of our common stock. Pro forma net tangible book deficit per share represents our pro forma net tangible book deficit as of March 31, 2020, after giving effect to the repayment of a portion of our outstanding indebtedness with the net proceeds of this offering as described in “Use of Proceeds,” divided by the total number of shares outstanding as of March 31, 2020, after giving effect to the sale of 33,500,000 shares of common stock in this offering at the assumed initial public offering price of $22.50 per share (the midpoint of the range set forth on the cover page of this prospectus), after deducting underwriting discounts, commissions and estimated offering expenses payable by us in this offering.

The following table illustrates the dilution per share of our common stock, assuming the underwriters do not exercise their option to purchase additional shares of our common stock:

| Assumed initial public offering price per share | $ 22.50 |
| Historical net tangible book deficit per share as of March 31, 2020 | $(22.41) |
| Increase per share attributable to the pro forma adjustments described above | 7.19 |
| Pro forma net tangible book deficit per share after this offering | $(15.22) |
| Dilution per share to new investors purchasing shares in this offering | $ 37.72 |

Dilution per share to new investors purchasing shares in this offering is determined by subtracting pro forma net tangible book deficit per share after this offering from the initial public offering price per share of common stock.

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. A $1.00 increase (or decrease) in the assumed initial public offering price of $22.50 per share of common stock, the midpoint of the range set forth on the cover page of this prospectus, would decrease (increase) our pro forma net tangible book deficit per share after this offering by $0.16 per share and increase (decrease) the dilution to new investors by $0.84 per share, in each case assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase (or decrease) of 1,000,000 shares in the number of shares of common stock offered by us would decrease (increase) our pro forma net tangible book deficit by approximately $0.18 per share and decrease (increase) the dilution to new investors by approximately $0.18 per share, in each case assuming the assumed initial public offering price of $22.50 per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions.

If the underwriters exercise their option to purchase additional shares of common stock in full, our pro forma net tangible book deficit per share would be $(14.32) per share, and the dilution per share to new investors purchasing shares in this offering would be $36.82 per share.
The following table summarizes, as of March 31, 2020, on a pro forma basis as described above, the total number of shares of common stock owned by existing stockholders and to be owned by new investors in this offering, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors in this offering at the assumed initial public offering price of $22.50 per share, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses payable by us.

<table>
<thead>
<tr>
<th>Shares Purchased</th>
<th>Total Consideration</th>
<th>Average Price per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Existing stockholders</td>
<td>165,410,082</td>
<td>83%</td>
</tr>
<tr>
<td>Investors in the offering</td>
<td>33,500,000</td>
<td>17%</td>
</tr>
<tr>
<td>Total</td>
<td>198,910,082</td>
<td>100%</td>
</tr>
</tbody>
</table>

A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by all investors by $33,500,000, $33,500,000 and $0.17 per share, respectively.

If the underwriters were to fully exercise their option to purchase additional shares of our common stock, the percentage of common stock held by existing investors would be 81%, and the percentage of shares of common stock held by new investors would be 19%.

The foregoing tables and calculations, except as otherwise indicated:

- give effect to the Stock Split;
- assume an initial public offering price of $22.50 per share of common stock, the midpoint of the range set forth on the cover of this prospectus;
- assume no exercise of the underwriters’ option to purchase 5,025,000 additional shares of common stock in this offering;
- do not reflect the issuance of up to 10,663,741 shares of our common stock that may be issuable to an affiliate of ABRY pursuant to the Datapipe Merger Agreement. See “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement;”
- do not reflect 25,000,000 shares of common stock reserved for future grant or issuable in respect of awards granted under the 2020 Incentive Plan, including shares of common stock underlying the CEO Performance RSU Grant and the CFO IPO Grant and up to 700,000 shares of common stock that may be issued upon the vesting of RSUs that we expect to grant to our employees on the date of this prospectus, and 11,500,000 shares of common stock reserved for future issuance under the ESPP. See “Executive Compensation—New Employee Benefit and Stock Plans—2020 Incentive Plan” and “—Employee Stock Purchase Plan;” and
• do not reflect 25,178,352 shares of common stock that may be issued upon the exercise of stock options and RSUs outstanding as of the consummation of this offering under the 2017 Incentive Plan. The following table sets forth the outstanding stock options and RSUs under the 2017 Incentive Plan as of March 31, 2020 (giving effect to the Stock Split):

<table>
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</tr>
<tr>
<td>Unvested RSUs (performance-based vesting)</td>
<td>90,000</td>
</tr>
</tbody>
</table>

(1) Upon a holder’s exercise of one option, we will issue to the holder one share of common stock.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders. To the extent that any outstanding options to purchase our common stock are exercised or RSUs vest, or new awards are granted under our equity compensation plans, or we are required to issue additional shares of our common stock pursuant to the Datapipe Merger Agreement, there will be further dilution to investors participating in this offering.
SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data for the periods indicated. Periods before November 3, 2016 reflect the financial position and results of operations of Rackspace Technology Global, which we acquired on that date (such periods, the “Predecessor Periods”), and periods beginning and after November 3, 2016 reflect our financial position and results of operations, including the push-down accounting effects of the acquisition (such periods, the “Successor Periods”).

We have derived our selected historical consolidated financial data as of December 31, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data as of December 31, 2015, 2016 and 2017 and for the year ended December 31, 2015 and the periods from January 1, 2016 to November 2, 2016 and from November 3, 2016 to December 31, 2016 have been derived from our audited consolidated financial statements not included in this prospectus. We have derived our selected historical consolidated financial data as of March 31, 2020 and for the three months ended March 31, 2019 and 2020 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data as of March 31, 2019 have been derived from our unaudited interim consolidated financial statements not included in this prospectus.

We adopted Accounting Standards Codification No. 606, Revenue from Contracts with Customers (“ASC 606”), effective January 1, 2019, using the full retrospective method. As the financial data for Rackspace Technology Global before its acquisition is presented on a different accounting basis from our financial data following the acquisition, ASC 606 was only applied to the Successor Periods. In addition, we adopted Accounting Standards Codification No. 842, Leases (“ASC 842”), effective January 1, 2019, using the modified retrospective method. Only the selected historical consolidated financial data subsequent to January 1, 2019 reflects the adoption of ASC 842. For a description of ASC 606 and ASC 842, refer to Note 1 to our audited consolidated financial statements included elsewhere in this prospectus.

We acquired 100% of TriCore Solutions, LLC (“TriCore”), Datapipe Parent, Inc. (“Datapipe”), RelationEdge, LLC (“RelationEdge”) and Onica Holdings LLC (“Onica”) on June 19, 2017, November 15, 2017, May 14, 2018 and November 15, 2019, respectively. These acquisitions were accounted for as business combinations using the acquisition method of accounting and are described in more detail in Note 4 to our audited consolidated financial statements included elsewhere in this prospectus. The following selected consolidated financial data includes the results of operations for these acquisitions subsequent to their respective acquisition dates.
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Our historical results are not necessarily indicative of the results that may be expected for any future period. The following selected consolidated financial data should be read in conjunction with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Statement of Operations data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$2,001.3</td>
<td>$1,743.1</td>
<td>$334.5</td>
<td>$2,144.7</td>
<td>$2,452.8</td>
<td>$2,438.1</td>
<td>$606.9</td>
<td>$652.7</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$(1,031.4)</td>
<td>$(912.6)</td>
<td>$(232.8)</td>
<td>$(1,354.1)</td>
<td>$(1,445.7)</td>
<td>$(1,426.9)</td>
<td>$(356.0)</td>
<td>$(403.4)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$969.9</td>
<td>$801.5</td>
<td>$101.7</td>
<td>$790.6</td>
<td>$1,007.1</td>
<td>$1,011.2</td>
<td>$250.9</td>
<td>$249.3</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>$(769.9)</td>
<td>$(643.2)</td>
<td>$(284.2)</td>
<td>$(942.2)</td>
<td>$(949.3)</td>
<td>$(911.7)</td>
<td>$(231.7)</td>
<td>$(227.8)</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gain on sales, net</td>
<td>—</td>
<td>36.7</td>
<td>—</td>
<td>—</td>
<td>5.2</td>
<td>—</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Gain on settlement of contract</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>28.8</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>$200.0</td>
<td>$224.2</td>
<td>$(182.5)</td>
<td>$(117.6)</td>
<td>$(237.2)</td>
<td>$(101.6)</td>
<td>$21.3</td>
<td>$21.5</td>
</tr>
<tr>
<td>Other income (expense):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>$(10.8)</td>
<td>$(32.7)</td>
<td>$(31.4)</td>
<td>$(223.4)</td>
<td>$(281.1)</td>
<td>$(329.9)</td>
<td>$(89.0)</td>
<td>$(72.0)</td>
</tr>
<tr>
<td>Gain (loss) on investments, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4.6</td>
<td>4.6</td>
<td>99.5</td>
<td>0.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Gain (loss) on extinguishment of debt</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(3.7)</td>
<td>(16.9)</td>
<td>0.5</td>
<td>9.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>$(1.7)</td>
<td>$(2.7)</td>
<td>1.2</td>
<td>$(7.4)</td>
<td>12.7</td>
<td>(3.3)</td>
<td>(4.9)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Total other expense</td>
<td>$(12.5)</td>
<td>$(35.9)</td>
<td>$(33.9)</td>
<td>$(243.1)</td>
<td>$(263.3)</td>
<td>$(223.9)</td>
<td>$(88.4)</td>
<td>$(72.7)</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>187.5</td>
<td>188.8</td>
<td>216.4</td>
<td>360.7</td>
<td>500.5</td>
<td>122.3</td>
<td>67.1</td>
<td>51.2</td>
</tr>
<tr>
<td>Benefit (provision) for income taxes</td>
<td>$(65.1)</td>
<td>$(82.9)</td>
<td>75.8</td>
<td>300.8</td>
<td>29.9</td>
<td>20.0</td>
<td>9.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$122.4</td>
<td>$105.9</td>
<td>$(140.6)</td>
<td>$(59.9)</td>
<td>$(470.6)</td>
<td>$(102.3)</td>
<td>$(57.5)</td>
<td>$(48.2)</td>
</tr>
<tr>
<td><strong>Net income (loss) per share:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.88</td>
<td>$0.83</td>
<td>$(0.93)</td>
<td>$(0.39)</td>
<td>$(2.65)</td>
<td>$(0.62)</td>
<td>$(0.35)</td>
<td>$(0.29)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.87</td>
<td>$0.82</td>
<td>$(0.93)</td>
<td>$(0.39)</td>
<td>$(2.85)</td>
<td>$(0.62)</td>
<td>$(0.35)</td>
<td>$(0.29)</td>
</tr>
<tr>
<td>Pro forma basic and diluted(1)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Weighted average number of shares outstanding:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>139.0</td>
<td>127.4</td>
<td>151.1</td>
<td>153.7</td>
<td>165.2</td>
<td>165.3</td>
<td>165.2</td>
<td>165.4</td>
</tr>
<tr>
<td>Diluted</td>
<td>141.0</td>
<td>128.7</td>
<td>151.1</td>
<td>153.7</td>
<td>165.2</td>
<td>165.3</td>
<td>165.2</td>
<td>165.4</td>
</tr>
<tr>
<td>Pro forma basic and diluted(1)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Consolidated Balance Sheet data at end of period:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$487.7</td>
<td>—</td>
<td>$298.2</td>
<td>$230.9</td>
<td>$254.3</td>
<td>$83.8</td>
<td>$194.3</td>
<td>$125.2</td>
</tr>
<tr>
<td>Total assets</td>
<td>$2,014.2</td>
<td>—</td>
<td>$5,517.2</td>
<td>$6,551.3</td>
<td>$6,111.4</td>
<td>$6,272.4</td>
<td>$6,209.0</td>
<td>$6,254.0</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>$509.2</td>
<td>—</td>
<td>$4,012.1</td>
<td>$4,706.0</td>
<td>$4,038.1</td>
<td>$4,701.7</td>
<td>$4,720.3</td>
<td>$4,770.0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$1,046.1</td>
<td>—</td>
<td>$4,366.4</td>
<td>$5,178.3</td>
<td>$5,203.6</td>
<td>$5,373.6</td>
<td>$5,296.3</td>
<td>$5,457.4</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>$968.1</td>
<td>—</td>
<td>$1,128.8</td>
<td>$1,373.0</td>
<td>$907.8</td>
<td>$898.8</td>
<td>$922.7</td>
<td>$796.6</td>
</tr>
<tr>
<td><strong>Consolidated Statement of Cash Flows data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$583.6</td>
<td>$517.5</td>
<td>$41.7</td>
<td>$291.7</td>
<td>$429.8</td>
<td>$292.9</td>
<td>$23.1</td>
<td>$24.8</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>$(479.4)</td>
<td>$(234.6)</td>
<td>$(3,993.0)</td>
<td>$(1,225.2)</td>
<td>$(348.3)</td>
<td>$(386.5)</td>
<td>$(43.8)</td>
<td>$(32.4)</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>$171.5</td>
<td>$(80.1)</td>
<td>$4,249.7</td>
<td>$867.5</td>
<td>$(53.7)</td>
<td>$(79.2)</td>
<td>$(41.3)</td>
<td>$50.6</td>
</tr>
</tbody>
</table>
(1) Unaudited basic and diluted pro forma net income (loss) per share data assumes that an additional 27,816,800 of our shares of common stock were outstanding for the year ended December 31, 2019 and the three month period ended March 31, 2020, which represents the number of shares of common stock that we expect to be issued to fund the debt repayment with the net proceeds of this offering as described in "Use of Proceeds." The number of shares of common stock that we expect to be issued to fund the debt repayment was calculated in accordance with Staff Accounting Bulletin Topic 3.A. by dividing $625.9 million, which is the estimated cost to repay indebtedness with the proceeds of this offering as described in "Use of Proceeds," by $22.50 per share, the midpoint of the initial public offering price range included on the cover of this prospectus less underwriting discounts and commissions. We have also adjusted the numerator of the calculation for the pro forma impact of the debt repayment assuming that the debt was repaid as of January 1, 2019.
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes to the consolidated financial statements included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions and forecasts. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this prospectus titled “Risk Factors” and elsewhere in this prospectus. You should carefully read the “Risk Factors” to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section of this prospectus titled “Cautionary Note Regarding Forward-Looking Statements.”

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 serve our customers with a unique combination of proprietary technology resulting from over $1 billion of investment and services expertise from a team of highly skilled consultants and engineers. And we provide our customers with unbiased expertise and technology solutions, delivered over the world's leading cloud services, all wrapped in a Fanatical Experience.

We aim to be our customers’ most trusted advisor and services partner in their path to cloud transformation and to accelerate the value of their cloud investments. We give customers the ability to make fluid decisions when choosing the right technologies, and we recommend solutions based on customers’ unique objectives and workloads, irrespective of the underlying technology stack or deployment option. In this way, we empower our customers to harness the strength of the cloud.

Our customers are served by a family of approximately 6,800 Rackers, including over 2,500 cloud-certified professionals. Our team includes some of the most qualified architects and engineers in the world, with over 2,700 AWS certifications, over 1,000 Google Cloud certifications, over 700 Azure certifications and over 400 VMware certifications worldwide as of May 31, 2020. Our Rackers are at the center of the customer experience — they maintain a hyper-focus on customer experience and satisfaction and are available to our customers 24x7x365 by phone, chat, email or web portal.

We deliver our services to a global customer base through an integrated service delivery model. We have a presence in more than 60 cities around the world. This footprint allows us to better serve customers based in various countries, especially multinational companies requiring cross-border solutions.

On November 3, 2016, Rackspace Hosting, Inc. (now named Rackspace Technology Global, Inc., or “Rackspace Technology Global”) was acquired by Inception Parent, Inc., an indirect wholly-owned subsidiary of the Company (“Inception Parent”). Pursuant to the Merger Agreement, dated as of August 26, 2016, Rackspace Technology Global merged with a wholly-owned subsidiary of Inception Parent, with Rackspace Technology Global surviving as a wholly-owned subsidiary of Inception Parent. Since the Rackspace Acquisition, we have made significant changes to our business model, including through acquisitions, divestitures, corporate transformation initiatives and significant investments to adapt to changing customer needs and competitive market dynamics. See “Business—Overview—Our Transformation.”
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 Note 17 to our audited consolidated financial statements for additional information about our segments. Accordingly, we refer in this prospectus 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.

We generate revenue primarily through the sale of consumption-based contracts for our services offerings, which are recurring in nature. We also generate revenue from the sale of professional services related to designing and building customer solutions, which are non-recurring in nature. Arrangements within our Multicloud Services offerings generally have a fixed term, typically from 12 to 36 months, with a monthly recurring fee based on the computing resources provided to and utilized by the customer, the complexity of the underlying infrastructure and the level of support we provide. Our other primary sources of revenue are for public cloud services within our Multicloud Services, our Apps & Cross Platform and our OpenStack Public Cloud offerings. Contracts for these arrangements typically operate on a month-to-month basis and can be canceled at any time without penalty.

We sell our services through direct sales teams, third-party channel partners and via online orders. Our sales model is based on both distributed and centralized sales teams with leads generated from technology partners, customer referrals, channel partners and corporate marketing efforts. We offer customers the flexibility to select the best combination of resources in order to meet the requirements of their unique applications and provide the technology to seamlessly operate and manage multiple cloud computing environments.

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, Salesforce, 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. See “Business—Overview—Our Transformation” and “—Our Opportunity.”

Annualized Recurring Revenue (“ARR”), which we believe is an important indicator of our market differentiation and future revenue opportunity from recurring customer contracts, was $2,382.2 million and $2,482.1 million as of March 31, 2019 and 2020, respectively, and $2,262.5 million, $2,374.3 million and $2,411.6 million as of December 31, 2017, 2018 and 2019, respectively. See “—Key Operating Metrics—Annualized Recurring Revenue.” We also believe that many of our prospective customers will need external support for their cloud transformations, which are non-recurring projects excluded from ARR provided through our professional services, and that our hybrid, platform-neutral approach, and ability to deliver a Fanatical Experience to customers, will continue to be key to our success in attracting and retaining customers over time.

**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 Rackspace Service Blocks model provides for customizable services consumption, enabling us to deliver IT services in a recurring and scalable way. 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. In addition, our management team has instilled greater discipline on capital expenditures. As a result, we have recently experienced and expect to continue to experience changes in our capital expenditures requirements.

Our capital expenditures equaled approximately 9% and 12% of our revenue for the three months ended March 31, 2019 and 2020, respectively, and 9%, 14% and 9% of our revenue for the years ended December 31, 2017, 2018 and 2019, respectively. Our capital expenditures were higher in the three months ended March 31, 2020 in part due to higher success-based spend to deploy customer environments and the refresh of certain data center equipment within our normal maintenance cycle. Our capital expenditures were higher in 2018 in part due to the timing of upfront purchases of certain software licenses and equipment under installment payment arrangements, as well as incremental capital spend related to Datapipe customers, higher spend to deploy customer environments for products in our Multicloud Services and Apps & Cross Platform segments, higher customer demand for new devices due to the launch of a new server line, investments in customer experience and product capabilities and integration efforts in certain data centers. Our 2017 capital expenditures were lower than usual due to cash conservation efforts following the Rackspace Acquisition.
Business Transformation

Since the Rackspace Acquisition, we have invested in multiple high growth service offerings, including multicloud services, professional services, managed security and data services. In this process, we established one of the broadest partner ecosystems across the technology industry. We have also invested heavily in proprietary technology and automation tools for both us and our customers. We invested in a professional services-driven go-to-market, providing holistic multicloud solutions to meet our customers’ objectives which aim to evolve those solutions over the full lifecycle of their cloud journey. Several experienced professionals joined our management team in mid-2019, including Kevin Jones (CEO), Dustin Semach (CFO) and Subroto Mukerji (COO). Our efforts have enabled us to improve our underlying operating cost efficiencies and expand our revenue opportunities. This transformation has benefited our financial model as well. Today, we benefit from a subscription-based model (including both long-term and month-to-month subscriptions) that accounted for over 95% of our revenue in 2019. Over 85% of our revenue in that year came from our Core Segments, which we expect to continue to drive our growth. For example, on a constant currency basis, assuming the RelationEdge and Onica acquisitions were consummated on January 1, 2018, we estimate that our constant currency Core Revenue would have increased by 6% in the first quarter of 2020 compared to the same quarter in 2019, and by 6% in the fourth quarter of 2019 compared to the fourth quarter of 2018. Additionally, our capital intensity, which we define as total capital expenditures as a percentage of total revenue, has decreased from 16% for the twelve months ended September 30, 2016, to 9% for the twelve months ended March 31, 2020.

Mergers and Acquisitions

We have completed and substantially integrated four acquisitions since 2017, including Onica, an AWS cloud services company that we acquired in the fourth quarter of 2019. See “—Significant Events and Transactions—Recent Mergers and Acquisitions.” We routinely evaluate potential acquisitions that align with our growth strategy. Our acquisitions in any period may impact the comparability of our results with prior and subsequent periods. The integration of acquisitions also requires dedication of substantial time and resources, and we may never fully realize synergies and other benefits that we expect. Acquisition purchase price accounting, which may require significant judgment, and amortization and depreciation of acquired assets, may result in our recording post-acquisition costs that are higher or lower than the underlying, steady state operating costs of the acquired business. Additionally, the terms of any such acquisition, particularly with respect to the treatment of deferred revenue, may adversely impact our post-acquisition recognition of revenue from the acquired business. Additionally, our acquired businesses or assets may not perform as we expect, which could adversely affect our results of operations.

Significant Events and Transactions

Impact of COVID-19

The recent outbreak of a novel strain of coronavirus, now 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 are rapidly evolving, and the full impact and duration of the virus are unknown. Managing COVID-19 has strained and is expected to severely impact 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 spread of the outbreak and 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 or the resulting economic downturn continues to
worsen, 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. At this point, we are focused 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.

Recent Mergers and Acquisitions

On June 19, 2017, we acquired TriCore, a leader in the management of enterprise applications, including those in the Oracle and SAP ecosystems, for a net cash purchase price of $335 million, of which approximately $112 million was allocated to amortizable intangible assets. TriCore was integrated into our Apps & Cross Platform segment and contributed $34 million in revenue to our results in 2017 for the six and a half months following its acquisition.

On November 15, 2017, we acquired Datapipe (the “Datapipe Acquisition”), a provider of managed services across public and private clouds, managed hosting and colocation, for total consideration of $1,039 million, of which $764 million was paid in cash (financed with an incremental $800 million in borrowings under our Term Loan Facility), and the remainder consisted of our common stock valued at approximately $174 million and contingent consideration payable in the form of our common stock valued at approximately $101 million at the time of the acquisition. Of the total purchase price, approximately $270 million was allocated to amortizable intangible assets. Datapipe was integrated into our Multicloud Services segment and contributed $43 million in revenue to our results in 2017 for the month and a half following its acquisition. The contingent consideration in the amount of up to 10,663,741 shares of our common stock (subject to any equitable adjustments and reflecting the Stock Split) remains payable subject to the satisfaction of certain conditions described in “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement” elsewhere in this prospectus.

On May 14, 2018, we acquired RelationEdge (the “RelationEdge Acquisition”), a full-service Salesforce Platinum Consulting Partner and digital agency that helps clients engage with their customers from lead to loyalty by improving business processes, leveraging technology and integrating creative digital marketing, for net cash consideration of $65 million, with a majority of the purchase price allocated to goodwill. RelationEdge was integrated into our Apps & Cross Platform segment and contributed $16 million in revenue to our results in 2018 for the seven and a half months following its acquisition.

On November 15, 2019, we acquired Onica (the “Onica Acquisition”), an AWS managed service provider of cloud-native consulting and managed services, including strategic advisory, architecture and engineering and application development services, for net cash consideration of $316 million, of which approximately $62 million was preliminarily allocated to amortizable intangible assets. The purchase price allocation period remains open for the Onica Acquisition, and the preliminary asset allocation amounts are subject to change. Onica was integrated into our Multicloud Services segment and contributed $21 million in revenue to our results in 2019 for the month and a half following its acquisition.
See Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for more information regarding the above acquisitions.

**Impact of Accounting Change on Results of Operations**

We adopted Accounting Standard Codification (“ASC”) No. 606 (Revenue from Contracts with Customers) as of January 1, 2019 using the full retrospective method, which required us to restate each prior period presented. As the consolidated financial statements prior to the Rackspace Acquisition date were presented on a different accounting basis than the consolidated financial statements subsequent to the Rackspace Acquisition, ASC 606 was only applied to the periods subsequent to the Rackspace Acquisition date. Our results reflect the impact of the transition on our balance sheet as of January 1, 2017, the earliest period presented, and retrospective adjustments to our consolidated statements of operations and cash flows for the years ended December 31, 2017 and 2018. The most significant impact of the adoption of ASC 606 on our results of operations is related to the capitalization of costs to obtain and fulfill a contract with a customer, such as sales commissions and implementation and set up related expenses, and their amortization over the period the related services are delivered to customers, whereas under previous guidance we expensed such costs as they were incurred. As a result, our loss before income taxes and Adjusted EBITDA were both positively impacted by $45.3 million, $32.8 million and $4.9 million in 2017, 2018 and 2019, respectively. We also adopted ASC No. 842 (Leases) as of January 1, 2019 using the modified retrospective method, recording the impact of the transition on our balance sheet as of January 1, 2019. The impact of our adoption of ASC 842 resulted in a positive $0.2 million and $1.9 million impact on our loss before income taxes for the three months ended March 31, 2019 and full year 2019, respectively, and a negative $1.6 million and $8.9 million impact on our Adjusted EBITDA for the three months ended March 31, 2019 and full year 2019, respectively. See Note 1 to our audited consolidated financial statements included elsewhere in this prospectus for more information on the adoption of these accounting standards. See “—Non-GAAP Financial Measures” below for our presentation and reconciliation of Adjusted EBITDA.

**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.

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>Year Ended December 31,</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookings</td>
<td>$546.8</td>
<td>$597.5</td>
</tr>
<tr>
<td>Annualized Recurring Revenue (ARR)</td>
<td>$2,262.5</td>
<td>$2,374.3</td>
</tr>
<tr>
<td>Core Quarterly Net Revenue Retention Rate</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Quarterly Net Revenue Retention Rate</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

**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 were $139.0 million and $230.5 million for the three months ended March 31, 2019 and 2020, respectively, and $546.8 million, $597.5 million and $700.7 million for the years ended December 31, 2017, 2018 and 2019, respectively. The increase in Bookings between the first quarter of 2020 and the first quarter of 2019 as well as between 2019 and 2018 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. For the avoidance of doubt, ARR for any period ending December 31 is calculated by annualizing our actual revenue from existing recurring customer contracts for the fourth quarter in that year. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

Our ARR was $2,382.2 million and $2,482.1 million as of March 31, 2019 and 2020, respectively, and $2,262.5 million, $2,374.3 million and $2,411.6 million as of December 31, 2017, 2018 and 2019, respectively.
Quarterly Net Revenue Retention Rate

Our Quarterly Net Revenue Retention Rate, which we use to measure our success in retaining and growing revenue from our existing customers, compares sequential quarterly revenue from the same cohort of customers. We calculate our Quarterly Net Revenue Retention Rate for a given quarterly period as the revenue from the cohort of customers for the latest reported fiscal quarter (the numerator), divided by revenue from such customers for the immediately preceding fiscal quarter (denominator). Existing customer revenue for the earlier of the two fiscal quarters is calculated on a constant currency basis, applying the average exchange rate for the latest reported fiscal quarter to the immediately preceding fiscal quarter, to eliminate the effects of foreign currency fluctuations. The numerator and denominator only include revenue from customers that we served and from which we recognized revenue in the first month of the earliest of the two quarters being compared. Our calculation of Quarterly Net Revenue Retention Rate for any fiscal quarter includes the positive revenue impacts of selling new services to existing customers and the negative revenue impacts of attrition among this cohort of customers. For annual periods and interim periods longer than three months, we report Quarterly Net Revenue Retention Rate as the arithmetic average of Quarterly Net Revenue Retention Rate for all fiscal quarters included in the period. Our calculation of Quarterly Net Revenue Retention Rate may differ from similarly titled metrics presented by other companies.

Throughout this prospectus, we present our Quarterly Net Revenue Retention Rate on a consolidated basis and on a Core basis, which we refer to as “Core Quarterly Net Revenue Retention Rate,” as well as by segment.

Our Quarterly Net Revenue Retention Rate was 98% for each of the three-month periods ended March 31, 2019 and 2020 and 98% for each of the years ended December 31, 2017, 2018 and 2019, despite our significant transformation activities through these years, including our shift away from OpenStack Public Cloud to our other service offerings. Accordingly, our Core Quarterly Net Revenue Retention Rate was 99% and 98% for the three-month periods ended March 31, 2019 and 2020, respectively, and 99%, 99% and 99% for the years ended December 31, 2017, 2018 and 2019, respectively, reflecting the stickiness of our subscription-based revenue model.

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 depreciation of servers, software and other systems 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 data center rent and other infrastructure maintenance and support costs, including usage charges for third-party infrastructure, 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 (SG&A). Selling, general and administrative expense consists 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. Research and development costs were $18 million and $11 million in the three months ended March 31, 2019 and 2020, respectively, and $93 million, $75 million and $56 million in 2017, 2018 and 2019, respectively. Advertising costs were $10 million and $12 million in the three months ended March 31, 2019 and 2020, respectively, and $60 million, $42 million and $40 million in 2017, 2018 and 2019, respectively.

SG&A also includes transaction costs related to acquisitions and financings, costs related to integration and business transformation and management fees, which may impact the comparability of SG&A between periods. SG&A in the periods included in this prospectus also reflect the costs of our business transformation initiatives focused on cost savings, competitive positioning, technological developments and the scale of our business. Our existing equityholders have agreed to terminate the existing management consulting agreements effective as of the pricing of this offering, and therefore no management fees will accrue or be payable for periods after the pricing of this offering, thereby reducing our SG&A expense; however, we also expect certain of our our 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 (expense) 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. In 2017, we recorded a $197 million tax benefit as a result of U.S. tax reform due to the remeasurement of federal net deferred tax liabilities resulting from the reduction in the U.S. statutory corporate tax rate to 21% from 35%. 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 Note 13 to our audited consolidated financial statements.

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.
### Table of Contents

**Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2020**

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):

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>2019</th>
<th>2020</th>
<th>Year-Over-Year Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% Revenue</td>
<td>Amount</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 606.9</td>
<td>100.0 %</td>
<td>$ 652.7</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>(356.0)</td>
<td>(58.7)%</td>
<td>(403.4)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>250.9</td>
<td>41.3%</td>
<td>249.3</td>
</tr>
<tr>
<td><strong>Selling, general and administrative</strong></td>
<td>(231.7)</td>
<td>(38.2)%</td>
<td>(227.8)</td>
</tr>
<tr>
<td><strong>Gain on sale</strong></td>
<td>2.1</td>
<td>0.3%</td>
<td>—</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>21.3</td>
<td>3.5%</td>
<td>21.5</td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(89.0)</td>
<td>(14.7)%</td>
<td>(72.0)</td>
</tr>
<tr>
<td><strong>Gain (loss) on investments, net</strong></td>
<td>0.1</td>
<td>0.0%</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Gain on extinguishment of debt</strong></td>
<td>4.5</td>
<td>0.7%</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other expense, net</strong></td>
<td>(4.0)</td>
<td>(0.6)%</td>
<td>(0.6)</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td>(88.4)</td>
<td>(14.6)%</td>
<td>(72.7)</td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>(67.1)</td>
<td>(11.1)%</td>
<td>(51.2)</td>
</tr>
<tr>
<td><strong>Benefit for income taxes</strong></td>
<td>9.6</td>
<td>1.6%</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (57.5)</td>
<td>(9.5)%</td>
<td>$ (48.2)</td>
</tr>
</tbody>
</table>

NM = not meaningful.

### Revenue

Revenue increased $46 million, or 7.6%, to $653 million in the three months ended March 31, 2020 from $607 million in the three months ended March 31, 2019. Revenue was positively impacted by the acquisition of Onica in November 2019 as well as new customer acquisition and growing customer spend in our Multicloud Services and Apps & Cross Platform segments, as discussed below. Our Quarterly Net Revenue Retention Rate was 98% in the three months ended March 31, 2020.
After removing the impact from foreign currency fluctuations, on a constant currency basis, revenue increased 7.8% period-on-period. On a constant currency basis, assuming the Onica acquisition was consummated on January 1, 2019, we estimate that our constant currency revenue would have increased by 3.0% period-on-period. Although such estimate of constant currency revenue is based on assumptions that management believes are reasonable, it is not necessarily indicative of the constant currency revenue that would have been achieved had such acquisition occurred on January 1, 2019. The following table presents revenue growth by segment:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31</th>
<th>% Change</th>
<th>Constant Currency(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
<td>Actual</td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$452.8</td>
<td>$507.9</td>
<td>12.2%</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>78.1</td>
<td>81.5</td>
<td>4.4%</td>
</tr>
<tr>
<td>Core Revenue</td>
<td>530.9</td>
<td>589.4</td>
<td>11.0%</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>76.0</td>
<td>63.3</td>
<td>(16.7)%</td>
</tr>
<tr>
<td>Total</td>
<td>$606.9</td>
<td>$652.7</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

(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, 2020 increased 12%, or 13% on a constant currency basis, from the three months ended March 31, 2019, reflecting the positive impact of the November 2019 acquisition of Onica. Underlying growth was driven by both the acquisition of new customers and increased spend by existing customers, partially offset by cancellations by existing customers. The Quarterly Net Revenue Retention Rate for our Multicloud Services segment was 98% in the three months ended March 31, 2020.

Apps & Cross Platform revenue in the three months ended March 31, 2020 increased 4%, or 5% on a constant currency basis, from the three months ended March 31, 2019, due to growth in our offerings for managed security, professional services, and management of productivity and collaboration applications. The Quarterly Net Revenue Retention Rate for our Apps & Cross Platform segment was 99% in the three months ended March 31, 2020.

OpenStack Public Cloud revenue in the three months ended March 31, 2020 decreased 17% on an actual basis, and 17% on a constant currency basis, from the three months ended March 31, 2019 due to customer churn. While we expect revenue from this business to continue to decline, we also saw the quarterly year-over-year rate of decline decelerate as many large OpenStack Public Cloud customers have already terminated their OpenStack Public Cloud contracts with us and our remaining customer base for this offering is composed of smaller customers who tend to churn at lower rates.

Cost of Revenue

Cost of revenue increased $47 million, or 13%, to $403 million in the three months ended March 31, 2020 from $356 million in the three months ended March 31, 2019, primarily due to a $56 million increase in infrastructure expenses related to offerings on third-party clouds, partially offset by a $12 million decrease in depreciation expense. The increase in infrastructure expenses related to offerings on third-party clouds was due to 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. The decrease in depreciation expense was primarily due to certain property, equipment and software reaching the end of its useful life for depreciation purposes and a decrease in our overall depreciable asset base as a result of the shift towards faster-growing, value-added service.
offerings which have significantly lower capital requirements than our legacy capital-intensive revenue streams. The remaining cost of revenue variance was driven by a $10 million increase in employee-related expenses primarily due to the addition of former Onica employees, partially offset by initiatives to lower our cost structure, including the consolidation of data center facilities and reviewing and optimizing our vendor license spending, which resulted in year-over-year decreases in these expenses.

As a percentage of revenue, cost of revenue increased 310 basis points in the three months ended March 31, 2020 to 61.8% from 58.7% in the three months ended March 31, 2019, driven by a 790 basis point increase in infrastructure expense, partially offset by a 280 basis point reduction in depreciation expense and a 210 basis point decrease related to data center and license expenses.

**Gross Profit and Adjusted Consolidated and Segment Adjusted Gross Profit**

Our consolidated gross profit was $249 million in the three months ended March 31, 2020, a decrease of $2 million from $251 million in the three months ended March 31, 2019. Our Adjusted Consolidated Gross Profit was $256 million in the three months ended March 31, 2020, a decrease of $2 million from $258 million in the three months ended March 31, 2019. Adjusted Consolidated Gross Profit is a non-GAAP financial measure. See "—Non-GAAP Financial Measures" below for more information. Our consolidated gross margin was 38.2% in the three months ended March 31, 2020, a decrease of 310 basis points from 41.3% in the three months ended March 31, 2019.

The table below presents our segment adjusted gross profit and gross margin for the periods indicated, and the change in gross profit between periods.

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>Three Months Ended March 31</th>
<th>Year-Over-Year Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$189.4</td>
<td>$196.8</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>28.9</td>
<td>30.1</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>39.8</td>
<td>29.3</td>
</tr>
<tr>
<td>Adjusted Consolidated Gross Profit</td>
<td>258.1</td>
<td>256.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less:</th>
<th>Three Months Ended March 31</th>
<th>Year-Over-Year Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share-based compensation expense</td>
<td>(1.0)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Other compensation expense(1)</td>
<td>(0.5)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Purchase accounting impact on revenue(2)</td>
<td>0.1</td>
<td>—</td>
</tr>
<tr>
<td>Purchase accounting impact on expense(2)</td>
<td>(2.4)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Restructuring and transformation expenses(3)</td>
<td>(3.4)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Total consolidated gross profit</td>
<td>$250.9</td>
<td>$249.3</td>
</tr>
</tbody>
</table>

(1) Adjustments for expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition, retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax.

(2) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on revenue and 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 adjusted gross profit increased by 4% in the three months ended March 31, 2020 from the three months ended March 31, 2019. Segment adjusted gross profit as a percentage of segment revenue decreased by 310 basis points, reflecting an 18% increase in segment cost of revenue and a 12% increase in segment revenue. The increase in costs was mainly driven by higher third-party infrastructure costs and the addition of former Onica employees’ personnel costs. Partially offsetting the increase was lower depreciation and data center costs.

Apps & Cross Platform adjusted gross profit increased 4% in the three months ended March 31, 2020 from the three months ended March 31, 2019. Segment adjusted gross profit as a percentage of segment revenue decreased by 310 basis points, reflecting proportional increases in segment revenue and cost of revenue. The increase in cost of revenue was driven by the segment’s higher business volume.

OpenStack Public Cloud adjusted gross profit decreased 26% in the three months ended March 31, 2020 from the three months ended March 31, 2019 due to customer churn. Segment adjusted gross profit as a percentage of segment revenue decreased by 610 basis points, reflecting a 17% decrease in segment revenue, partially offset by a 6% decrease in segment cost of revenue.

The aggregate amount of costs reflected in consolidated gross profit but excluded from segment adjusted gross profit was $6.9 million in the three months ended March 31, 2020, a decrease of $0.3 million from $7.2 million in the three months ended March 31, 2019, reflecting lower purchase accounting adjustments and restructuring and transformation expense, partially offset by an increase in share-based compensation and retention bonuses. For more information about our segment adjusted gross profit, see Note 14 to our unaudited interim consolidated financial statements included elsewhere in this prospectus.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $4 million, or 2%, to $228 million in the three months ended March 31, 2020 from $232 million in the three months ended March 31, 2019. Contributing to this decrease was a $7 million decrease in expenses for research and development activities driven by a shift away from our historical, legacy offerings such as the OpenStack Public Cloud, which require more research and development. Additionally, employee-related expenses decreased $6 million in certain administrative functions due to a decrease in employee count, driven, in part, by outsourcing initiatives, and lower expense related to our obligations to settle share-based compensation awards. These decreases were partially offset by an increase in share-based compensation and retention bonuses, also mainly driven by Onica.

As a percentage of revenue, selling, general and administrative expenses decreased 330 basis points to 34.9% in the three months ended March 31, 2020 from 38.2% in the three months ended March 31, 2019 for the reasons discussed above.

Gain on Sale

In March 2019, we recorded a $2 million gain related to the payment of a promissory note receivable that was issued in conjunction with the divestiture of our Mailgun business in 2017.

Interest Expense

Interest expense decreased $17 million to $72 million in the three months ended March 31, 2020 from $89 million in the three months ended March 31, 2019, primarily due to the January 2020
designation of certain of our interest rate swap agreements as cash flow hedges, as further discussed in Note 10 to our unaudited interim consolidated financial statements included elsewhere in this prospectus. In the three months ended March 31, 2019, we recorded $19 million of interest expense related to the change in the fair value of interest rate swaps compared to $3 million recorded to interest expense in the three months ended March 31, 2020.

Gain on Extinguishment of Debt

We recorded a $5 million gain on debt extinguishment in the three months ended March 31, 2019 related to the repurchase of $28 million principal amount of our 8.625% Senior Notes.

Other Expense, Net

Other expense decreased $3 million primarily related to changes in the fair value of foreign currency derivatives, as further discussed in Note 10 to our unaudited interim consolidated financial statements included elsewhere in this prospectus, partially offset by an increase in foreign currency transaction losses.

Benefit for Income Taxes

Our income tax benefit decreased by $7 million to $3 million in the three months ended March 31, 2020 from $10 million in the three months ended March 31, 2019. Our effective tax rate decreased from 14.3% in the three months ended March 31, 2019 to 5.9% in the three months ended March 31, 2020. The decrease in the effective tax rate year-over-year and the difference between the effective tax rate for the three months ended March 31, 2020 and the statutory rate are primarily due to the geographic distribution of profits.
### Year Ended December 31, 2018 Compared to Year Ended December 31, 2019

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):

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>2018</th>
<th>2019</th>
<th>Year-Over-Year Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$2,452.8</td>
<td>100.0 %</td>
<td>$2,438.1</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>(1,445.7)</td>
<td>(58.9)%</td>
<td>(1,426.9)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,007.1</td>
<td>41.1 %</td>
<td>1,011.2</td>
</tr>
<tr>
<td><strong>Selling, general and administrative</strong></td>
<td>(949.3)</td>
<td>(38.7)%</td>
<td>(911.7)</td>
</tr>
<tr>
<td><strong>Impairment of goodwill</strong></td>
<td>(295.0)</td>
<td>(12.0)%</td>
<td>—</td>
</tr>
<tr>
<td><strong>Gain on sale, net</strong></td>
<td>—</td>
<td>—</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>(237.2)</td>
<td>(9.7)%</td>
<td>101.6</td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(281.1)</td>
<td>(11.5)%</td>
<td>(329.9)</td>
</tr>
<tr>
<td>Gain on investments, net</td>
<td>4.6</td>
<td>0.2 %</td>
<td>99.5</td>
</tr>
<tr>
<td>Gain (loss) on extinguishment of debt</td>
<td>0.5</td>
<td>0.0 %</td>
<td>9.8</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>12.7</td>
<td>0.5 %</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td>(263.3)</td>
<td>(10.7)%</td>
<td>(223.9)</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(500.5)</td>
<td>(20.4)%</td>
<td>(122.3)</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td>29.9</td>
<td>1.2 %</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$470.6</td>
<td>(19.2)%</td>
<td>$(102.3)</td>
</tr>
</tbody>
</table>

NM = not meaningful.

**Revenue**

Revenue decreased $15 million, or 0.6%, to $2,438 million from $2,453 million in 2018. Revenue was negatively impacted by $22 million from foreign currency translation effects in 2019, due to a stronger U.S. dollar relative to other foreign currencies, primarily the British pound sterling. Conversely, revenue was positively impacted by the acquisitions of RelationEdge in May 2018 and Onica in November 2019. Our Quarterly Net Revenue Retention Rate was 98% in 2019, reflecting new customer acquisition and growing customer spend in our Multicloud Services and Apps & Cross Platform segments, as discussed below.

After removing the impact from foreign currency fluctuations, on a constant currency basis, revenue increased 0.3% period-on-period. On a constant currency basis, assuming the RelationEdge and Onica acquisitions were consummated on January 1, 2018, we estimate that our constant currency revenue would have increased by 1.6% period-on-period. Although such estimate of constant currency revenue is based on assumptions that management believes are reasonable, it is not...
necessarily indicative of operating results that would have been achieved had such acquisitions occurred on January 1, 2018. The following table presents 2019 revenue growth by segment:

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>2018</th>
<th>2019</th>
<th>% Change</th>
<th>Constant Currency(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multicloud Services</td>
<td>$1,803.4</td>
<td>$1,832.6</td>
<td>1.6 %</td>
<td>2.6 %</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>290.0</td>
<td>319.2</td>
<td>10.1 %</td>
<td>10.4 %</td>
</tr>
<tr>
<td>Core Revenue</td>
<td>2,093.4</td>
<td>2,151.8</td>
<td>2.8 %</td>
<td>3.7 %</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>359.4</td>
<td>286.3</td>
<td>(20.3 %)</td>
<td>(19.6 %)</td>
</tr>
<tr>
<td>Total</td>
<td>$2,452.8</td>
<td>$2,438.1</td>
<td>(0.6 %)</td>
<td>0.3 %</td>
</tr>
</tbody>
</table>

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

Multicloud Services revenue increased 2%, or 3% on a constant currency basis, from 2018, reflecting the positive impact of the November 2019 acquisition of Onica, which contributed $21 million to 2019 revenue. Underlying growth was driven by both the acquisition of new customers and increased spend by existing customers, partially offset by cancellations by existing customers. The Quarterly Net Revenue Retention Rate for our Multicloud Services segment was 98% in 2019.

Apps & Cross Platform revenue increased 10% on an actual basis, and 10% on a constant currency basis, from 2018 due to the favorable full year impact of RelationEdge, which we acquired in May 2018, and growth in our offerings for managed security, professional services and management of productivity and collaboration applications. The Quarterly Net Revenue Retention Rate for our Apps & Cross Platform segment was 100% in 2019.

OpenStack Public Cloud revenue decreased 20% on an actual basis, and 20% on a constant currency basis, from 2018 due to customer churn. While we expect revenue from this business to continue to decline, we also saw the quarterly year-over-year rate of decline stabilize during 2019 as many large OpenStack Public Cloud customers terminated their OpenStack Public Cloud contracts with us and our remaining customer base for this offering was composed of smaller customers who tend to churn at lower rates.

Cost of Revenue

Cost of revenue decreased $19 million, or 1%, to $1,427 million from $1,446 million in 2018, primarily driven by a $112 million decrease in depreciation expense, partially offset by a $109 million increase in infrastructure expenses related to offerings on third-party clouds. The decrease in depreciation expense was primarily due to certain property, equipment and software reaching the end of its useful life for depreciation purposes and a decrease in our overall depreciable asset base as a result of the shift towards faster-growing, value-added service offerings which have significantly lower capital requirements than our legacy capital-intensive revenue streams. The increase in infrastructure expenses related to offerings on third-party clouds was due to 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. The remaining decrease in cost of revenue was driven by the execution of various initiatives in 2019 to lower our cost structure, such as consolidating data center facilities and reviewing and optimizing our vendor license spending, which resulted in year-over-year decreases in these expenses. Employee-related expenses were largely flat as an increase in non-equity incentive compensation expense was offset by expense recorded in the prior year related to our obligations to settle share-based awards in connection with the Rackspace Acquisition.
As a percentage of revenue, cost of revenue decreased 40 basis points in 2019 to 58.5% from 58.9% in 2018, driven by a 450 basis point decrease related to depreciation expense, partially offset by a 410 basis point increase largely related to infrastructure expense.

**Gross Profit and Adjusted Consolidated and Segment Adjusted Gross Profit**

Our consolidated gross profit was $1,011 million in 2019, an increase of $4 million from $1,007 million in 2018. Our Adjusted Consolidated Gross Profit was $1,039 million in 2019, an increase of $10 million from $1,029 million in 2018. Adjusted Consolidated Gross Profit is a non-GAAP financial measure. See "—Non-GAAP Financial Measures" below for more information. Our consolidated gross margin was 41.5% in 2019, an increase of 40 basis points from 41.1% in 2018.

The table below presents our segment adjusted gross profit and gross margin for the periods indicated, and the change in gross profit between periods.

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multicloud Services</td>
<td>736.6</td>
<td>774.7</td>
<td>5.2%</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>107.3</td>
<td>118.7</td>
<td>10.6%</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>185.0</td>
<td>146.0</td>
<td>21.1%</td>
</tr>
<tr>
<td>Adjusted Consolidated Gross Profit</td>
<td>1,028.9</td>
<td>1,039.4</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Total consolidated gross profit</strong></td>
<td>1,007.1</td>
<td>1,011.2</td>
<td></td>
</tr>
</tbody>
</table>

(1) Adjustments for expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition, retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax.

(2) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on revenue and 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 adjusted gross profit increased by 5% in 2019 from 2018. Segment adjusted gross profit as a percentage of segment revenue increased by 150 basis points, reflecting a 2% increase in segment revenue and a 1% decrease in segment cost of revenue. The decrease in costs reflects savings obtained as a result of lower personnel costs, reflecting our prior period integration and transformation efforts. The shift in capital intensity described above resulted in lower depreciation and data center costs, offset by higher third-party infrastructure costs.
Apps & Cross Platform adjusted gross profit increased 11% in 2019 from 2018. Segment adjusted gross profit as a percentage of segment revenue remained unchanged at 37%, reflecting proportional increases in segment revenue and cost of revenue. The increase in cost of revenue was driven by the segment's higher business volume, reflecting the favorable full year impact of the RelationEdge Acquisition.

OpenStack Public Cloud adjusted gross profit decreased 21% in 2019 from 2018 due to customer churn. Segment adjusted gross profit as a percentage of segment revenue remained unchanged at 51%, reflecting proportional decreases in revenue and costs.

The aggregate amount of costs reflected in consolidated gross profit but excluded from segment adjusted gross profit was $28.2 million in 2019, an increase of $6.4 million from $21.8 million in 2018, reflecting higher restructuring and transformation costs that more than offset the decrease from cash-settled equity awards. For more information about our segment adjusted gross profit, see Note 17 to our audited consolidated financial statements included elsewhere in this prospectus.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses decreased $38 million, or 4%, to $912 million from $949 million in 2018. Contributing to this decrease was a $19 million decline in expenses for research and development activities as our business shifts towards providing cloud-centric, value-added services, such as our offerings on third-party clouds, application management and professional services that require fewer research and development activities to develop and support as compared to our historical, legacy offerings such as the OpenStack Public Cloud. Additionally, employee-related expenses declined in certain administrative functions due to a decrease in employee count driven, in part, by transformation and outsourcing initiatives. We also incurred lower expense related to our obligations to settle share-based awards in connection with the Rackspace Acquisition, a reduction in marketing activity spend and a decrease in expenses related to cost savings initiatives and closing and integrating our recent acquisitions. These decreases were partially offset by incremental amortization expense in 2019 related to sales commissions capitalized in accordance with ASC 606 and higher severance and share-based compensation expense.

As a percentage of revenue, selling, general and administrative expenses decreased 130 basis points, from 38.7% in 2018 to 37.4% in 2019, for the reasons discussed above.

**Impairment of Goodwill**

As a result of our 2018 annual goodwill impairment test performed during the fourth quarter of 2018, we determined that the carrying amount of our Private Cloud Services reporting unit, which is a component of our Multicloud Services segment, exceeded its fair value and recorded a goodwill impairment charge of $295 million. The impairment was driven by a significant decrease in forecasted revenue and cash flows and a lower long-term growth rate, as current and forecasted industry trends reflect lower demand for traditional managed hosting services. There was no such impairment in 2019.

**Gain on Sale**

In March 2019, we recorded a $2 million gain related to the payment of a promissory note receivable that was issued in conjunction with the divestiture of our Mailgun business in 2017. See Note 14 to our audited consolidated financial statements included elsewhere in this prospectus for more information on this transaction.
Interest Expense

Interest expense increased $49 million to $330 million from $281 million in 2018, primarily due to changes in the fair value of interest rate swaps, as further discussed in Note 15 to our audited consolidated financial statements included elsewhere in this prospectus.

Gain on Investments, net

Gain on investments was $5 million in 2018 compared to $100 million in 2019, driven by a $97 million realized gain related to the sale of our CrowdStrike investment in 2019, as further discussed in Note 7 to our audited consolidated financial statements included elsewhere in this prospectus.

Gain on Extinguishment of Debt

We recorded a $1 million and $10 million gain on debt extinguishment in 2018 and 2019, respectively, related to repurchases of $3 million and $77 million principal amount of 8.625% Senior Notes in 2018 and 2019, respectively.

Other Income (Expense)

We had $13 million of other income in 2018 compared to $3 million of other expense in 2019 primarily related to changes in the fair value of foreign currency derivatives, as further discussed in Note 15 to our audited consolidated financial statements included elsewhere in this prospectus, and to a lesser extent, an increase in foreign currency transaction losses.

Benefit for Income Taxes

Our income tax benefit decreased by $10 million to $20 million in 2019 from $30 million in 2018. Our effective tax rate increased from 6.0% in 2018 to 16.4% in 2019. The effective tax rate for the year ended December 31, 2019 was impacted by the current year global intangible low-taxed income (“GILTI”) inclusion, the impact of changes in income tax rates, changes in valuation allowances, research and development credits, changes to income tax reserves and other permanently nondeductible items.

For a full reconciliation of our effective tax rate to the U.S. federal statutory rate and further explanation of our provision for taxes, see Note 13 to our audited consolidated financial statements included elsewhere in this prospectus.
**Year Ended December 31, 2017 Compared to Year Ended December 31, 2018**

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):

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>2017</th>
<th>% Revenue</th>
<th>2018</th>
<th>% Revenue</th>
<th>Amount</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 2,144.7</td>
<td>100.0 %</td>
<td>$ 2,452.8</td>
<td>100.0 %</td>
<td>$ 308.1</td>
<td>14.4 %</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(1,354.1)</td>
<td>(63.1) %</td>
<td>(1,445.7)</td>
<td>(58.9) %</td>
<td>(91.6)</td>
<td>6.8 %</td>
</tr>
<tr>
<td>Gross profit</td>
<td>790.6</td>
<td>36.9 %</td>
<td>1,007.1</td>
<td>41.1 %</td>
<td>216.5</td>
<td>27.4 %</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>(942.2)</td>
<td>(43.9) %</td>
<td>(949.3)</td>
<td>(38.7) %</td>
<td>(7.1)</td>
<td>0.8 %</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>— %</td>
<td>(295.0)</td>
<td>(12.0) %</td>
<td>(295.0)</td>
<td>NM</td>
</tr>
<tr>
<td>Gain on sales, net</td>
<td>5.2</td>
<td>0.2 %</td>
<td>—</td>
<td>—</td>
<td>(5.2)</td>
<td>(100.0) %</td>
</tr>
<tr>
<td>Gain on settlement of contract</td>
<td>28.8</td>
<td>1.3 %</td>
<td>—</td>
<td>—</td>
<td>(28.8)</td>
<td>(100.0)%</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>(117.6)</td>
<td>(5.5) %</td>
<td>(237.2)</td>
<td>(9.7) %</td>
<td>(119.6)</td>
<td>101.7 %</td>
</tr>
<tr>
<td>Other income (expense):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(223.4)</td>
<td>(10.4) %</td>
<td>(281.1)</td>
<td>(11.5) %</td>
<td>(57.7)</td>
<td>25.8 %</td>
</tr>
<tr>
<td>Gain on investments, net</td>
<td>4.6</td>
<td>0.2 %</td>
<td>4.6</td>
<td>0.2 %</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Gain (loss) on extinguishment of debt</td>
<td>(16.9)</td>
<td>(0.8) %</td>
<td>0.5</td>
<td>0.0 %</td>
<td>17.4</td>
<td>NM</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>(7.4)</td>
<td>(0.3) %</td>
<td>12.7</td>
<td>0.5 %</td>
<td>20.1</td>
<td>NM</td>
</tr>
<tr>
<td>Total other income (expense)</td>
<td>(243.1)</td>
<td>(11.3) %</td>
<td>(263.3)</td>
<td>(10.7) %</td>
<td>(20.2)</td>
<td>8.3 %</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(360.7)</td>
<td>(16.8) %</td>
<td>(500.5)</td>
<td>(20.4) %</td>
<td>(139.8)</td>
<td>38.8 %</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (59.9)</td>
<td>(2.8) %</td>
<td>$ (470.6)</td>
<td>(19.2) %</td>
<td>$ (410.7)</td>
<td>NM</td>
</tr>
</tbody>
</table>

NM = not meaningful.

**Revenue**

Revenue increased $308 million, or 14%, to $2,453 million from $2,145 million in 2017, primarily due to the acquisitions of Datapipe in November 2017, TriCore in June 2017 and RelationEdge in May 2018. The impact of a weaker U.S. dollar relative to other foreign currencies, primarily the British pound sterling, resulted in a $17 million favorable impact to revenue. Conversely, within the Other category in the table below, the early termination of a large, multi-year agreement and divestitures of certain product lines negatively impacted revenue when compared to 2017. Our Quarterly Net Revenue Retention Rate was 98% in 2018.
After removing the impact from foreign currency fluctuations, on a constant currency basis, revenue increased 14% from 2017. The following table presents 2018 revenue growth by segment:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$1,470.0</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>217.4</td>
</tr>
<tr>
<td>Core Revenue</td>
<td>1,687.4</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>422.8</td>
</tr>
<tr>
<td>Other(2)</td>
<td>34.5</td>
</tr>
<tr>
<td>Total</td>
<td>$2,144.7</td>
</tr>
</tbody>
</table>

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

Multicloud Services revenue increased 23%, or 22% on a constant currency basis, from 2017, due to increased spend by existing customers and the addition of new customers, partially offset by cancellations by existing customers. The Quarterly Net Revenue Retention Rate for our Multicloud Services segment was 99% in 2018.

The acquisition of Datapipe also contributed to the growth in Multicloud Services revenue.

Apps & Cross Platform revenue increased 33% on an actual basis, and 33% on a constant currency basis, from 2017 primarily due to the acquisition of TriCore, and to a lesser extent, the acquisition of RelationEdge. Also contributing to the increase was the growth of our managed security offering, together with our offerings around email and other productivity applications. The Quarterly Net Revenue Retention Rate for our Apps & Cross Platform segment was 101% in 2018.

OpenStack Public Cloud revenue decreased 15%, or 16% on a constant currency basis, from 2017, due mainly to customer churn.

Cost of Revenue

Cost of revenue increased $92 million, or 7%, to $1,446 million from $1,354 million in 2017, driven by our revenue growth. Infrastructure expenses related to offerings on third-party clouds increased $95 million, largely due to growth in our service offerings on third-party clouds and the impact of the acquired Datapipe operations. Data center expenses increased $59 million primarily due to increases in data center rent and utility expenses as a result of data centers added as part of the Datapipe Acquisition. Employee-related expenses increased $51 million primarily due to the addition of approximately 500 former Datapipe employees. License costs increased by a net $27 million, primarily due to higher utilization of third-party software licenses to support the larger business resulting from the acquisition of Datapipe, partially offset by an $8 million benefit recorded in the fourth quarter of 2018 related to the release of certain license accruals. These aggregate increases in cost of revenue were partially offset by a $149 million decrease in depreciation expense due to certain property, equipment and software reaching the end of its useful life for depreciation purposes. Cost of revenue in 2018 also included $21 million of accelerated depreciation resulting from a revision to the useful life of certain equipment assets primarily due to the deceleration of growth related to our legacy, capital-intensive businesses.
As a percentage of revenue, cost of revenue decreased 420 basis points, from 63.1% in 2017 to 58.9% in 2018, primarily due to a 920 basis point decrease in depreciation expense, partially offset by 350 and 140 basis point increases related to infrastructure expense and data center costs, respectively.

**Gross Profit and Adjusted Consolidated and Segment Adjusted Gross Profit**

Our consolidated gross profit was $1,007 million in 2018, an increase of $217 million, or 27%, from $791 million, in 2017. Our Adjusted Consolidated Gross Profit was $1,029 million in 2018, an increase of $205 million from $824 million in 2017. Adjusted Consolidated Gross Profit is a non-GAAP financial measure. See "—Non-GAAP Financial Measures" below for more information. Our consolidated gross margin was 41.1% in 2018, an increase of 420 basis points from 36.9% in 2017.

The table below presents our segment adjusted gross profit for the periods indicated, and the change in gross profit between periods.

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>Year Ended December 31</th>
<th>Year-Over-Year Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>% of Segment Revenue</td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$540.5</td>
<td>36.8%</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>71.1</td>
<td>32.7%</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>198.9</td>
<td>47.0%</td>
</tr>
<tr>
<td>Other(1)</td>
<td>13.6</td>
<td>39.4%</td>
</tr>
<tr>
<td><strong>Adjusted Consolidated</strong></td>
<td><strong>824.1</strong></td>
<td><strong>40.8%</strong></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>(1.5)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Other compensation expense(2)</td>
<td>(14.4)</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Purchase accounting impact on revenue(3)</td>
<td>(4.7)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Purchase accounting impact on expense(3)</td>
<td>(7.9)</td>
<td>(6.9)</td>
</tr>
<tr>
<td>Restructuring and transformation expenses(4)</td>
<td>(5.0)</td>
<td>(2.3)</td>
</tr>
<tr>
<td><strong>Total consolidated gross profit</strong></td>
<td>$790.6</td>
<td>$1,007.1</td>
</tr>
</tbody>
</table>

(1) Other includes product lines that we have divested and the impact of a large multi-year agreement that was terminated in April 2017.

(2) Adjustments for expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition, retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax.

(3) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on revenue and expenses.

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

NM = not meaningful.

Multicloud Services adjusted gross profit increased by 36% in 2018 from 2017. Segment adjusted gross profit as a percentage of segment revenue increased by 400 basis points, as the increase in segment revenue outpaced the increase in segment cost of revenue by 790 basis points. The increase

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in segment cost of revenue was driven mainly by higher third-party infrastructure, data center and personnel costs, reflecting the incremental infrastructure, network and engineering requirements driven by segment customer growth, as discussed above. These cost increases were partially offset by a decrease in depreciation, reflecting a decrease in our average depreciable property, equipment and software between periods, reflecting mainly amortization related to the Rackspace Acquisition.

Apps & Cross Platform adjusted gross profit increased by 51% in 2018 from 2017. Segment adjusted gross profit as a percentage of segment revenue increased by 430 basis points, as the increase in segment revenue outpaced the increase in segment cost of revenue by 850 basis points. The increase in segment cost of revenue was driven mainly by increased headcount from the RelationEdge and TriCore acquisitions.

OpenStack Public Cloud adjusted gross profit decreased 7% in 2018 from 2017 due to customer churn. Segment adjusted gross profit as a percentage of segment revenue increased by 450 basis points, as the decrease in costs outpaced the decrease in revenue by 710 basis points.

The aggregate amount of costs reflected in consolidated gross profit but excluded from segment adjusted gross profit was $21.8 million in 2018, a decrease of $11.7 million from $33.5 million in 2017, reflecting mainly decreases in cash-settled equity awards, net purchase accounting impacts and restructuring and transformation costs. For more information about our segment adjusted gross profit, see Note 17 to our audited consolidated financial statements included elsewhere in this prospectus.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $7 million, or 1%, to $949 million from $942 million in 2017. A $17 million increase in employee-related expenses was driven by incremental amortization expense in 2018 related to commissions capitalized in accordance with ASC 606 and an increase in employee count driven by the Datapipe Acquisition, partially offset by lower expense related to our obligation to settle share-based awards in connection with the Rackspace Acquisition, an increase in capitalized payroll resulting from research and development activities and lower research and development expense. Also contributing to the increase was an additional $16 million in expenses related to identifying and executing cost saving initiatives and Datapipe integration activities, and incremental expenses for office rent, internal software support and maintenance, and travel and entertainment, due to the Datapipe Acquisition. The impact of these increases was partially offset by an $18 million decrease in marketing spend and a $10 million decrease in transaction-related costs as the prior year included expenses related to the Datapipe Acquisition completed in November 2017.

As a percentage of revenue, selling, general and administrative expenses decreased 520 basis points, from 43.9% in 2017 to 38.7% in 2018, for the reasons discussed above.

Impairment of Goodwill

As a result of our annual goodwill impairment test performed during the fourth quarter of 2018, we determined that the carrying amount of our Private Cloud Services reporting unit, which is a component of our Multicloud Services segment, exceeded its fair value and recorded a goodwill impairment charge of $295 million, resulting in a decrease of approximately 16% in the goodwill allocated to this reporting unit. The impairment was driven by a significant decrease in forecasted revenue and cash flows and a lower long-term growth rate, as current and forecasted industry trends reflected lower demand for traditional managed hosting services. There was no such impairment in 2017.

Gain on Sales, net

The $5.2 million net gain on sales is comprised of a $7 million pre-tax gain related to the August 2017 termination of a transition services agreement entered into between Rackspace US, Inc. and the
buyer of our Cloud Sites business in August 2016, partially offset by a $2 million pre-tax loss from the sale of our Mailgun business in February 2017.

*Gain on Settlement of Contract*

In July 2017, we reached a settlement agreement with a customer to terminate a large, multi-year agreement in advance of its contractual term that would have expired in June 2018 in exchange for a cash payment of $29 million, received in August 2017.

*Interest Expense*

Interest expense increased $58 million, or 26%, to $281 million from $223 million in 2017, primarily due to an increase in LIBOR rates, incremental Term Loan Facility borrowings and changes in the fair value of interest rate swaps.

*Gain on Investments, net*

In 2017 and 2018, we recognized net gains on investment activity of $5 million, of which $1 million and $4 million, respectively, related to the sale of our remaining interest in Mailgun Technologies, Inc. As part of the overall consideration received from the sale of our Mailgun business in February 2017, we obtained an equity interest in the new entity, Mailgun Technologies, Inc., which we accounted for under the cost method.

*Gain (Loss) on Extinguishment of Debt*

We incurred an aggregate $17 million loss on debt extinguishment in 2017 related to the June 2017 and November 2017 Term Loan Facility amendments, compared to a $1 million gain in 2018 related to the December 2018 repurchase of $3 million principal amount of 8.625% Senior Notes.

*Other Income (Expense)*

We had $7 million of other expense in 2017 compared to $13 million of other income in 2018 primarily due to changes in the fair value of foreign currency derivatives.

*Benefit for Income Taxes*

Our income tax benefit decreased by $271 million, to $30 million in 2018 from $301 million in 2017. Our effective tax rate changed from 83.4% in 2017 to 6.0% in 2018. In December 2017, the Tax Cuts and Jobs Act (the “TCJA”) was enacted. The TCJA, among other things, reduced the U.S. federal income tax rate from 35% to 21%, eliminated certain deductions, imposed a mandatory one-time tax on accumulated earnings of foreign subsidiaries and changed how foreign earnings are subject to U.S. tax. In 2017, we recorded a provisional income tax benefit of $197 million, which is the primary reason for the 83% effective tax rate. This amount is primarily comprised of the remeasurement of federal net deferred tax liabilities resulting from the permanent reduction in the U.S. statutory corporate tax rate to 21% from 35%.

Also in December 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”) to provide guidance in situations when a public company does not have the necessary information available, prepared or analyzed in reasonable detail to complete the accounting for certain income tax effects of the TCJA. As we completed our analysis of the TCJA during 2018, we adjusted the provisional income tax benefit related to the TCJA by $11 million for a total income tax benefit of $186 million in accordance with SAB 118.
The difference between the effective tax rate of 6% in 2018 and the U.S. federal statutory tax rate of 21% was primarily due to new provisions for foreign earnings, specifically GILTI, as well as the tax impact associated with the goodwill impairment.

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, Adjusted Consolidated Gross Profit, Adjusted Net Income (Loss), Adjusted EBIT, Adjusted EBITDA and Adjusted 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 prospectus.

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 tables present, by segment, actual and constant currency revenue and constant currency revenue growth rates, for and between the periods indicated:

<table>
<thead>
<tr>
<th>Three Months Ended March 31, 2019</th>
<th>Three Months Ended March 31, 2020</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Revenue</td>
</tr>
<tr>
<td>(In millions, except %)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$ 452.8</td>
<td>$ 507.9</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>78.1</td>
<td>81.5</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>76.0</td>
<td>63.3</td>
</tr>
<tr>
<td>Total</td>
<td>$ 606.9</td>
<td>$ 652.7</td>
</tr>
</tbody>
</table>
### Table of Contents

#### Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>Revenue</th>
<th>Revenue</th>
<th>Foreign Currency Translation(a)</th>
<th>Revenue in Constant Currency</th>
<th>Actual</th>
<th>Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multicloud Services</td>
<td>$1,803.4</td>
<td>$1,832.6</td>
<td>$18.4</td>
<td>$1,851.0</td>
<td>1.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>290.0</td>
<td>319.2</td>
<td>1.1</td>
<td>320.3</td>
<td>10.1%</td>
<td>10.4%</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>359.4</td>
<td>286.3</td>
<td>2.7</td>
<td>289.0</td>
<td>(20.3)%</td>
<td>(19.6)%</td>
</tr>
<tr>
<td>Total</td>
<td>$2,452.8</td>
<td>$2,438.1</td>
<td>$22.2</td>
<td>$2,460.3</td>
<td>(0.6)%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

#### Year Ended December 31, 2019

<table>
<thead>
<tr>
<th>(In millions, except %)</th>
<th>Revenue</th>
<th>Revenue</th>
<th>Foreign Currency Translation(a)</th>
<th>Revenue in Constant Currency</th>
<th>Actual</th>
<th>Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multicloud Services</td>
<td>$1,803.4</td>
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<td>OpenStack Public Cloud</td>
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<td>Total</td>
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<td>$22.2</td>
<td>$2,460.3</td>
<td>(0.6)%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

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

**Adjusted Consolidated Gross Profit**

Our principal measure of segment profitability is segment adjusted gross profit. We also present Adjusted Consolidated Gross Profit in this prospectus, which is the aggregate of segment adjusted gross profit, because we believe the measure is useful in analyzing trends in our underlying, recurring gross margins. We define Adjusted Consolidated 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 Adjusted Consolidated Gross Profit to our total consolidated gross profit, see “—Gross Profit and Adjusted Consolidated and Segment Adjusted Gross Profit” above.

**Adjusted Net Income (Loss), Adjusted EBIT and Adjusted EBITDA**

We present Adjusted Net Income (Loss), Adjusted EBIT 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. As discussed above under “—Significant Events and Transactions—Recent Mergers and Acquisitions,” 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, 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 are also may not be indicative of, or related to, our core operating results.

We define Adjusted Net Income (Loss) as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation and cash charges related to the settlement of our Predecessor’s equity plan, 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 Adjusted EBIT as net income (loss), plus interest expense and income taxes, further adjusted to exclude the impact of non-cash charges for share-based compensation and cash charges related to the settlement of our Predecessor’s equity plan, 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 Adjusted EBIT plus depreciation and amortization.

Adjusted EBIT 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 Adjusted Net Income (Loss), Adjusted EBIT or Adjusted EBITDA. Our presentation of Adjusted Net Income (Loss), Adjusted EBIT 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 Adjusted Net Income (Loss), Adjusted EBIT and Adjusted EBITDA to our net loss for the periods indicated (totals in table may not foot due to rounding).

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (59.9)</td>
<td>$ (470.6)</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>10.2</td>
<td>20.0</td>
</tr>
<tr>
<td>Cash settled equity and special bonuses(a)</td>
<td>66.2</td>
<td>36.1</td>
</tr>
<tr>
<td>Transaction-related adjustments, net(b)</td>
<td>36.7</td>
<td>31.5</td>
</tr>
<tr>
<td>Restructuring and transformation expenses(c)</td>
<td>31.7</td>
<td>44.8</td>
</tr>
<tr>
<td>Management fees(d)</td>
<td>18.9</td>
<td>15.9</td>
</tr>
<tr>
<td>Legal contingency(e)</td>
<td>4.4</td>
<td>—</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>295.0</td>
</tr>
<tr>
<td><strong>Net (gain) loss on divestiture and investments(f)</strong></td>
<td>(9.8)</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Gain on contractual settlement(g)</td>
<td>(28.8)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net (gain) loss on extinguishment of debt(h)</strong></td>
<td>16.9</td>
<td>(5.0)</td>
</tr>
<tr>
<td>Other (income) expense(i)</td>
<td>7.5</td>
<td>(12.7)</td>
</tr>
<tr>
<td>Amortization of intangible assets(j)</td>
<td>126.6</td>
<td>164.2</td>
</tr>
<tr>
<td>Tax effect of non-GAAP adjustments(k)</td>
<td>(276.7)</td>
<td>(53.9)</td>
</tr>
<tr>
<td><strong>Adjusted Net Income (Loss)</strong></td>
<td>$ (56.1)</td>
<td>(65.2)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>223.4</td>
<td>281.1</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td>(300.8)</td>
<td>(29.9)</td>
</tr>
<tr>
<td>Tax effect of non-GAAP adjustments(k)</td>
<td>276.7</td>
<td>53.9</td>
</tr>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td>$ 143.2</td>
<td>370.3</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>756.9</td>
<td>609.7</td>
</tr>
<tr>
<td>Amortization of intangible assets(j)</td>
<td>(126.6)</td>
<td>(164.2)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>$ 773.5</td>
<td>$ 815.8</td>
</tr>
</tbody>
</table>

(a) Includes expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition (amounting to $58 million, $26 million and $3 million for the years ended December 31, 2017, 2018 and 2019, respectively, and $3 million and zero for the three months ended March 31, 2019 and 2020, respectively), retention bonuses, mainly relating to restructuring and integration projects, and, beginning in the second quarter of 2019, senior executive signing bonuses and relocation costs.

(b) Includes legal, professional, accounting and other advisory fees related to completed acquisitions (including the Rackspace Acquisition in 2016 and the acquisitions of TriCore and Datapipe in 2017, RelationEdge in 2018 and Onica in the fourth quarter of 2019), 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 our existing management consulting agreements. The existing management consulting agreements will be terminated effective as of the pricing of this offering and therefore no management fees will accrue or be payable for periods after the pricing of this offering. See “Certain Relationships and Related Party Transactions—Management Consulting Agreements” elsewhere in this prospectus.

(e) Includes patent-related settlement costs, which our management determined were not related to our recurring, underlying operations.

(f) Includes gains from the disposition of our Mailgun business and, in 2019, the sale of our investment in CrowdStrike.
Represents a gain on the cash settlement with a customer to terminate a multi-year agreement in advance of its scheduled expiry date (in June 2018).

Includes losses related to two Term Loan Facility amendments in 2017 and gains on our repurchases of 8.625% Senior Notes in 2018 and 2019.

Reflects mainly changes in the fair value of foreign currency derivatives.

All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.

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 2019 and the 2020 interim period, we based it on an average of the 2019 and estimated 2020 tax rates, 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 2017 and 2018, we used a structural non-GAAP tax rate of 30% and 27%, respectively, which reflects the removal of the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments on a year-by-year basis. 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.

**Adjusted Earnings Per Share (EPS)**

We define Adjusted EPS as Adjusted Net Income (Loss) divided by our GAAP average number of shares outstanding for the period on a diluted basis, after giving effect to the Stock Split, and further adjusted for the average number of shares associated with securities which are anti-dilutive to GAAP earnings per share but dilutive to Adjusted EPS. Management uses Adjusted 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 Adjusted EPS. The following table reconciles Adjusted EPS to our GAAP net loss per share on a diluted basis.

<table>
<thead>
<tr>
<th>(In whole dollars)</th>
<th>Year Ended December 31, 2019</th>
<th>Three Months Ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GAAP net loss per share diluted</td>
<td>$ (0.62)</td>
</tr>
<tr>
<td>Per share impacts of adjustments to net loss(a)</td>
<td>1.00</td>
<td>0.45</td>
</tr>
<tr>
<td>Impact of shares dilutive after adjustments to net loss(b)</td>
<td>(0.00)</td>
<td>(0.00)</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$ 0.38</td>
<td>$ 0.16</td>
</tr>
</tbody>
</table>

(a) Reflects the aggregate adjustments made to reconcile Adjusted Net Income (Loss) to our net loss, as noted in the above table, divided by the GAAP diluted number of shares outstanding for the relevant period, as adjusted for the Stock Split.

(b) Reflects the impact of 637,831 and 879,850 shares of common stock relating to equity awards for the year ended December 31, 2019 and three months ended March 31, 2020, respectively, which, due to rounding, did not have an impact on Adjusted EPS for the periods presented. These awards would have been anti-dilutive to GAAP net loss per share, and therefore not included in the calculation of GAAP EPS, but would be dilutive to Adjusted EPS and are therefore included in the share count for purposes of presenting this non-GAAP measure.

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Our calculation of Adjusted EPS does not give effect to (i) the issuance of 33,500,000 shares of common stock to be sold in this offering (assuming no exercise of the underwriters’ option to purchase additional shares of common stock in this offering) or (ii) 2,665,935 shares of common stock that we expect will become issuable to an affiliate of ABRY pursuant to the Datapipe Merger Agreement based on an assumed initial public offering price of $22.50 per share, subject to the satisfaction of the conditions to such shares being issued as described in “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement.” Assuming the issuance of 33,500,000 shares of common stock in this offering and 2,665,935 shares of common stock to an affiliate of ABRY pursuant to the Datapipe Merger Agreement, the per share impact to Adjusted EPS would have been a decrease of approximately $0.07 for the year ended December 31, 2019 or $0.03 for the three months ended March 31, 2020.
## Quarterly Results of Operations and Other Data

The following tables set forth selected unaudited consolidated quarterly statement of operations data for each of the nine fiscal quarters through March 31, 2020, as well as the percentage of revenue that each line item represents for each quarter. The information for each of these quarters has been prepared on the same basis as the audited consolidated financial statements included elsewhere in this prospectus, except that the four fiscal quarters of 2018 have not been restated for the adoption of ASC 842 as of January 1, 2019. The information for each quarter presented, in the opinion of management, includes all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly results are not necessarily indicative of our results of operations to be expected for any future period. Totals in tables may not foot due to rounding.

### Table: Quarterly Results of Operations

(All amounts in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Multicloud Services</td>
<td>$453.1</td>
<td>$456.4</td>
<td>$447.1</td>
<td>$446.8</td>
<td>$452.8</td>
<td>$449.6</td>
<td>$450.2</td>
<td>$480.0</td>
<td>$507.9</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>67.3</td>
<td>71.0</td>
<td>75.7</td>
<td>76.0</td>
<td>78.1</td>
<td>79.0</td>
<td>81.1</td>
<td>81.0</td>
<td>81.5</td>
</tr>
<tr>
<td>Core Revenue</td>
<td>520.4</td>
<td>527.4</td>
<td>522.8</td>
<td>522.8</td>
<td>530.9</td>
<td>528.6</td>
<td>531.3</td>
<td>556.0</td>
<td>569.4</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>98.9</td>
<td>92.2</td>
<td>87.0</td>
<td>81.4</td>
<td>76.0</td>
<td>73.8</td>
<td>70.4</td>
<td>66.1</td>
<td>63.3</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$619.2</td>
<td>$619.6</td>
<td>$609.8</td>
<td>$604.2</td>
<td>$606.9</td>
<td>$602.4</td>
<td>$601.7</td>
<td>$627.1</td>
<td>$652.7</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(357.8)</td>
<td>(357.0)</td>
<td>(362.3)</td>
<td>(368.6)</td>
<td>(356.0)</td>
<td>(350.3)</td>
<td>(372.7)</td>
<td>(372.7)</td>
<td>(403.4)</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>261.4</td>
<td>262.6</td>
<td>247.5</td>
<td>235.6</td>
<td>250.9</td>
<td>252.1</td>
<td>254.4</td>
<td>254.4</td>
<td>249.3</td>
</tr>
<tr>
<td>Selling, General, and Administrative Expenses</td>
<td>(242.5)</td>
<td>(246.3)</td>
<td>(239.5)</td>
<td>(231.7)</td>
<td>(226.5)</td>
<td>(221.7)</td>
<td>(218.1)</td>
<td>(227.8)</td>
<td></td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td>(53.6)</td>
<td>(54.0)</td>
<td>(57.0)</td>
<td>(59.2)</td>
<td>(60.0)</td>
<td>(59.2)</td>
<td>(60.3)</td>
<td>(61.2)</td>
<td></td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>18.9</td>
<td>16.3</td>
<td>26.5</td>
<td>(298.9)</td>
<td>21.3</td>
<td>25.6</td>
<td>32.1</td>
<td>22.6</td>
<td>21.5</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$27.1</td>
<td>$30.9</td>
<td>$38.3</td>
<td>$374.4</td>
<td>$57.5</td>
<td>$62.5</td>
<td>$60.5</td>
<td>$46.8</td>
<td>$48.2</td>
</tr>
</tbody>
</table>

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In 2019, after our CEO and CFO joined the Company, we implemented a comprehensive new day-to-day management system, reduced our number of corporate priorities from ten to three, and began...
executing a series of transformation programs designed to transform our business. The initial 12 transformation programs included over 85 transformation projects, split roughly equally between programs designed to accelerate revenue growth and programs designed to address costs. Examples of such programs included initiatives to enhance our sales force productivity, increase our enterprise focus, improve revenue retention, and rationalize our data center footprint. These programs have reinforced best practices with our employees, and today are part of our day-to-day culture.

The initiatives have produced strong results and have meaningfully enhanced our growth:

- For the three months ended March 31, 2020, Bookings increased 66% over the three months ended March 31, 2019. For the three months ended December 31, 2019, Bookings increased 39% over the three months ended December 31, 2018. For the three months ended September 30, 2019, Bookings increased 27% over the three months ended September 30, 2018. This compares to the three months ended June 30, 2019, for which Bookings declined 2% over the three months ended June 30, 2018.

- For the three months ended March 31, 2020, Core Revenue increased 11% over the three months ended March 31, 2019, or 6%, on a constant currency basis, after giving effect to the acquisition of Onica as if it had occurred on January 1, 2019. For the three months ended December 31, 2019, Core Revenue increased 7% over the three months ended December 31, 2018, or 6% on a constant currency basis, after giving effect to the acquisition of Onica as if it had occurred on January 1, 2018. For the three months ended September 30, 2019, revenue from our Core Segments increased 2% over the three months ended September 30, 2018, or 5% on a constant currency basis, after giving effect to the acquisition of Onica as it had occurred on January 1, 2018. This compares to the three months ended June 30, 2019, for which Core Revenue was flat as compared to the three months ended June 30, 2018.

### Adjusted EBITDA

The following table presents our Adjusted EBITDA and its reconciliation to our net income (loss) for each of the nine fiscal quarters through March 31, 2020. For important information regarding our presentation of Adjusted EBITDA, see “—Non-GAAP Financial Measures” above.

|--------------------|---------------|---------------|-------------------|------------------|---------------|----------------|-------------------|------------------|---------------|

<table>
<thead>
<tr>
<th>Net income (loss)</th>
<th>$ (27.1)</th>
<th>$ (30.8)</th>
<th>$ (38.3)</th>
<th>$ (374.4)</th>
<th>$ (57.5)</th>
<th>$ 62.5</th>
<th>$ (60.5)</th>
<th>$ (46.8)</th>
<th>$ (48.2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>50.9</td>
<td>65.0</td>
<td>69.6</td>
<td>95.6</td>
<td>89.0</td>
<td>100.8</td>
<td>80.9</td>
<td>59.2</td>
<td>72.0</td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>(7.6)</td>
<td>(7.2)</td>
<td>0.8</td>
<td>(15.9)</td>
<td>(9.6)</td>
<td>12.3</td>
<td>(9.2)</td>
<td>(13.5)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>152.8</td>
<td>150.7</td>
<td>149.5</td>
<td>156.7</td>
<td>133.6</td>
<td>124.3</td>
<td>114.4</td>
<td>123.7</td>
<td>121.3</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>2.9</td>
<td>4.6</td>
<td>6.6</td>
<td>5.9</td>
<td>5.9</td>
<td>6.4</td>
<td>10.5</td>
<td>7.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Cash settled equity and special bonuses (a)</td>
<td>11.1</td>
<td>9.8</td>
<td>7.7</td>
<td>7.5</td>
<td>5.5</td>
<td>6.2</td>
<td>5.9</td>
<td>6.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Transaction-related adjustments, net (b)</td>
<td>11.4</td>
<td>9.9</td>
<td>7.4</td>
<td>2.8</td>
<td>4.8</td>
<td>4.6</td>
<td>4.3</td>
<td>8.8</td>
<td>8.4</td>
</tr>
<tr>
<td>Restructuring and transformation expenses (c)</td>
<td>9.1</td>
<td>11.2</td>
<td>6.5</td>
<td>18.0</td>
<td>13.8</td>
<td>12.5</td>
<td>16.1</td>
<td>11.9</td>
<td>15.0</td>
</tr>
<tr>
<td>Management fees (d)</td>
<td>3.9</td>
<td>4.7</td>
<td>3.9</td>
<td>3.4</td>
<td>2.9</td>
<td>3.0</td>
<td>3.7</td>
<td>6.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>295.0</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net (gain) loss on divestiture and investments (e)</td>
<td>(1.2)</td>
<td>—</td>
<td>(3.5)</td>
<td>0.1</td>
<td>(2.1)</td>
<td>(143.4)</td>
<td>22.1</td>
<td>21.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Net (gain) loss on extinguishment of debt</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.5)</td>
<td>(4.5)</td>
<td>(5.0)</td>
<td>—</td>
<td>(0.3)</td>
<td>—</td>
</tr>
<tr>
<td>Other (income) expense (f)</td>
<td>3.8</td>
<td>(10.8)</td>
<td>(2.0)</td>
<td>(3.7)</td>
<td>3.8</td>
<td>(1.5)</td>
<td>(1.3)</td>
<td>2.3</td>
<td>0.6</td>
</tr>
</tbody>
</table>

| Adjusted EBITDA | $ 210.0 | $ 207.1 | $ 208.2 | $ 190.5 | $ 185.6 | $ 182.7 | $ 186.9 | $ 187.6 | $ 185.6 |

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Liquidity and Capital Resources

Overview

We primarily finance our operations and capital expenditures with internally-generated cash from operations and, if necessary, borrowings under the Revolving Credit Facility, which provides for up to $225 million of borrowings (which amount is expected to be increased to $375 million in connection with this offering), none of which was drawn as of March 31, 2020, borrowings under our Receivables Financing Facility, which had a total borrowing capacity of $80 million and $50 million was borrowed and outstanding as of March 31, 2020, and other sources of financing as described below. 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, together with the proceeds of this offering, 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 and 8.625% Senior Notes, 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, if applicable), for cash or other consideration.
See “—Debt—8.625% Senior Notes” below for more information on repurchases of debt completed during the years ended December 31, 2018 and 2019.

At March 31, 2020 and December 31, 2019, we held $125 million and $84 million in cash and cash equivalents, respectively (not including $3 million in restricted cash as of those dates, which is included in “Other non-current assets”), of which $53 million and $29 million, respectively, was held by foreign entities. In connection with the TCJA that was passed on December 22, 2017, the one-time mandatory transition tax effectively eliminated the federal tax recorded for undistributed foreign earnings.

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 $156 million and $129 million outstanding with respect to these arrangements as of March 31, 2020 and December 31, 2019, respectively. We may choose to utilize these various sources of funding in future periods. Refer to Note 10 to our audited consolidated financial statements included elsewhere in this prospectus for more information regarding our financing obligations.

We also lease certain equipment and real estate under operating and finance lease agreements. We had $401 million and $412 million outstanding with respect to these agreements as of March 31, 2020 and December 31, 2019, respectively. We may choose to utilize such leasing arrangements in future periods. Refer to Note 9 to our audited consolidated financial statements included elsewhere in this prospectus for more information regarding our operating and finance leases.

As of March 31, 2020, we had $3,938 million aggregate principal amount outstanding under our Term Loan Facility and 8.625% Senior Notes, with $225 million of borrowing capacity available under the Revolving Credit Facility. In connection with the closing of this offering, we expect to increase the size of our Revolving Credit Facility to $375 million, and, after giving effect to such increase, we would have had $375 million of borrowing capacity available under the Revolving Credit Facility as of March 31, 2020. Additionally, at March 31, 2020, we had $50 million principal outstanding with $30 million in incremental borrowing capacity under the Receivables Financing Facility. As of December 31, 2019, we had $3,945 million aggregate principal amount outstanding under our Term Loan Facility and 8.625% Senior Notes, with $225 million of borrowing capacity available under the Revolving Credit Facility. Our liquidity requirements are significant, primarily due to debt service requirements.

Debt

Senior Facilities

On November 3, 2016, in conjunction with the Rackspace Acquisition, we entered into the First Lien Credit Agreement with Citibank, N.A. (“Citi”) as the administrative agent. The Senior Facilities originally included the Term Loan Facility in the amount of $2,000 million, which was fully drawn at closing of the Rackspace Acquisition, and an undrawn Revolving Credit Facility of $225 million. We may request additional Term Loan Facility commitments or Revolving Credit Facility commitments up to a specified dollar amount plus additional amounts, subject to compliance with applicable leverage ratios and certain terms and conditions. The proceeds of the Term Loan Facility were used to partially finance the Rackspace Acquisition. The Term Loan Facility matures on November 3, 2023 and the Revolving Credit Facility was originally set to mature on November 3, 2021. In connection with the closing of this offering, we expect to increase the size of the Revolving Credit Facility to $375 million and extend the maturity date of the Revolving Credit Facility until the fifth year anniversary of the closing of this offering, subject to certain exceptions, as described further below.

On June 21, 2017, we amended the terms of the First Lien Credit Agreement to reprice the Term Loan Facility, decreasing the applicable margin to 3.00% for “LIBOR” loans and 2.00% for base rate loans. We also raised an additional $100 million of incremental borrowings under the Term Loan Facility on the same terms as the repriced Term Loan Facility. The proceeds of the $100 million
 incremental term loans were used for general corporate purposes, including permitted acquisitions, capital expenditures and transaction costs.

On November 15, 2017, in connection with the Datapipe Acquisition, we raised an additional $800 million of incremental borrowings under the Term Loan Facility. The proceeds of the $800 million incremental term loans were used to finance a portion of the Datapipe Acquisition, repay certain of Datapipe's existing debt obligations and pay related fees and expenses.

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 1.00% floor in the case of the Term Loan Facility (and, effective upon the closing of this offering, also 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 Citi and (iii) the one-month adjusted LIBOR plus 1.00%. 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. We are required to make quarterly amortization payments on the Term Loan Facility in an annual amount equal to 1.0% of the original principal amount, including incremental borrowings since the Rackspace Acquisition, or $7 million per quarter, with the balance due at maturity.

As of March 31, 2020 and December 31, 2019, the interest rate on the Term Loan Facility was 4.76% and 4.90%, respectively.

The Revolving Credit Facility has historically had an applicable margin of 4.00% for LIBOR loans and 3.00% for base rate loans and is subject to step-downs based on the net first lien leverage ratio. In connection with the closing of this offering, we expect to reduce the applicable margin for the Revolving Credit Facility to 3.00% for LIBOR loans and 2.00% for base rate loans. 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 fee is subject to one step-down based on the net first lien leverage ratio. We recorded $9 million of debt issuance costs when we entered into this debt instrument. As of March 31, 2020, we had no outstanding borrowings under the Revolving Credit Facility.

In addition to the quarterly amortization payments discussed above, our 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 can make voluntary prepayments at any time without penalty, subject to customary breakage costs.

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.

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 Note 15 to our audited consolidated financial statements included elsewhere in this prospectus for more information on the interest rate swap agreements.
On July 20, 2020, we entered into an amendment to the First Lien Credit Agreement that will modify the terms of the Revolving Credit Facility effective upon the closing of this offering, among other things, (i) increase the amount of the commitments available under our Revolving Credit Facility from $225 million to $375 million, (ii) reduce the applicable margin with respect to the Revolving Credit Facility to 3.00% for LIBOR loans and 2.00% for base rate loans, but include a 1.00% LIBOR “floor” applicable to LIBOR loans, and (iii) extend the maturity date with respect to the Revolving Credit Facility from November 3, 2021 to the date that is five years from the closing date of this offering; however, if 91 days prior to the scheduled maturity date of (A) the Term Loan Facility, more than $50 million aggregate principal amount of loans remains outstanding under the Term Loan Facility, or (B) the 8.625% Senior Notes, more than $50 million aggregate principal amount of the 8.625% Senior Notes remains outstanding, in either such case, the Revolving Credit Facility will mature on such earlier date. Effective upon the closing of this offering, the amendment to the Revolving Credit Facility will modify the financial maintenance covenant applicable to the Revolving Credit Facility that limits the borrower’s net first lien leverage ratio to be a maximum of 5.00 to 1.00 (as compared to 3.50 to 1.00 prior to giving effect to the amendment). 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. Other than described in this paragraph, the terms and conditions of the Revolving Credit Facility will remain the same, and the amendment described in this paragraph will not amend or otherwise modify the terms of the Term Loan Facility.

8.625% Senior Notes

On November 3, 2016, in conjunction with the Rackspace Acquisition, we completed the issuance of $1,200 million aggregate principal amount of 8.625% Senior Notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. The 8.625% Senior Notes will mature on November 15, 2024 and bear interest at a fixed rate of 8.625% per year, payable semi-annually on each May 15 and November 15 through maturity. The proceeds of the 8.625% Senior Notes were used to partially finance the Rackspace Acquisition. The 8.625% Senior Notes are not subject to registration rights.

Rackspace Technology Global is the issuer of the 8.625% Senior Notes, and obligations under the 8.625% Senior Notes are guaranteed on a senior unsecured basis by all of Rackspace Technology Global’s wholly-owned domestic restricted subsidiaries (as subsidiary guarantors) that guarantee the Senior Facilities. The 8.625% Senior Notes are effectively junior to the indebtedness under the Senior Facilities, to the extent of the collateral securing the Senior Facilities. The Indenture describes certain terms and conditions under which other current and future domestic subsidiaries are required to become guarantors of the 8.625% Senior Notes.

Rackspace Technology Global may redeem the 8.625% Senior Notes at its option, in whole at any time or in part from time to time, at the following redemption prices: prior to November 15, 2020, at a redemption price equal to 106.469% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; from November 15, 2020 to November 15, 2021, at a redemption price equal to 104.313% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; from November 15, 2021 to November 15, 2022, at a redemption price equal to 102.156% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; and from November 15, 2022 and thereafter, at a redemption price equal to 100.000% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date.
In December 2018, we repurchased and surrendered for cancellation $3 million aggregate principal amount of 8.625% Senior Notes for $2 million, including accrued interest and excluding related fees and expenses. During 2019, we repurchased and surrendered for cancellation $77 million aggregate principal amount of 8.625% Senior Notes for $67 million, including accrued interest of $1 million and excluding related fees and expenses. The outstanding principal balance of the 8.625% Senior Notes was $1,120 million as of March 31, 2020.

Debt covenants

Our Term Loan Facility is not subject to a financial maintenance covenant. Effective as of the closing of this offering, our Revolving Credit Facility will include 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 (y) the borrower’s unrestricted cash and cash equivalents, to 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 Indenture contains 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.

Our “consolidated EBITDA,” as defined under our debt instruments, is calculated in the same manner as our Adjusted EBITDA, presented elsewhere in this prospectus, 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 Indenture, 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, 2020 and December 31, 2019, we were in compliance with all covenants under the Senior Facilities and the Indenture.

Receivables Financing Facility

On March 19, 2020, Rackspace US, Inc. (“Rackspace US”), a Delaware corporation and our wholly-owned indirect subsidiary, entered into the Receivables Financing Facility. Under the Receivables Financing Facility, (i) certain of our subsidiaries sell or otherwise convey certain trade receivables and related rights (the “Conveyed Receivables”) to Rackspace US and (ii) Rackspace US then sells, contributes or otherwise conveys certain Conveyed Receivables to our wholly owned bankruptcy-remote subsidiary (the “SPV”).

The SPV may thereafter make borrowings from the lenders under the Receivables Financing Facility, which borrowings will be secured by the Conveyed Receivables. An affiliate of the
The administrative agent under the Receivables Financing Facility, in its capacity as a lender, has committed an amount up to $100 million under the Receivables Financing Facility. Rackspace US services and administers the Conveyed Receivables on behalf of the SPV. Rackspace Technology Global provides a performance guaranty to the administrative agent on behalf of the secured parties in respect of the obligations of the subsidiaries originating the receivables and Rackspace US, as servicer, including, without limitation, obligations to pay the purchase price and indemnity obligations.

The scheduled termination date of the Receivables Financing Facility is March 21, 2022, subject to earlier termination due to a termination event described in the agreement governing the Receivables Financing Facility.

Advances bear interest based on an index rate plus a margin. As of March 31, 2020, the interest rate on borrowings under the Receivables Financing Facility was 3.74%. The SPV is also required to pay a monthly commitment fee to each lender based on the amount of such lender’s outstanding commitment. The Receivables Financing Facility contains representations and warranties, affirmative and negative covenants and events of default that are customary for financings of this type.

As of March 31, 2020, our total borrowing capacity under the Receivables Financing Facility was $80.3 million and $50 million was borrowed and outstanding. The Receivables Financing Facility requires us to comply with a leverage ratio and an interest coverage ratio. We were in compliance with all applicable covenants under the Receivables Financing Facility as of March 31, 2020.

Capital Expenditures

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

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Customer gear(1)</td>
<td>$114.9</td>
<td>$225.7</td>
</tr>
<tr>
<td>Data center build-outs(2)</td>
<td>16.3</td>
<td>29.1</td>
</tr>
<tr>
<td>Office build-outs(3)</td>
<td>9.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Capitalized software and other projects(4)</td>
<td>52.1</td>
<td>91.2</td>
</tr>
<tr>
<td>Total capital expenditures</td>
<td>192.8</td>
<td>348.1</td>
</tr>
<tr>
<td>Non-cash purchases of property, equipment and software (5)</td>
<td>(3.3)</td>
<td>(53.8)</td>
</tr>
<tr>
<td>Cash purchases of property, equipment and software</td>
<td>$189.5</td>
<td>$294.3</td>
</tr>
</tbody>
</table>

(1) Includes servers, firewalls, load balancers, cabinets, backup libraries, storage arrays and drives and certain software that is essential to the functionality of customer gear, which we provide.
(2) Includes generators, uninterruptible power supplies, power distribution units, mechanical and electrical plants, chillers, raised floor, network cabling, other infrastructure gear and other data center building improvements.
(3) Includes building improvements, raised floor, furniture and equipment.
(4) Includes salaries and payroll-related costs of employees and consultants who devote time to the development of certain internal-use software projects, purchased software licenses and other projects that meet the criteria for capitalization.
(5) Non-cash purchases of property, equipment and software includes amounts financed under various financing arrangements and changes in amounts accrued but not yet paid.
Capital expenditures were $75 million in the three months ended March 31, 2020 compared to $56 million in the three months ended March 31, 2019, an increase of $19 million. The majority of the increase is due to higher success-based spend to deploy customer environments and the refresh of certain data center equipment within our normal maintenance cycle.

Capital expenditures were $210 million in 2019, compared to $348 million in 2018, a decrease of $138 million, primarily due to the non-recurrence in 2019 of several other factors driving higher capital expenditures in 2018, as discussed below.

Capital expenditures were $348 million in 2018, compared to $193 million in 2017, an increase of $155 million driven by incremental capital spend related to Datapipe customers, higher spend to deploy customer environments, reflecting the changed mix of Bookings, higher customer demand for new devices due to the launch of a new server line, investments in customer experience and product capabilities and integration efforts in certain data centers. This increase included $61 million of capital expenditures in 2018 related to upfront purchases of certain software licenses and equipment under installment payment arrangements. In addition, our capital expenditures were lower than normal in 2017, reflecting cash conservation efforts immediately following the Rackspace Acquisition as well as depressed Bookings in the fourth quarter of 2016.

### Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31,</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$291.7</td>
<td>$429.8</td>
</tr>
<tr>
<td>Net cash (used in) investing activities</td>
<td>$(1,226.2)</td>
<td>$(348.3)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>$867.5</td>
<td>$(53.7)</td>
</tr>
</tbody>
</table>

### Net Cash Provided by Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2020 increased $2 million, or 7%, from the three months ended March 31, 2019. This increase was largely driven by higher cash collections of $57 million, primarily reflecting higher revenue levels resulting from the acquisition of Onica, and a $19 million decrease in obligations to settle share-based awards in connection with the Rackspace Acquisition, as the final payment was made during the three months ended March 31, 2019. These variances were partially offset by an increase in operating expense payments and employee-related payments of $61 million and $13 million, respectively, mainly due to the acquisition of Onica.

Net cash provided by operating activities for 2019 decreased $137 million, or 32%, from 2018. This decrease was driven by lower cash collections in 2019 due to lower revenue, coupled with higher cash payments for operating expenses. These higher cash payments were primarily due to increased infrastructure expense for third-party clouds reflecting growth in offerings utilizing those third-party clouds. Other significant changes between periods included a $43 million decrease in employee-related payments due to a decline in headcount and a $27 million decrease in payments related to our obligations to settle share-based awards in connection with the Rackspace Acquisition.

Net cash provided by operating activities for 2018 increased $138 million, or 47%, from 2017. Cash collected from customers increased $378 million in 2018, primarily due to higher revenue levels resulting from our acquisitions. This increase was mostly offset by higher cash outflows for operating...
expenses, such as payroll, data center costs and license expense to support the larger business. Other changes between periods included a $71 million decrease in payments related to our obligations to settle share-based awards in connection with the Rackspace Acquisition, $52 million in additional interest payments on our long-term debt obligations, and the receipt of a $29 million cash payment in 2017 related to the settlement of a contract.

Net cash provided by operating activities for 2017 was $292 million, primarily driven by a contribution of $433 million to cash after our net loss is adjusted for non-cash items. This was partially offset by changes in operating assets and liabilities, which reduced operating cash flow by $142 million. The primary drivers of the change in operating assets and liabilities are an increase in accounts receivable, due, in part, to the impact of our acquisitions and a higher mix of larger enterprise customer balances, and a decrease in accrued compensation and benefits mainly due to cash paid during 2017 related to obligations to settle share-based awards in connection with the Rackspace Acquisition that were accrued at the end of 2016.

Net Cash Used in Investing Activities

Net cash used in investing activities primarily consists of acquisitions and capital expenditures to support 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 for the three months ended March 31, 2020 decreased $11 million, or 26%, from the three months ended March 31, 2019. This change was mainly due to a $27 million decrease in cash purchases of property, equipment and software, as we increased our usage of financing arrangements in place of upfront cash payments to procure capital assets. The impact of this decrease was offset by the receipt of $17 million in proceeds during the three months ended March 31, 2019 related to the repayment of a promissory note receivable in conjunction with the 2017 sale of our Mailgun business.

Net cash used in investing activities for 2019 increased $38 million, or 11%, from 2018, mainly due to higher cash payments for acquisitions. Cash paid for the acquisition of RelationEdge in 2018 was $65 million compared to $316 million paid for the acquisition of Onica in 2019. This was partially offset by a $96 million decrease in cash purchases of property, equipment and software and the receipt of $110 million in proceeds related to the sale of equity investments in 2019, including $107 million from the sale of our CrowdStrike investment. In addition, we received $17 million in proceeds in 2019 related to the repayment of a promissory note receivable issued in conjunction with the 2017 sale of our Mailgun business.

Net cash used in investing activities for 2018 decreased $878 million, or 72%, from 2017, mainly due to lower cash payments for acquisitions. Cash outflows for the acquisitions of TriCore and Datapipe in 2017 were an aggregate $1,087 million compared to outflows of $65 million for the acquisition of RelationEdge in 2018. This was partially offset by a $105 million increase in cash purchases of property, equipment and software. In addition, we received $28 million in proceeds from the sale of our Mailgun business and final payments related to the sale of our Cloud Sites business in 2017. Finally, there was a decrease of $9 million on sales of equity investments between periods.

Net cash used in investing activities for 2017 was $1,226 million, primarily comprised of cash outflows, net of cash acquired, of $335 million and $752 million for the acquisitions of TriCore and Datapipe, respectively. Cash purchases of property, equipment and software were $190 million. These investing outflows were offset by $28 million in proceeds related to the sale of our Mailgun business and final payments related to the sale of our Cloud Sites business, as well as $18 million in proceeds related to the sale of equity investments.
Net Cash Provided by or Used in Financing Activities

Financing activities primarily include cash activity related to debt and other long-term financing arrangements (for example, finance lease 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 $41 million for the three months ended March 31, 2019 while net cash provided by financing activities was $51 million for the three months ended March 31, 2020. The change was primarily driven by net borrowings of $50 million during the three months ended March 31, 2020, which remained outstanding under the Receivables Financing Facility at March 31, 2020. Debt repayment activity for the three months ended March 31, 2019 included a $23 million cash outflow for the repurchase and cancellation of a portion of our 8.625% Senior Notes. Additionally, we received $21 million in proceeds during the three months ended March 31, 2020 in conjunction with financing obligations related to equipment sale-leaseback arrangements.

Net cash used in financing activities for 2019 increased $26 million, or 47%, from 2018. The change was primarily driven by $66 million in repurchases of our 8.625% Senior Notes in 2019, an increase of $20 million in principal payments for financing obligations, and equity-related cash activity, which included $3 million of proceeds in 2018 compared to $5 million of payments in 2019. This was partially offset by $63 million in proceeds received in 2019 in conjunction with financing obligations related to equipment sale-leaseback arrangements. Additionally, we borrowed a total gross amount of $225 million under the Revolving Credit Facility over the course of the fourth quarter of 2019, primarily in connection with the closing of the Onica Acquisition. As of December 31, 2019, we had fully repaid these borrowings with a combination of the proceeds received from financing obligations, proceeds received from the sale of our CrowdStrike investment and internally-generated cash.

Net cash provided by financing activities for 2018 decreased $921 million, or 106%, from 2017. The change was primarily driven by $950 million in incremental borrowings from the issuance of debt in 2017, offset by a $37 million decrease in repayments on our long-term debt. Additionally, other changes in cash flows from financing activities included $10 million of proceeds from the issuance of common stock in 2017 compared to $3 million received in 2018.

Net cash provided by financing activities in 2017 was $868 million, primarily resulting from $900 million in incremental borrowings under the Term Loan Facility.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2019:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Total</th>
<th>2020</th>
<th>2021-2022</th>
<th>2023-2024</th>
<th>2025 and Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term debt principal(1)</td>
<td>$3,944.8</td>
<td>$29.0</td>
<td>$58.0</td>
<td>$3,857.8</td>
<td>$—</td>
</tr>
<tr>
<td>Long term debt interest(2)</td>
<td>1,062.1</td>
<td>239.0</td>
<td>482.3</td>
<td>340.8</td>
<td></td>
</tr>
<tr>
<td>Revolving Credit Facility(3)</td>
<td>2.3</td>
<td>1.1</td>
<td>1.2</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Operating leases(4)</td>
<td>499.6</td>
<td>89.7</td>
<td>129.7</td>
<td>85.2</td>
<td>195.0</td>
</tr>
<tr>
<td>Finance leases(5)</td>
<td>182.8</td>
<td>16.8</td>
<td>28.3</td>
<td>18.6</td>
<td>119.1</td>
</tr>
<tr>
<td>Financing obligations(6)</td>
<td>150.9</td>
<td>50.9</td>
<td>58.5</td>
<td>7.2</td>
<td>34.3</td>
</tr>
<tr>
<td>Purchase obligations(7)</td>
<td>493.0</td>
<td>155.9</td>
<td>197.6</td>
<td>55.3</td>
<td>84.2</td>
</tr>
<tr>
<td>Asset retirement obligations(8)</td>
<td>8.6</td>
<td>3.9</td>
<td>0.4</td>
<td>0.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Total contractual obligations</td>
<td>$6,344.1</td>
<td>$586.3</td>
<td>$956.0</td>
<td>$4,365.2</td>
<td>$436.6</td>
</tr>
</tbody>
</table>
Our Term Loan Facility has provisions which may result in prepayments; however, those amounts are not determinable until the fiscal years have been concluded. The Term Loan Facility matures in 2023 and the principal balance on our 8.625% Senior Notes is due in 2024.

Future quarterly interest payments on our Term Loan Facility are calculated at the December 31, 2019 interest rate of 4.90% (which includes an applicable margin of 3.00% over LIBOR) and include the impact of our interest rate swap agreements, which are for a notional amount of $1.4 billion. The 8.625% Senior Notes bear interest at a rate of 8.625% per year, payable semi-annually on May 15 and November 15.

Revolving Credit Facility obligations are related to our 0.50% per annum commitment fee for the undrawn portion of the facility. These amounts assume that the commitment fee will remain 0.50%; however, it is subject to one step-down based on the net first lien leverage ratio.

Operating lease obligations represent minimum payments on our operating leases primarily for data center facilities and office space.

Finance lease obligations include principal and interest on our finance lease agreements for a certain data center facility and equipment.

Non-cancelable purchase obligations primarily relate to minimum commitments for certain software licenses, hardware purchases, third-party infrastructure purchases and costs associated with our data centers, such as bandwidth and electricity.

Asset retirement obligations represent our best estimate of commitments to return leased property to its original condition upon lease termination.

During the three months ended March 31, 2020, we entered into contractual obligations totaling $104 million, of which: (i) $54 million is due to operating and finance lease obligations and financing obligations related to the purchase of equipment; and (ii) $50 million is due to borrowings under our Receivables Financing Facility. The table above excludes $53 million of uncertain tax positions, as we do not anticipate payment in the foreseeable future.

Off Balance Sheet Arrangements

During the periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities. These entities are typically established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

We have entered into various indemnification arrangements with third parties, including vendors, customers, landlords, our officers and directors, stockholders of acquired companies and third parties to whom and from whom we license technology. Generally, these indemnification agreements require us to reimburse losses suffered by third parties due to various events, such as lawsuits arising from patent or copyright infringement or our negligence. Certain of these agreements require us to indemnify the other party against certain claims relating to property damage, personal injury or the acts or omissions by us, our employees, agents or representatives. These indemnification obligations are considered off-balance sheet arrangements. To date, we have not incurred material costs as a result of such obligations and have not accrued any material liabilities related to such indemnification obligations in our consolidated financial statements. See Note 11 to our audited consolidated financial statements included elsewhere in this prospectus for more information related to these indemnification arrangements.
Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We consider accounting policies that require significant management judgment and estimates to be critical accounting policies. We review our estimates and judgments on an ongoing basis, including those related to business combinations, revenue recognition, allowance for doubtful accounts, property, equipment and software and definite-lived intangible assets, goodwill and indefinite-lived intangible assets, contingencies, share-based compensation and income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances to determine the carrying values of assets and liabilities. In many instances, we could have reasonably used different accounting estimates, and in other instances, changes in the accounting estimates are reasonably likely to occur from period-to-period. Accordingly, actual results could differ significantly from the estimates made by our management. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Business Combinations

Mergers and acquisitions are accounted for using the acquisition method, in accordance with accounting guidance for business combinations. Under the acquisition method, we allocate the fair value of purchase consideration to the tangible and intangible assets acquired ("identifiable assets") and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of identifiable assets acquired and liabilities assumed, including contingent consideration when applicable, management makes significant estimates and assumptions.

Critical estimates in valuing certain intangible assets include but are not limited to discount rates and future expected cash flows from customer relationships and developed technology. The fair value of equity and contingent consideration includes estimates and judgments related to the discount rates and future discounted cash flows based on management’s internal forecasts, timing of achievement of milestones and probability-weighted scenarios. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, may differ from estimates.

Other estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the identifiable assets acquired and liabilities assumed.

Revenue Recognition

On January 1, 2019, we adopted ASC 606 using the full retrospective method. We provide cloud computing to customers, which is broadly defined as the delivery of computing, storage and applications over the Internet. Cloud computing is a service transaction under which the services we provide vary on a daily basis. The totality of services provided represent a single integrated solution tailored to the customer's specific needs. As such, our performance obligations to our customers consist of a single integrated solution delivered as a series of distinct daily services. We 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 the services.

Our usage-based arrangements generally include variable consideration components consisting of monthly utility fees with a defined price and undefined quantity. Additionally, our contracts contain
service level guarantees that provide discounts when we fail to meet specific obligations and certain products may include 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 this consideration as services are provided and earned.

Our largest source of revenue relates to fees associated with certain arrangements within our Multicloud Services offerings that generally have a fixed term, typically from 12 to 36 months with a monthly recurring fee based on the computing resources utilized and provided to the customer, the complexity of the underlying infrastructure and the level of support we provide. Contracts for our service offerings falling within our Apps & Cross Platform and OpenStack Public Cloud segments and public cloud service offerings within our Multicloud Services segment typically operate on a month-to-month basis and can be canceled at any time without penalty.

We also provide customers with professional services for the design and implementation of application, security and data services. Professional service contracts are either fixed-fee or time-and-materials based. We typically consider our professional services to be a separate performance obligation from other integrated solutions being provided to the same customer. Our performance obligations under these arrangements are typically to provide the services on a daily basis over a period of time and we recognize revenue as the services are performed.

We offer customers the flexibility to select the best combination of resources in order to meet the requirements of their unique applications and provide the technology to seamlessly operate and manage multiple cloud computing environments. Judgment is required in assessing whether a service is distinct, including determination of whether the customer could benefit from the service on its own or in conjunction with other readily available resources and whether certain services are highly integrated into a bundle of services that represent the combined output specified by the customer. Arrangements can contain multiple performance obligations that are distinct, which are accounted for separately. Each performance obligation is recognized as services are provided based on their standalone selling price (“SSP”). Judgment is required to determine the SSP for each of our distinct performance obligations. We utilize a range of prices when developing our estimates of SSP. We determine the range of prices for estimating SSP for all our performance obligations using observable inputs, such as standalone sales and historical contract pricing. Our estimates of SSP are updated quarterly.

In addition, our customer agreements provide that we will achieve certain service levels related primarily to network uptime, critical infrastructure availability and hardware replacement. We may be obligated to provide service credits for a portion of the service fees paid by our customers to the extent that such service levels are not achieved or are otherwise disputed. Credit memos are recognized in the period of service to which they relate.

Revenue recognition for revenue generated from arrangements in which we resell third-party infrastructure bundled with our managed services, requires judgment to determine whether revenue can be recorded at the gross sales price or net of third-party fees. Typically, revenue is recognized on a gross basis when it is determined that we are the principal in the relationship. We are considered the principal in the relationship when we are primarily responsible for fulfilling the contract and obtain control of the third-party infrastructure before transferring it as an integral part of our performance obligation to provide services to the customer. Revenue is recognized net of third-party fees when we determine that our obligation is only to facilitate the customers’ purchase of third-party infrastructure.

**Valuation of Accounts Receivable and Allowance for Doubtful Accounts**

We record an allowance for doubtful accounts on trade accounts receivable for estimated losses resulting from uncollectible receivables. When evaluating the adequacy of the allowance, we consider
historical bad debt write-offs and all known facts and circumstances such as current economic conditions and trends, customer creditworthiness
and specifically identified customer risks. If actual collections of customer receivables differ from our estimates, additional allowances may be
required which could have an impact on our results of operations.

**Property, Equipment and Software and Definite-Lived Intangible Assets**

In providing services to our customers, we utilize significant amounts of property, equipment and software, which we depreciate on a
straight-line basis over their estimated useful lives. Definite-lived intangible assets are primarily comprised of customer relationships and are
stated at their acquisition-date fair value less accumulated amortization. These intangible assets are amortized on a straight-line basis over
their estimated useful lives. Property and equipment under operating and finance leases are included within “Operating right-of-use assets” and
“Property, equipment and software, net,” respectively, in our Consolidated Balance Sheets. Operating right-of-use assets are amortized on a
straight-line basis over the lease term whereas finance lease assets are amortized on a straight-line basis over the shorter of the estimated
useful lives of the assets or the lease term. We routinely review the estimated useful lives of our property, equipment and software and definite-
lived intangible assets (“long-lived assets”). A change in the useful life of a long-lived asset is treated as a change in accounting estimate in the
period of change and future periods.

Long-lived assets, including operating right-of-use assets and finance lease assets, are reviewed for impairment whenever events or
changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets is measured at the asset group
level and if the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in
the amount by which the carrying amount of the asset group exceeds its fair value.

We capitalize the salaries and related compensation costs of employees and consultants who devote time to the development of certain
internal-use software projects. Judgment is required in determining whether an enhancement to previously developed software is significant
and creates additional functionality to the software, thus resulting in capitalization. All other software development costs are expensed as
incurred. Capitalized software development costs are amortized over the expected useful life of the software, which is generally three years;
however, we evaluate the nature and utility of each project which can result in a useful life ranging between one and five years on certain
projects.

**Goodwill and Indefinite-Lived Intangible Assets**

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Our indefinite-
lived intangible assets consists of our Rackspace trade name, which was recorded at fair value on our balance sheet at the date of the
Rackspace Acquisition.

Application of the goodwill and other indefinite-lived intangible asset impairment test requires judgment, including the identification of
reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and determination of the fair
value of each reporting unit. We test goodwill and our indefinite-lived intangible asset, the Rackspace trade name, for impairment on an annual
basis on October 1st or more frequently if events or circumstances indicate a potential impairment. These events or circumstances could
include a significant change in the business climate, regulatory environment, established business plans, operating performance indicators or
competition.

Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or one level below an operating
segment (referred to as a component). We allocate goodwill
to reporting units based on the reporting unit expected to benefit from the business combination. Assets and liabilities are assigned to each of our reporting units if they are employed by a reporting unit and are considered in the determination of the reporting unit fair value. Certain assets and liabilities are shared by multiple reporting units, and thus, are allocated to each reporting unit based on the relative size of a reporting unit, primarily based on revenue. We have four reporting units: Private Cloud Services, Managed Public Cloud Services (each of which are a part of the Multicloud Services segment), Apps & Cross Platform and OpenStack Public Cloud.

We estimate the fair values of our reporting units and the Rackspace trade name using the discounted cash flow method and relief-from-royalty method, respectively. These calculations require the use of significant estimates and assumptions, such as: (i) the forecasted royalty rate; (ii) the estimation of future cash flows, which is dependent on internal cash flow forecasts; (iii) estimation of the terminal growth rate; (iv) capital spending; (v) estimation of the useful life over which cash flows will occur; and (vi) determination of our discount rate. The discount rate used is based on our weighted average cost of capital and may be adjusted for risks and uncertainties inherent in our business and in our estimation of future cash flows. The estimates and assumptions used to calculate the fair value of our reporting units and the Rackspace trade name vary from year to year based on operating results, market conditions and other factors. Changes in these estimates and assumptions could produce materially different results.

As a result of our annual goodwill impairment test performed during the fourth quarter of 2018, we determined that the carrying amount of our Private Cloud Services reporting unit, which is a component of our Multicloud Services segment, exceeded its fair value and recorded a goodwill impairment charge of $295 million, resulting in a decrease of approximately 16% in the goodwill allocated to this reporting unit. The impairment was driven by a significant decrease in forecasted revenue and cash flows and a lower long-term growth rate, as current and forecasted industry trends reflected lower demand for traditional managed hosting services. The results of our goodwill impairment test for the year ended December 31, 2019 did not indicate any impairments of goodwill.

As a result of the annual impairment test, it was determined that the excess of fair value over carrying amount for the Managed Public Cloud Services reporting unit was 10% as of October 1, 2019. Goodwill, net attributed to the Managed Public Cloud Services reporting unit was $812 million as of December 31, 2019.

Contingencies

We accrue for contingent obligations when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, we reassess our position and make appropriate adjustments to the recorded accrual. Estimates that are particularly sensitive to future changes include those related to tax, legal and other regulatory matters, changes in the interpretation and enforcement of international laws, and the impact of local economic conditions and practices, which are all subject to change as events evolve and as additional information becomes available during the administrative and litigation process. Changes in our estimates and assumptions could have a material impact on our consolidated financial statements.

Share-Based Compensation

We account for share-based awards under the recognition and measurement provisions of ASC 718 (Compensation—Stock Compensation). Share-based compensation cost is measured at the grant date based on the fair value of the underlying common stock and is recognized as expense over the requisite service period. The fair value of stock options with vesting conditions dependent upon market performance is determined using a Monte Carlo simulation. Determining the grant date fair value of
share-based awards with performance vesting conditions and the probability of such awards vesting requires judgment.

As there has been no public market for our common stock since the Rackspace Acquisition in 2016, the estimated fair value of our common stock has been determined by our board of directors as of the grant date of each option grant, with input from management, including consideration of our most recent third-party valuations of our common stock, which are completed periodically throughout the fiscal year.

The third-party valuation specialists use the Income Approach to estimate the value of our equity. Within the Income Approach, the valuation specialists rely upon the Discounted Cash Flow (“DCF”) method, which focuses on our estimated expected cash flow available for distribution to the equityholders. The DCF calculation is prepared based on detailed revenue and expense projections prepared by management as part of its annual budgeting process and reflects the financial and operational facts and circumstances specific to our Company. Significant assumptions impacting the DCF calculation also include expected future capital expenditures, our long-term growth rate, and the applicable discount rate. For purposes of capturing the dilution from outstanding options, the valuation utilizes the Option-Pricing Method (“OPM”). The OPM depends on key assumptions regarding the volatility and time to a liquidity event but does not require explicit estimates of the possible future outcomes. The input and assumptions used in this calculation are total equity value, time to liquidity, expected volatility, dividends, which are all determined by management. A discount for lack of marketability was not applied as its impact was already reflected in the equity value through the discount rate, given that there were no differential rights attributable to different shareholders (as we have only one class of shares). These estimates are complex, involve a number of variables, uncertainties and assumptions and the application of management's judgment, as they are inherently subjective. If any assumptions change, the share-based compensation expense for equity awards we may grant in the future could be materially different.

Once a public trading market for our common stock has been established in connection with the completion of this offering, it will no longer be necessary for us to estimate the fair value of our common stock in connection with our accounting for equity awards we may grant, as the fair value of our common stock will be its public market trading price.

Income Taxes

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments and estimates are required in evaluating our tax positions and determining our provision for income taxes. Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made.

Our effective tax rates may differ from the statutory rate for various reasons, including differences due to the tax impact of foreign operations, research and development tax credits, state taxes, contingency reserves for uncertain tax positions, certain benefits realized related to share-based compensation, changes in the valuation of our deferred tax assets or liabilities, or from changes in tax laws, regulations, accounting principles or interpretations thereof. In addition, we are subject to the continuous examination of our income tax returns by the U.S. Internal Revenue Service (the “IRS”), Her Majesty's Revenue and Customer and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.
Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, which will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of recent operations. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses.

Recent Changes in Accounting Standards and Pronouncements

On January 1, 2019, we adopted ASC 606 using the full retrospective method, which requires us to restate each prior period presented. The 2017 and 2018 financial information presented in this prospectus reflects the restated amounts.

We adopted ASC 842, which requires balance sheet recognition for all operating and finance leases, with an effective date of January 1, 2019 using the modified retrospective method, whereby a cumulative-effect adjustment was recorded to the opening balance of retained earnings as of the January 1, 2019 adoption date and prior periods presented have not been retrospectively adjusted. As a result, our opening balance sheet as of January 1, 2019 reflected a net addition of $247 million in total assets, mainly due to the recording of right of use assets relating to our operating leases, and a corresponding $191 million increase in total liabilities, mainly reflecting the recording of operating lease liabilities.

On January 1, 2020, we adopted Accounting Standards Update (“ASU”) No. 2017-12 (Targeted Improvements to Accounting for Hedging Activities), which improves the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements and to simplify the application of the hedge accounting guidance. The guidance applies to any existing hedges or new derivative instruments that are designated as hedges for derivative accounting purposes in future periods. We have historically not designated our interest rate swaps or foreign currency hedging contracts as hedges for derivative accounting purposes. However, on January 9, 2020, we designated certain of our interest rate swap agreements as cash flow hedges. Refer to Note 10 to our unaudited interim consolidated financial statements for the three months ended March 31, 2020 included elsewhere in this prospectus for the cash flow hedge disclosures required by the provisions of this guidance.

On January 1, 2020, we adopted ASU No. 2016-13 (Measurement of Credit Losses on Financial Instruments), which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected using an allowance for expected credit losses, to be estimated by management based on historical experience, current conditions, and reasonable and supportable forecasts. We adopted this guidance using the modified retrospective approach. The adoption of this guidance did not have a material impact on our consolidated financial statements.

On January 1, 2020, we adopted ASU No. 2018-15 (Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract), which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The adoption of this guidance primarily resulted in changes to the presentation of certain implementation costs within our consolidated financial statements. The adoption of this guidance did not have a material impact on our consolidated financial statements.
Quantitative and Qualitative Disclosure About Market Risk

**Power Prices.** We are a large consumer of power. During 2019, we expensed approximately $42 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 and London areas that allow us to procure power either on a fixed price or on a variable price basis.

**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 $225 million Revolving Credit Facility (which is expected to be increased to $375 million in connection with this offering) and $2.817 million outstanding under the Term Loan Facility, and under our $100 million Receivables Financing Facility. As of March 31, 2020, there were no outstanding borrowings under the Revolving Credit Facility and therefore our only variable-rate debt outstanding was the $2.817 million outstanding under the Term Loan Facility and $50 million outstanding under the Receivables Financing Facility. As of the closing of this offering, assuming the Revolving Credit Facility and Receivables Financing Facility are fully drawn, each 0.125% change in assumed blended interest rates would result in a $4 million change in annual interest expense on indebtedness under the Senior Facilities and the Receivables Financing Facility.

In December 2016, we entered into several floating-to-fixed interest rate swap agreements to manage our risk from interest rate fluctuations associated with our floating-rate Term Loan Facility. The remaining three swap agreements in effect as of March 31, 2020 have an aggregate notional amount of $1.05 billion and mature over the next two years. On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement, ranging from 1.7625% to 1.9040%, and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.

In December 2018, we entered into four additional floating-to-fixed interest rate swap agreements with an aggregate notional amount of $1.35 billion and a maturity date of November 3, 2023. These swaps are forward-starting. As of March 31, 2020, two interest rate swaps agreements, with a notional amount of $300 million, were effective. The remaining agreements become effective each year thereafter to coincide with the maturity dates of the outstanding December 2016 swap agreements. On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement, ranging from 2.7350% to 2.7490%, and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.

**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 “—Non-GAAP Financial Measures—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. During 2019, we recognized foreign currency transaction losses of $1.8 million within “Other income (expense)” 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 2017, we entered into three forward contracts. Under the terms of these contracts, we sold a total of £120 million at an average rate of 1.34378 British pound sterling to U.S. dollar and received $161 million. These contracts settled on November 30, 2018 and we received a final net payment of $8 million.

In November 2018, we entered into one forward contract. Under the terms of the contract, we sold £75 million at a rate of 1.3002 British pound sterling to U.S. dollar and received $98 million. This contract settled on November 29, 2019 and we received a final net payment of $1 million.

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.

In March 2020, we entered into three forward contracts to manage our exposure to movements in the British pound sterling, Euro, and Mexican peso. All three contracts have a maturity date of June 30, 2020. On the maturity date, the following will occur:

- We will sell £32 million at a rate of 1.1902 British pound to U.S. dollar and receive $38.1 million.
- We will sell €6 million at a rate of 1.0921 Euro to U.S. dollar and receive $6.6 million.
- We will sell $2.1 million at a rate of 24.2040 U.S. dollar to Mexican peso and receive MXN$50 million.

See Note 15 to our audited consolidated financial statements included elsewhere in this prospectus for more information on fixed power contracts, interest rate swaps and foreign currency hedging contracts.
Our Mission

Embrace technology. Empower customers. Deliver the future.

Our Business

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 serve our customers with a unique combination of proprietary technology resulting from over $1 billion of investment and services expertise from a team of highly skilled consultants and engineers. And we provide our customers with unbiased expertise and technology solutions, delivered over the world’s leading cloud services, all wrapped in a Fanatical Experience.

Cloud technology — the on-demand availability of compute, storage and networking — has revolutionized how companies manage their infrastructure and applications, providing businesses with greater flexibility and lower costs compared to legacy technologies. Over the past several years, businesses have adopted cloud solutions not only to drive cost, scale and reliability benefits, but also to create new revenue opportunities, increase their speed of innovation and compete with digital natives. At the same time, businesses are increasingly turning to the use of more than one cloud solution at a time (which we refer to as multicloud) to enhance performance, ensure redundancy and resilience and provide for increased security, compliance and governance. These trends have accelerated in recent periods as businesses create and adapt to new economic and labor models and are increasingly looking for technologies that enable digital transformation and enhance productivity.

The cloud has become the driver of innovation in the enterprise. At the same time, the number of cloud platforms, the diversity of services offered by each platform and the need to adapt to new paradigms create complexity that requires specialized expertise. Many companies lack the in-house resources to navigate this complexity, thereby limiting their ability to realize the full potential of the cloud. We believe this creates an opportunity for a services partner that enables businesses to fully embrace the power of multicloud technologies and, together, deliver incredible customer experiences.

We aim to be our customers’ most trusted advisor and services partner in their path to cloud transformation and to accelerate the value of their cloud investments. We give customers the ability to make fluid decisions when choosing the right technologies, and we recommend solutions based on customers’ unique objectives and workloads, irrespective of the underlying technology stack or deployment option. In this way, we empower our customers to harness the strength of the cloud.

Over the past eight years, we have invested over $1 billion and 12 million hours to develop a robust and proprietary suite of over 200 technology tools, branded solutions and accelerators for our customers. Our proprietary technology includes automation that ranges from service delivery to self-healing infrastructure, giving us the ability to anticipate and proactively respond to opportunities and threats. This toolset ensures consistency in our customers’ experience and allows our Rackers to automate key service and application management processes, freeing up resources to focus on strategic, high-value business opportunities. This drives an efficient business model that has generated revenue per employee of over $372,000 and $375,000 for the years ended December 31, 2018 and 2019, respectively, which we believe is ahead of our competitors and in line with leading software-as-a-service companies.
Our customers are served by a family of approximately 6,800 Rackers, including over 2,500 cloud-certified professionals. Our team includes some of the most qualified architects and engineers in the world, with over 2,700 AWS certifications, over 1,000 Google Cloud certifications, over 700 Azure certifications and over 400 VMware certifications worldwide as of May 31, 2020. Our Rackers are at the center of the customer experience — they maintain a hyper-focus on customer experience and satisfaction and are available to our customers 24x7x365 by phone, chat, email or web portal.

We have a culture of innovation that permeates all that we do. Our Rackers gather insights from customers, cloud partners and each other to design, implement and operate some of the most advanced cloud environments. With our deep technical expertise, we build alongside our customers to solve their most complex business challenges and explore their most promising business opportunities. Rackers are on the front lines of cloud technology and are often among the first to utilize the latest capabilities of the cloud when launching new solutions with our cloud partners. Our partnerships, Rackers and culture combine to ensure that we are at the forefront of major trends in technology, including cloud native application development, Internet of Things and containers. This expertise—and our ability to deliver it effectively—enables our customers to innovate faster and stay ahead of their competition.

Our business benefits from a highly efficient go-to-market strategy given our large installed base of recurring revenue. Our sales efforts are led primarily by a team of over 900 quota-bearing representatives and customer success managers. Our ecosystem of over 3,000 partners serves as an extension of our direct sales force, providing a source of additional new business opportunities. Our customer engagement model begins with our professional services, where we partner with a customer to assess its objectives and design the best cloud strategy to meet its needs, and continues with our flexible recurring service offerings.

We deliver our services to a global customer base through an integrated service delivery model. We have a presence in more than 60 cities around the world. This footprint allows us to better serve customers based in various countries, especially multinational companies requiring cross-border solutions.

Our success has been recognized by third parties and customers alike. We served over 120,000 customers across 120 countries as of December 31, 2018 and December 31, 2019, including more than half of the Fortune 100. Gartner has recognized us as a Leader in its 2020 report, Magic Quadrant for Public Cloud Infrastructure Professional and Managed Services, Worldwide, for the fourth year in a row. We have received several industry awards, including VMware's Global Partner of the Year Award for Social Impact in 2020, Google Cloud's Specialization Partner of the Year for Infrastructure in 2019 and the Red Hat Innovation Award in 2017. Additionally, we believe we are one of the leading consulting partners for Amazon Web Services, with 14 competencies as of March 31, 2020.

Our Transformation

Our predecessor company was founded in 1998. Historically, we focused on providing outsourced, dedicated IT infrastructure. Since the Rackspace Acquisition, we have transformed our business in several ways:

- **Core offerings and service expertise.** We have invested in multiple high growth service offerings, including multicloud services, professional services, managed security and data services. In this process, we established one of the broadest partner ecosystems across the technology industry, including infrastructure partners such as AWS, Google, Microsoft and VMware, and application leaders such as Oracle, Salesforce, SAP and others. Additionally, we have made a series of transformative acquisitions to expand our cloud services capabilities and increase our geographic reach.
• **Go-to-market.** In 2016, our sales process was focused on the sale of a narrow group of point products, most notably our OpenStack Public Cloud and Single Tenant (managed hosting) offerings. Today, our sales process uses a professional services-driven approach, providing holistic multicloud solutions to meet our customers’ objectives and evolving those solutions over the full lifecycle of their cloud journey. We also have increased our focus on serving enterprise customers, which we define as companies that generate $1 billion or more in revenue per year.

• **Investment in proprietary technology and automation capabilities.** We have made significant investments to develop proprietary internal systems and tools for our customers. These include automation, artificial intelligence, predictive analytics and proprietary tools that make our services even more reliable and easier to use and extend our advantage over both our competitors and our customers’ ability to replicate these efficiencies on their own.

• **Management team.** In April 2019, we announced the hiring of our new CEO, Kevin Jones, and, in July 2019, we announced the hiring of our new CFO, Dustin Semach, and our new COO, Subroto Mukerji. In addition to these executives, we have made additional new hires across the executive leadership team, bringing in new talent with relevant experience across the IT services and technology landscape. Collectively, our executive leadership team benefits from over 150 years of cumulative experience at large technology companies, many with direct experience leading businesses through major transformation initiatives including product introductions and M&A.

Today, we are a trusted partner to the cloud ecosystem. We maintain close relationships with major cloud infrastructure and application vendors, enabling us to provide our customers with complete, unbiased multicloud services, all through our single customer interface. We no longer actively market our OpenStack Public Cloud service, which once was competitive with hyperscale public cloud platforms and was highly capital intensive, in order to focus our resources on growing our multicloud services portfolio.

Our transformation has also benefited our financial model in several key ways:

• We have increased the percentage of our revenue from segments which we believe benefit from attractive growth dynamics. In 2019, over 85% of our revenues came from our Core Segments. In contrast, in the twelve months ended September 30, 2016, less than 10% of our revenue came from our Cloud Office and Managed Cloud Services service offerings.

• For the three months ended March 31, 2020, Core Revenue was $589.4 million, representing a 6% increase, on a constant currency basis, and a 5% increase, on an actual basis, over the three months ended March 31, 2019, giving effect to our acquisition of Onica in November 2019 as if it had occurred on January 1, 2019. This compares to year-over-year revenue growth of 3%, on a constant currency basis, and 0%, on an actual basis, for the three months ended September 30, 2016 our last completed fiscal quarter as a public company prior to the closing of the Rackspace Acquisition, based on the public company’s core service offerings at such time, which were Single Tenant (managed hosting) and OpenStack Public Cloud, and excluding Cloud Office and Managed Cloud Services.

• We have decreased our capital intensity, which we define as total capital expenditures as a percentage of total revenue, from 16% for the twelve months ended September 30, 2016, to 9% for the twelve months ended March 31, 2020.
The Rise of Multicloud

Adoption of cloud solutions has occurred in waves over the last decade:

- **Early (early 2010s):** Early adopters of cloud solutions included various technology leaders and cloud-native businesses. These businesses embraced the novelty of cloud architectures, shifting away from their historical use of legacy on-premises infrastructure and building entire operations and revenue streams on cloud services.

- **Mainstream (mid-2010s):** Motivated by the value that cloud technologies unlocked for early adopters, more technology-focused mid-market and enterprise businesses turned to the cloud. Many of these businesses focused on reducing costs and enhancing scale and reliability, but did not embrace the people, process and technology changes required to create new revenue streams and enhance customer experiences.

- **Modern (Present day):** Today, businesses are adopting cloud-native principles, embracing agile techniques and adapting their business practices to maximize the benefits of the modern cloud. In addition, more businesses are turning to multicloud solutions to match individual workloads with the best cloud technology stack and the best deployment model; in the Gartner Multicloud: Why It Matters report, “81% of survey respondents who use public cloud were currently working with two or more external public service providers.” In response to this need for multicloud solutions, cloud technology vendors that have historically focused on public cloud solutions are offering private cloud solutions to provide maximum flexibility for their customers. Similarly, several technology vendors that have historically focused on private cloud technologies are offering public cloud alternatives.

As more businesses adopt multicloud technologies, they are faced with an increasing number of complexities, including migration to and between clouds, siloed workloads and defending against increasing security threats. Moreover, more businesses are looking into ways to use their cloud technologies to enhance commercial opportunities and customer experiences and create new avenues for growth. We believe this creates a large and growing opportunity for services partners that are able to offer multicloud services in a way which offers customers the best technologies for their workloads, irrespective of technology stack or deployment model, and enables customers to maximize the value of their cloud investments.

Our Opportunity

We believe that a paradigm shift is underway; today’s businesses are increasingly under pressure to move away from self-managed IT solutions and utilize multicloud technologies to compete effectively in a digital economy, resulting in a tailwind for technology and service providers that possess deep expertise in these areas. Our market opportunity represents the demand for cloud technology services. According to the Gartner Forecast: IT Services, Worldwide, 2018-2024, 2Q20 Update, the managed services and cloud infrastructure services market worldwide is estimated to be $410 billion in 2020 and is expected to grow 7% annually to $502 billion in 2023.

Our existing customer base represents a large opportunity for further penetration and revenue expansion. As of March 31, 2020, we served over 120,000 customers across all sizes, including enterprises with greater than $1 billion of revenue, mid-market businesses with between $300 million and $1 billion of revenue and SMBs with less than $300 million of revenue. We estimate our market opportunity with only existing customers to be potentially over $80 billion today, including over $38 billion for enterprise customers, over $24 billion for mid-market customers and over $18 billion for SMB customers. We arrive at these figures by multiplying our customers’ revenues by our estimate of IT spend as a percentage of their revenues.
We believe a significant portion of our market opportunity remains unpenetrated today and is expected to increase as businesses increase their spend on multicloud technologies and the services associated with them. According to the Gartner Forecast Analysis: Infrastructure Services, Worldwide report, "by 2021, 75% of enterprise customers seeking cloud managed infrastructure will require multicloud capabilities from a cloud managed services provider (MSP), up from 30% in 2018.” As this trend continues, we believe there is an opportunity to increase our revenue as businesses increase the scope of their cloud investments and increase their spend with cloud services partners. We believe that we are well positioned to benefit from this trend, as we have introduced new technologies and business models to the IT services industry, replacing traditional approaches to IT services and disrupting various well-established IT services and technology vendors.

Our Integrated Services Portfolio

We serve our customers through an integrated services portfolio organized in two segments — Multicloud Services and Apps & Cross Platform. The services across these two segments are described in more detail below:

- **Multicloud Services**: Our Multicloud Services segment includes our public and private cloud managed services offerings, as well as professional services related to designing and building multicloud solutions and cloud-native applications. We offer an integrated suite of managed services offerings across our private cloud, the leading public clouds and colocation. Our managed cloud services help customers determine, manage and optimize the right infrastructure, platforms and services on which to deploy their applications to achieve the best performance, agility, security and cost efficiency. We also help customers establish governance, operational and architectural frameworks to mitigate risks and reduce inefficiencies, so they can manage costs, achieve industry-specific compliance objectives and improve security.

  Within our Multicloud Services segment, we offer the following services:

  - **Private cloud**: These service offerings provide compute, storage and applications accessed by a specific customer, either with a cloud management layer (in managed private cloud) or without one (in managed hosting). We offer managed private clouds powered by leading technologies like VMware, Microsoft and OpenStack in our data centers as well as in those owned by customers or by third parties such as colocation providers. We also offer managed VMware on AWS, delivering an increasingly popular hybrid combination. We offer managed hosting in our own data centers, on Linux or Windows servers. Our private cloud offerings can be used with or without virtualization software. Some applications, including high-intensity databases and video games, typically achieve higher performance and cost-efficiency on bare-metal servers. Other applications run better on virtualized servers. Customers who run legacy applications or larger scale modern enterprise applications, and/or have high requirements for security, compliance and control, typically find that private cloud solutions are preferable to do-it-yourself public or private cloud alternatives.

  - **Managed public cloud**: These offerings address the challenges of managing applications and data on the AWS, Azure and Google Cloud public clouds. We bundle the underlying public cloud infrastructure with our expertise and experience, managed services and proprietary tools. While the infrastructure providers are responsible for their data centers, servers, storage, networking and operating system software, we help customers navigate, migrate, architect and deploy their applications on those leading public cloud platforms. After a migration, we manage, secure and optimize the customer’s environments on an ongoing basis using our tools, automation and expertise, while supporting the customer with robust service level agreements. These offerings do not require us to commit significant capital expenditures given that third parties provide the infrastructure.
Apps & Cross Platform: 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.

- **Managed applications**: Our managed application services include running large-scale software-as-a-services (SaaS) applications for customers on our and public cloud infrastructure, such as Oracle, Salesforce, SAP and Office 365. This includes key functions such as: managing a customer's applications and performing key functions such as account management and scaling up or down of required cloud resources. Additionally, we manage productivity and collaboration applications such as email and hosted Microsoft SharePoint.

- **Managed security**: We provide fully-integrated security solutions that combine cutting-edge technology with our in-house Security Operations Center to provide customers with threat detection, analysis and remediation capabilities. Additionally, we have integrated security platforms into our management tools to give our customers one view of their organization’s vulnerability and threats.

  We offer additional managed security services to customers in the areas of (i) security threat assessment and prevention, (ii) proactive threat detection and response, (iii) rapid remediation, (iv) governance, risk and compliance assistance across multiple cloud platforms and (v) Privacy and Data Protection services, including detailed access restrictions and reporting. Our 24x7x365 Customer Security Operations Center is staffed by experienced Global Information Assurance Certification (GIAC) security analysts.

- **Data services**: We help customers use their data to further innovate by providing services and expertise for data extraction, transformation, ingestion, storage and analysis. We utilize both traditional analytics platforms and new, machine learning approaches to build repeatable, scalable and automated platforms that extract meaningful insights. Our developers, administrators and cloud and data analytics architects are skilled across a full range of database services, including managed relational databases (Oracle, SAP, SQL Server and MySQL), big data (Hadoop), managed NoSQL (MongoDB) and managed SAP HANA. Our data services are offered both through our managed services subscriptions and through our professional services offerings.

We deliver professional services across our entire portfolio, including multicloud solutions, applications, security and data. As part of our professional services process, we meet customers at every stage of their cloud journey and design solutions focused on modernizing their infrastructure and applications to enhance the value of their cloud technologies. This process often serves as the starting point for new business opportunities; following our initial professional services engagement, a customer will typically use any combination of our managed services under long-term contracts, and will often use our professional services multiple times as their technology needs continue to evolve.

In addition to our integrated services portfolio described above, we also offer our customers our OpenStack Public Cloud solution, our third reporting segment. This offering appeals to customers who (i) want to run applications on a public cloud that is built on open-source technology with no risk of vendor lock-in; (ii) value the expertise and exceptional customer service for which we are renowned; and (iii) want their public cloud and managed hosting platforms to work smoothly together, through technologies such as our proprietary RackConnect tool. While we expect to continue to offer our OpenStack Public Cloud solution, we ceased to actively market it to customers in 2017.
Our Technology Platform

Our technology platform is at the center of the Fanatical Experience that we deliver to customers. Our technologies focus on removing the complexities of multicloud deployments, unifying compelling aspects of the experience for our customers and enabling us to deliver scalable solutions.

- **Innovative automation** drives efficiency for us and our customers, enabling us to rapidly and consistently deliver our solutions across multiple products and clouds at scale. Rackspace Business Automation is a custom platform developed to handle over 8 million events and over 1 billion actions per month across physical devices, virtual devices, systems and tools; data center automation provides services and applications to automate provisioning, configuring and the decommissioning of data center infrastructure; and UiPath Robotic Process Automation is deployed across our business to automate repetitive tasks. We can automate 62% of customer support workloads and we have automated over 6,000 unique processes.

- **AIOps** is a new field of software that combines monitoring, machine learning and automation to enhance IT operations. Our AIOps platform correlates monitoring events across our customers’ physical and virtual devices into a single incident or problem, significantly reducing the time to resolution for complex incidents. We developed a first of its kind multi-tenant AIOps solution that processes millions of compliance-related events each month.

- **Predictive operations** enables our data scientists to build sophisticated models to provide actionable insights to our business leaders, increasing our agility and ability to identify opportunities that enhance our customer relationships.

- **Self-service APIs** enable our customers to access data and resources programmatically, extending our automation and service delivery into their native tools and processes. We support integration with our ticketing systems to enable two-way integrated support workflows, and billing system integration to enable access to consolidated billing data in multicloud environments. Additionally, our pre-built integration with ServiceNow enables enterprise customers to simplify connectivity between our tools and ServiceNow.

- **MyRackspace** and other portals and associated mobile apps service over 200,000 active monthly users and support product specific self-service, insights, account management, security management, ticketing and billing. The portals are unified with our custom framework and design language, Pilot and Helix, providing a consistent experience and integrated navigation between our product lines and features. Our custom identity management system authenticates access to our user interfaces and APIs, handling over 1 billion requests per month. This includes federation capabilities to integrate with our customers’ identity providers.

- **Unified billing** enables us to deliver an integrated single invoice for customers across all multicloud deployments. Our systems extract and rerate bills from public cloud hyperscalers and merge data from our products and services to generate a single invoice each month, while applying sophisticated billing and discount models.

- **Service management** applications ensure scale, speed, quality and consistency in our service delivery. These applications, including our custom CORE and Encore tools, support configurable rules and routing engines, integrated escalation management, detailed queue management and management visibility and reporting. These tools are augmented with sophisticated workforce management solutions to manage work shifts by utilizing historical data and trends across ticketing, chat and telephony, to maintain and appropriately staff our 24x7x365 operations.
Our Differentiation

We offer solutions that are differentiated from our peers and drive a continuous cycle of product innovation and product development, while delivering a Fanatical Experience. These solutions both enable and are enabled by several key factors:

Focus on delivering strategic outcomes: Our value proposition to customers includes a focus on solving strategic business problems, rather than selling a product or group of products in a point sale. Our customers are able to use our services to drive new revenue streams and enhance the value of their cloud investments, which may include collecting data to create new product offerings and applications, connecting workloads between clouds or automatically scaling cloud usage to match demand. This has resulted in a growth opportunity within our customer base; the number of customers that contributed over $1 million to our revenue in a given fiscal year increased at a compound annual growth rate of 24% between 2017 and 2019.

Unified service experience for the multicloud: We have developed Rackspace Fabric, a multi-tenant, end-to-end service management platform enabling our customers to access all of our supported clouds and all of our managed services from a single, web-based interface. This technology provides customers with a toolkit to including unified billing, a central security model, unified ticketing and support interactions. This technology provides our customers with a consistent experience across all clouds and enables us to deliver a scalable and efficient means of offering our Fanatical Experience to over 120,000 customers worldwide.

Unparalleled service expertise: Our business benefits from a family of approximately 6,800 Rackers, including over 2,500 cloud-certified professionals. This group's qualifications span across all of the major technology stacks and cloud solutions used by our customers, including over 2,700 AWS certifications, over 1,000 for Google Cloud, over 700 for Azure and over 400 for VMware as of May 31, 2020. This expertise provides our clients with services expertise at a level we believe to be unmatched by our peers and allows us to sustain our competitive advantage over competing technology vendors.

Efficient go-to-market enabled by close customer relationships: Our go-to-market model includes an integrated direct sales platform led by our team of over 300 sales representatives and over 600 service delivery managers. Following an initial deployment, we are constantly engaged with our customers, proactively looking for opportunities to enhance the value of their cloud investments and evolving our solutions with their needs over time. This approach provides customers with a single trusted advisor across all cloud environments, irrespective of technology stack or deployment option. Our close customer and partner relationships drive an efficient go-to-market strategy, with sales efficiencies we believe are unmatched by competing companies. Recurring revenue comprised more than 95% of our revenue in 2019. Additionally, as of December 31, 2019, among our customers with Annual Recurring Revenue of over $100,000 (a group which comprised over 75% of our revenue), over 50% were using multiple services.

Differentiated relationships with technology partners: We benefit from differentiated partnerships with major public and private cloud vendors, including AWS, Azure, Google Cloud and VMware. We work with our partners' sales teams to offer bundled solutions through a single go-to-market effort. Additionally, we have insight into our partners' product roadmaps (and vice versa), providing critical inputs for both sides to develop complementary services and technology. We believe these relationships are beneficial to us, our customers and our partners; we and our partners both receive critical inputs for further innovation and benefit from joint go-to-market initiatives, while our customers are able to maximize their use of innovative technologies more efficiently, reduce time-to-market and remain competitive.
**Customizable consumption of services:** Our service model enables customers to adapt their consumption of our services with the evolving needs of their businesses. Rackspace Service Blocks are packages of services tailored to address specific cloud use cases and enable a customized consumption model whereby customers can match their cloud needs with the associated spend. Rackspace Service Blocks allow our customers to maintain greater agility, performance and cost-efficiency as compared to traditional IT services contracts. Additionally, this structure provides us with a platform for cross-sell and up-sell opportunities with customers over time, resulting in a land-and-expand model in which customers increase their use of our services as their cloud needs evolve.

**Fanatical Experience:** The Fanatical Experience that we deliver to our customers is the foundation of the trust our customers place in us when they choose us to build, manage and operate their cloud environments. That process encompasses everything from the way we recruit, interview and test prospective employees; to the way we continuously train new and veteran employees in the latest technologies; to the way we make the specialized expertise of global Rackers available to customers 24x7x365 by phone, chat, email or web portal; to the way we empower Rackers to invest in new research and development projects; to our hyperfocus on customer experience and satisfaction; and to the way we leverage automation and proprietary tools and processes to make our services highly reliable and easy for our customers to use. We use monitoring tools to perform over 5 million checks of our customers’ cloud environments every five minutes to proactively identify issues and take action, and we receive over 500,000 monthly customer knowledge-based visits to our website. This has resulted in compelling metrics for us, including an average NPS of 44 for the three month period ended May 31, 2020, indicative of the quality of our customer experience.

**Our Growth Strategies**

In order to continue to drive growth and capture our large market opportunity, key elements of our growth strategies include:

**Continue to innovate:** We are a leader in cloud services across multicloud environments and will continue to invest in and grow our expertise and service offerings in major technology ecosystems such as cybersecurity, big data, containers, serverless computing and the Internet of Things. However, our market share within the overall cloud industry remains relatively low, providing us with significant opportunity to increase wallet share from both new and existing customers. We intend to continue to add new technology capabilities and professional services expertise in order to best serve our customers and increase revenue from new and existing customers.

**Drive sales execution:** We plan to continue executing on several sales initiatives that are designed to drive continued growth in our business. These include investment in our sales force productivity measures, greater focus on opportunities with enterprise customers and larger deal sizes.

**Expand geographic reach:** We believe there is significant need for our solutions on a global basis and, accordingly, opportunity for us to grow our business through further international expansion as these markets increase their use of multicloud solutions. As a result, we have made significant investments in expanding our presence in Europe, Middle East and Africa (“EMEA”) and Asia Pacific and Japan (“APJ”). As of December 31, 2019, over 1,100 and 1,200 of our employees were based in EMEA and APJ, respectively. We intend to add international sales team members to take advantage of this market opportunity while refining our go-to-market approach based on local market dynamics.

**Leverage and expand our partner ecosystem:** We benefit from close relationships with our cloud partners, allowing us to provide comprehensive multicloud services to our customers, and providing us with a source of new business opportunities and inputs for future product roadmaps. Additionally, we maintain the highest levels of partner status with the leading cloud partners. We intend to expand relationships with existing partners and build on new ones.
Pursue strategic acquisitions: We benefit from a strong platform for integrating complementary capabilities and service offerings. We have a disciplined and selective approach for evaluating new acquisition opportunities, and our management team has significant experience integrating acquired targets. We intend to continue to explore potential transactions that could enhance our capabilities, increase the scope of our technology footprint or expand our geographic reach.

Our Competition

We believe our technology and services expertise positions us well to compete with other technology and services providers. We face competition primarily from:

- **In-house IT departments of our customers and potential customers** provide services for their respective organizations, but typically need help scaling large technology environments and maximizing the value from their cloud investments, especially when speed, cost and innovation are key constraints.

- **Traditional global IT systems integrators**, such as Accenture, Atos, CapGemini, Cognizant, Deloitte, DXC Technology and IBM, offer consulting and outsourcing, in a labor intensive model, for large enterprise customers. Many of these businesses largely support legacy technologies and, where cloud capabilities exist, legacy revenue streams disincentivize these companies from fully embracing cloud technologies.

- **Cloud service providers and digital systems integrators** provide either consultation and implementation services for digital workflows or cloud services for a single cloud vendor. The solutions offered by these companies are often narrow in scope, and are not well suited for companies with complex multicloud objectives.

- **Regional managed services providers** use a local go-to-market approach, and provide cloud services within a single region or few regions. These companies are unable to serve the full needs of multinational customers.

- **Colocation providers**, such as Equinix, CyrusOne and QTS, provide secure environments for hardware and access to network connectivity. We believe that these companies provide limited services differentiation, and their customers do not benefit from the economics of cloud-based technologies.

We believe the principal competitive factors in our market include, but are not limited to:

- Focus on the cloud
- Technology and services expertise
- Customer experience
- Speed of innovation
- Strength of relationships with technology partners
- Automation and scalability
- Standardized operational processes
- Geographic reach
- Brand recognition and reputation
- Price

We believe that we compare favorably on the basis of the factors listed above. However, many of our competitors have: substantially greater financial, technical and marketing resources; relationships
with large vendor partners; larger global presence; larger customer bases; longer operating histories; greater brand recognition; and more established relationships in the industry than we do. Furthermore, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships or strategic relationships.

Our Customers

We serve a wide range of customers across geography, size and industry.

- Geography. We serve a global customer base. As of March 31, 2020, we served over 120,000 customers in over 120 countries.
- Size. We have a strong presence with customers of all sizes, including large global enterprises, mid-market businesses and SMBs, which we define to be made up of customers with total revenue in excess of $1 billion, between $300 million and $1 billion and less than $300 million, respectively. As of March 31, 2020, our customer base included approximately 1,500 enterprises, 1,750 mid-market businesses and 120,000 SMBs.
- Industry. We serve customers across all sectors, including highly regulated industries with firm technology requirements across security, compliance and governance.

We have low customer concentration; no customer represented 2% or more of our total revenue in 2019. We benefit from strong customer satisfaction as evidenced by our average NPS score of 44 for the three month period ended May 31, 2020, which we believe to be well ahead of many of our peers.

Representative customers by industry vertical are listed below:

<table>
<thead>
<tr>
<th>Financial Services</th>
<th>Healthcare &amp; Public Sector</th>
<th>Media &amp; Technology</th>
<th>Retail, Consumer &amp; Leisure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banwire</td>
<td>British Heart Foundation</td>
<td>Envizi</td>
<td>Dominos</td>
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<tr>
<td>Charles River</td>
<td>Feeding America</td>
<td>Invotra</td>
<td>HK Express</td>
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<td>Equis</td>
<td>National Kidney Registry</td>
<td>LiveNation</td>
<td>Payless</td>
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<tr>
<td>GoCompare</td>
<td>Oxfam</td>
<td>Synchronoss</td>
<td>ReviewPro</td>
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<tr>
<td>Metro Bank</td>
<td>Teva</td>
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<td>Under Armour</td>
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<tr>
<td>Trading Point</td>
<td></td>
<td></td>
<td>Wyndham</td>
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</tbody>
</table>

Customer Case Studies

The following are representative examples of how some of our customers have benefited from using our Company:

Envizi

Industry: Technology
Geography: APJ

Situation: Based in Australia, Envizi is a market leader in data and analytics software and has been a Rackspace Technology customer for over nine years. Envizi began working with Rackspace Technology when it sought an experienced cloud partner to support the migration of its on-premise IT environment to AWS.

Solution: Rackspace Technology started with a cloud readiness assessment and developed an overall application modernization strategy for Envizi. This included creating a multi-tenant architecture
design as part of the cloud migration, including Service Blocks to support scalability. Post-migration, Envizi retained Rackspace Technology to provide ongoing managed services across three areas: (1) ongoing managed cloud services for its AWS environment, (2) ongoing managed security services and (3) ongoing managed database services. In addition, Rackspace Technology is developing analytics solutions using Rackspace Technology's machine learning and AI capabilities.

**Result:** By partnering with Rackspace Technology, Envizi has been able to maintain a geographically-dispersed infrastructure under one common framework provided by Rackspace Fabric. As Envizi brings more customers on to its platform and its data grows, the solution Rackspace Technology helped design provides Envizi with a simple scalable approach with predictable costs. This allows Envizi to better meet clients' data and privacy compliance requirements as it scales its business globally.

**Metro Bank**

Industry: Financial Services  
Geography: EMEA

**Situation:** Metro Bank is a retail and commercial bank operating in the United Kingdom, founded in 2010. Beginning in 2015, Metro Bank was looking to transition its IT operations to a more robust, agile and scalable managed environment as it doubled its number of stores in the UK.

**Solution:** Rackspace Technology helped Metro Bank transition off of its on-premise IT system to a VMware managed private cloud, leveraging Rackspace Technology's professional services, data services, and security services to support Metro Bank's continual growth and the demanding regulatory requirements of the financial services industry. Aligning culture, processes, governance, and strategic objectives were fundamental to Metro Bank recognizing Rackspace Technology as a true extension of its internal IT capability and trusted partner in their future.

**Result:** After the initial 12-month migration project was delivered on time, on budget and without any downtime to customers, close of business processes were 50% quicker and vital reports that used to take hours could now be produced in just 20 minutes. Core to this success was Rackspace Technology's investment in proprietary automation tools, which reduced Metro Bank's need to manually manage, configure, and check each change. Today, Rackspace Technology also assists Metro Bank with cloud transition objectives through Managed Public Cloud services and advising on the digital transformation that Metro Bank is undertaking to continually evolve the service it provides its customers as it further disrupts the banking sector.

**Payless ShoeSource, Inc.**

Industry: Retail  
Geography: Americas

**Situation:** Payless ShoeSource ("Payless") is an international footwear chain with a global presence spanning over 30 countries. Payless began working with Rackspace Technology in 2017 to migrate several on-premise applications to the cloud. Following a recent corporate restructuring, Payless partnered with Rackspace Technology to continue their cloud transformation and to support the development of an entirely new IT environment in the cloud. Payless expects to complete this transformation in early 2021.

**Solution:** Payless turned to Rackspace Technology to provide cloud transformation services that included developing a strategy and plan to put Payless into a new client-native environment. The multicloud services engagement consisted of three phases: (1) cloud readiness assessment, (2) cloud migration, and (3) application modernization and ongoing management. Enabled by Rackspace
Technology, Payless has successfully re-factored applications and migrated them from its legacy system into a multicloud environment. Underpinning this effort was Rackspace Fabric, which helped simplify ongoing management of the new environment. Because of this effort’s success, Payless continues to leverage data and other application services from Rackspace Technology.

Result: Rackspace Technology's solution is expected to lead to a 40% reduction in monthly datacenter and hosting fees for Payless. In addition, Rackspace Technology's focus on Fanatical Experience led to a flexible commercial arrangement that reflects Payless’ recent restructuring. This will help accelerate Payless’ overall cloud transformation journey and help refocus internal efforts on its core business.

Synchronoss Technologies

Industry: Technology  
Geography: Americas

Situation: Synchronoss Technologies is a global leader in SaaS-based cloud solutions and messaging platforms for major telecommunications companies. Prior to engaging Rackspace Technology in 2018, Synchronoss was spending a disproportionate amount of its time and resources to manage over 60,000 terabytes of subscriber data, which was incidental to its core software business. In an effort to optimize the management of this incidental data and to enable it to better focus on its core business, Synchronoss looked for a partner to help it structure its optimal cloud, data, and application strategies.

Solution: Synchronoss selected Rackspace Technology to implement its strategy to migrate workloads to a multicloud environment, which included a mix of on-premise, AWS public cloud solutions, and Rackspace Technology's private cloud solutions. Rackspace Technology assisted Synchronoss in successfully migrating and optimizing thousands of terabytes of storage with no interruptions or down time. Synchronoss relied on Rackspace Technology's proprietary tools and software, including Rackspace Fabric, during the migration and for ongoing management of the environment. As a result of the initial engagement's success, Rackspace Technology continues to support Synchronoss' cloud journey by providing ongoing private cloud services and professional services.

Result: Rackspace Technology's solutions have allowed Synchronoss to focus on its core software business while building a platform to scale. As of today, only 18 months after beginning to work together, Synchronoss is processing orders of magnitude more data than it previously processed in the public cloud. As a result of the partnership Synchronoss is able to consume that data more quickly, more efficiently, and with a superior cost structure, enhancing its customers' experience and driving overall growth.

Wyndham Hotels and Resorts

Industry: Hospitality & Travel  
Geography: Americas

Situation: Wyndham Hotels & Resorts (Wyndham) is an international hotel and resort company with a portfolio of 20 brands, 9,300 hotels, and a presence in 90 countries. Prior to its initial engagement with Rackspace Technology in December 2017, Wyndham was operating an outdated IT infrastructure, and sought to overcome 30 years of technical debt by transitioning to the cloud without any disruptions to its operations.

Solution: Wyndham chose Rackspace Technology's solutions in part for their industry expertise and deep relationships with partners. Rackspace Technology did an assessment of Wyndham's business and IT transformation objectives and helped Wyndham with its migration to a multicloud
environment. Rackspace Technology helped Wyndham identify a private cloud solution through VMware and co-location and managed public cloud through AWS. This includes automated scaling of cloud resources and performance updates. Additionally, Wyndham engaged Rackspace Technology's managed security and other application services to support its ongoing operations.

Outcome: A year into the transition, Wyndham estimates that it has realized a significant return on investment with cost savings of 45%. Stability, a key goal for Wyndham, has improved from roughly 98.5% to more than 99.9% and it is on track to reach “five nines”. Improved stability has translated to a jump in IT service desk performance as well. Issues that took as long as six days before Wyndham Hotels spun off now take a little over a day to resolve. Despite a 14% increase in volume, the service desk has seen a 47% decrease in resolution time year over year with the overall cloud strategy. With full integration into Rackspace Technology’s monitoring solutions, the service desk also receives real-time alerts on system health further improving stability with faster response times.

Our Approach to Partnerships

We benefit from differentiated partnerships with all major public and private cloud vendors, including AWS, Azure, Google Cloud and VMware. These partnerships provide us with a competitive advantage unmatched by our competitors, spanning across multiple disciplines, including:

- **Comprehensive Alignment**: We work with major technology partners through a systematic engagement model across six key areas of our business: executive, alliances, solutions, marketing, sales and service delivery, to ensure alignment on key initiatives. We operate strategic programs that include solutions milestones, performance reviews and long-term strategic initiatives.

- **New business opportunities**: Our sales teams and pre-sales engineering experts work with sales teams at technology partners to offer bundled solutions through a combined go-to-market effort. This results in a more compelling value proposition and greater value for our mutual customer. We believe our partners view us as a top services partner for their cloud technologies, as we are often cited as a ‘go-to’ services vendor for new business opportunities.

- **Innovative Solutions**: We work closely with our partners’ product engineering teams as the baseline for our roadmap development and to provide input into our partners’ development plan. This critical input allows both us and our partners to develop complementary services and technology. This has enabled us to stay at the forefront of innovation well before our competitors and develop services and tools around emerging technologies such as cloud-native application development, machine learning and artificial intelligence.

We believe these relationships are beneficial to us, our partners and our customers. We and our partners both receive critical inputs for further innovation and benefit from joint go-to-market initiatives, while our customers are able to maximize their use of innovative technologies more efficiently, reduce time-to-market and remain competitive.

Sales and Marketing

Our services are sold via a global direct sales teams of over 300 sales representatives and over 600 service delivery managers as of March 31, 2020, through third-party channel partners and through online orders on our website. Our sales model is based on both distributed and centralized sales teams with leads generated from customer referrals, channel partners and corporate marketing efforts.

Professional services are at the core of our consultative sales model and often serve as the gateway to our platform. For new business opportunities, our professional services organization engages...
closely with a customer to assess and design the best cloud solution for that customer. This is often the first step toward a long-term services agreement with a customer where we manage a customer’s cloud operations and give them the flexibility to evolve their spend with us as their needs change over time.

Our network of 3,000 channel and technology partners as of March 31, 2020 also plays an important role in our sales efforts. Our channel partners, including management and technical consultancies, technology integrators, software application providers, value-added resellers and web developers, serve as a source of new business opportunities, primarily for small and medium-sized customers. Our technology partners serve as an extension of our sales force, often leading to new business opportunities as their customers recognize the need for a services partner to make the best use of their technology investments. In some cases, we collaborate directly with these partners on go-to-market efforts.

Our Customer Success team includes over 600 Rackers and engages in client relationship, contract management, managing deliverables, client retention, and growth of our install base. This team is responsible for understanding the existing customers’ changing business needs and translating them into IT requirements, resulting in successful project execution or alignment of our other service offerings.

We have a full life cycle marketing plan that leverages a mix of initiatives. Our goal is market awareness of the unique value we bring to our customers in an ever-changing multicloud world. Through a series of automation and digital experiences, we provide awareness of our multicloud expertise, vast partner network, proven leadership and customer success-driven culture that thrives on Fanatical Experience. We leverage customer success stories to best describe how we work with customers and partners to produce compelling content. Our global brand marketing, Solving Together, is focused on thought leadership, media and public relations, virtual and in-person event marketing, an interactive social media plan, search engine optimization and digital advertising to drive awareness and credibility. Our global website is published in four languages across 18 regions and serves as our window to the market. For our solution marketing initiatives, we have a mix of digital display advertising, nurture automation, content syndication, social media and webinars to nurture our vast customer base for cross sell/upsell opportunities. Our experts participate in worldwide speaking engagements and contribute to several media outlets, always alongside our customers and partners.

Our Culture

At the heart of our customers' Fanatical Experience is our unique culture.

At Rackspace Technology, we invest in the recruitment, development and retention of our Rackers. Inclusion and diversity is a top priority for our company; we cultivate top talent from around the world with diverse backgrounds and a range of expertise. We are highly selective in hiring the best talent, hiring less than 2% of all applicants, to ensure our employees are not just technical experts, but obsessed with customer outcomes and delivering Fanatical Experience.

We offer Rackers' various professional development opportunities through Rackspace University, along with award winning Onboarding and Leadership development programs, enabling them to enhance their capabilities across technologies and further their professional growth. Additionally, we are regularly recognized as a best place to work by Great Place to Work Institute, Fortune, Forbes, Glassdoor, Military Times, and the Human Rights Foundation Best Places to Work for LGBTQ and more. Our culture and focus on Rackers' development has resulted in a strong annualized employee retention rate of over 87% for the first half of 2020.

Our Rackers are passionate about serving our communities as well. Rackspace Technology provides 24 hours of paid time for each Racker to volunteer, averaging a total of over 27,000 volunteer hours annually. The Rackspace Foundation, a Racker-funded nonprofit organization, has contributed over $5 million to date in support of education improvements in local schools.
Our Employees

As of May 31, 2020, we employed approximately 6,800 Rackers in 15 countries, including 4,400 Rackers in North America, 1,200 Rackers in EMEA, 1,100 in APJ and 100 Rackers in Australia and New Zealand. Of our North American Rackers, approximately 2,100 work from our corporate headquarters in San Antonio, Texas. As of May 31, 2020, approximately 20% of all Rackers were classified as work-from-home. None of our employees are represented by a collective bargaining agreement, nor have we experienced any work stoppages.

Intellectual Property

We rely on a combination of patent, copyright, trademark, service mark and trade secret laws in the U.S., the European Union, the U.K. and various countries in Asia and South America, along with contractual restrictions, to establish and protect our intellectual property and proprietary rights, including with respect to our data offerings and services. However, these laws and contractual restrictions provide only limited protection. For example, we do not have any patent rights related to our proprietary tools, technology, processes and systems, including Rackspace Fabric, and rely on confidentiality agreements to protect such proprietary rights.

We have trademarks registered or pending in the U.S., the European Union and various countries in Asia and South America for our name and certain words and phrases that we use in our business, and we rely on copyright laws and licenses to use and protect software and certain other elements of our proprietary technologies. We also enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties, and we actively monitor access to our proprietary technologies. In addition, we license third-party software, open source software and other technologies that are used in the provision of or incorporated into some elements of our services. Many parts of our business are significantly reliant on proprietary technology and/or licensed technology, including open source software.

We have patents issued as well as patent applications pending in the U.S. and the European Union, primarily related to our historical, legacy offerings such as OpenStack Public Cloud. We cannot assure you that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow the scope of the claims sought. Our issued patents, and any future patents issued to us, may be challenged, invalidated or circumvented, may not provide sufficiently broad protection and may not prove to be enforceable in actions against alleged infringers.

Although we take steps to protect our intellectual property and proprietary rights, we cannot be certain that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying or the reverse engineering of our technology and other proprietary information, including by third parties who may use our technology or other proprietary information to develop services that compete with ours. Moreover, others may independently develop technologies or services that are competitive with ours or that infringe on, misappropriate or otherwise violate our intellectual property and proprietary rights. Policing the unauthorized use of our intellectual property and proprietary rights can be difficult. The enforcement of our intellectual property and proprietary rights also depends on any legal actions we may bring against any such parties being successful, but these actions are costly, time-consuming and may not be successful, even when our rights have been infringed, misappropriated or otherwise violated. Our use of open source software, and participation in open source projects, may also limit our ability to assert certain of our intellectual property and proprietary rights against third parties, including competitors, who access or use software or technology that we have contributed to such open source projects.

Furthermore, effective patent, copyright, trademark and trade secret protection may not be available in every country in which our services are available, as the laws of some countries do not
protect intellectual property and proprietary rights to as great an extent as the laws of the United States. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property and proprietary rights are uncertain and still evolving.

Companies in the software industry or non-practicing entities may own large numbers of patents, copyrights, trademarks and other intellectual property and proprietary rights, and these companies and entities may in the future request license agreements, threaten litigation or file suit against us based on allegations of infringement, misappropriation or other violations of their intellectual property and proprietary rights. Any significant impairment of, or third-party claim against, our intellectual property and proprietary rights could harm our business or our ability to compete.

See “Risk Factors—Risks Related to Our Business” for a more comprehensive description of risks related to our intellectual property and proprietary rights, including our use of open source software.

Seasonality

Our business is not materially affected by seasonal trends.

Properties

Office Space

We lease our corporate headquarters facility in Windcrest, Texas, which is in the San Antonio, Texas area and consists of a 1.2 million square foot facility located on 67 acres of land. We are currently using approximately 0.7 million square feet of office space. In addition to our corporate headquarters, we lease office locations throughout the U.S., Europe, the Asia Pacific Region, Mexico and other locations throughout the world. To retain operational flexibility, we are increasingly utilizing shorter-term shared office facilities rather than entering into traditional longer-term office leases.

Data Centers

As of December 31, 2019, we leased data centers located across the U.S., the U.K., Hong Kong, Australia and other locations throughout the world.

We believe that our existing office space and data center facilities are adequate for our current needs and that suitable additional or alternative space will be available in the future to meet our anticipated needs.

Legal Proceedings

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 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.
**MANAGEMENT**

The following table sets forth the name, age and position of each of our executive officers and directors as of the date of this prospectus.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones</td>
<td>52</td>
<td>Director &amp; Chief Executive Officer</td>
</tr>
<tr>
<td>Dustin Semach</td>
<td>39</td>
<td>Executive Vice President, Chief Financial Officer &amp; Treasurer</td>
</tr>
<tr>
<td>Subroto Mukerji</td>
<td>59</td>
<td>Executive Vice President &amp; Chief Operating Officer</td>
</tr>
<tr>
<td>Holly Windham</td>
<td>54</td>
<td>Executive Vice President, Chief Legal and People Officer &amp; Corporate Secretary</td>
</tr>
<tr>
<td>Sandeep Bhargava</td>
<td>47</td>
<td>Managing Director, Asia Pacific and Japan</td>
</tr>
<tr>
<td>Martin Blackburn</td>
<td>53</td>
<td>Managing Director, EMEA</td>
</tr>
<tr>
<td>Amanda Samuels</td>
<td>49</td>
<td>Chief Communications and Marketing Officer</td>
</tr>
<tr>
<td>Matt Stoyka</td>
<td>47</td>
<td>Chief Solutions Officer</td>
</tr>
<tr>
<td>Tolga Tarhan</td>
<td>38</td>
<td>Chief Technology Officer</td>
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<tr>
<td>Stephen Mills</td>
<td>33</td>
<td>Senior Vice President &amp; General Manager – Americas</td>
</tr>
<tr>
<td>Thomas Wolf</td>
<td>36</td>
<td>Senior Vice President, Global Sales Strategy &amp; Operations</td>
</tr>
<tr>
<td>Susan Arthur</td>
<td>54</td>
<td>Director</td>
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<tr>
<td>Jeffrey Benjamin</td>
<td>58</td>
<td>Director</td>
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<tr>
<td>Timothy Campos</td>
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<td>Director</td>
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<tr>
<td>Dhiren Fonseca</td>
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<td>Director</td>
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<tr>
<td>Mitch Garber</td>
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<td>Director</td>
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<tr>
<td>Darren Glatt</td>
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<td>Director</td>
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<tr>
<td>Brian St. Jean</td>
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<td>Director</td>
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<tr>
<td>David Sambur</td>
<td>40</td>
<td>Director (Chairman)</td>
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<tr>
<td>Aaron Sobel</td>
<td>34</td>
<td>Director</td>
</tr>
</tbody>
</table>

The following are brief biographies describing the backgrounds of the executive officers and directors of the Company.

**Executive Officers**

**Kevin Jones** has served as a Director and our Chief Executive Officer since April 2019. Prior to joining the Company, Mr. Jones served as Chief Executive Officer since October 2017 and Director since 2018 of MV Transportation, Inc., a passenger transportation contracting service. Mr. Jones served as Senior Vice President and General Manager of Americas at DXC Technology Company, a multinational end-to-end IT services and solutions company, from April 2017 until October 2017. He served as Senior Vice President and General Manager at Hewlett Packard Enterprise Company (“HPE”) from August 2014 until March 2017. He served as the Chief Customer and Sales Officer for Dell Services at Dell Inc. from 2011 until 2014, where he led go-to-market functions for applications, business process outsourcing, infrastructure services and cloud computing businesses. Before joining Dell, he spent 21 years at Hewlett Packard (“HP”) and Electronic Data Systems (“EDS”), where he held executive positions in both Europe and Asia. He has served as Executive Sponsor of three employee resource groups at HPE: the Black Employee Network, Young Employee Network and PRIDE. He also serves as a member of the board of directors for the North Texas Food Bank, the World Affairs Council of Dallas and Tech Titans. Mr. Jones holds a Bachelor’s degree from James Madison University and is a Certified Management Accountant. We believe Mr. Jones is qualified to serve as a member of our board of directors because of his experience building and leading our business, his insight into corporate matters as our Chief Executive Officer and his extensive leadership experience in the technology industry.
**Dustin Semach** has served as our Executive Vice President and Chief Financial Officer since July 2019. Mr. Semach has extensive experience in all aspects of corporate finance, including public and private equity and debt markets, along with strategic investments, acquisitions, divestitures and mergers. From February 2017 until he joined the Company, Mr. Semach served as Vice President—Global FP&A at DXC Technology Company and from January 2013 until February 2017, Mr. Semach held a number of finance leadership roles at Computer Sciences Corporation (CSC), including Director, Corporate Financial Planning and Analysis from November 2014 to February 2017. Mr. Semach holds an MBA from Northeastern University and a Bachelor’s degree from Clemson University.

**Subroto Mukerji** has served as our Executive Vice President and Chief Operating Officer since July 2019. From April 2017 until he joined the Company, Mr. Mukerji served as Vice President—Global FP&A at DXC Technology Company and from January 2013 until February 2017, Mr. Mukerji held a number of finance leadership roles at Computer Sciences Corporation (CSC), including Director, Corporate Financial Planning and Analysis from November 2014 to February 2017. Mr. Mukerji holds an MBA from Northeastern University and a Bachelor’s degree from Clemson University.

**Holly Windham** has served as our Executive Vice President, Chief Legal Officer, Chief Ethics and Compliance Officer and Corporate Secretary since April 2017 and Chief People Officer since October 2019. Before joining the Company, from September 2016 to March 2017, Ms. Windham worked for Axiom Global, where she led a team to help Google Cloud develop its offerings. From September 1997 to October 2015, Ms. Windham served in a number of different legal roles at HP, including Deputy General Counsel leading legal support for several HP businesses, including its cloud and software units. She began her legal career with Gibson Dunn & Crutcher in 1991, based out of its Dallas office but with extended assignments in New York City and Honolulu, working closely with client companies on their financial reorganizations. She graduated summa cum laude with a Bachelor’s degree in sociology from Southwestern Oklahoma State University and a JD from Pepperdine University School of Law. In addition, Ms. Windham serves as the chair of the board of directors of the Internet Association.

**Sandeep Bhargava** has served as our Managing Director, Asia Pacific and Japan since September 2019. Mr. Bhargava served as General Manager, Healthcare and Lifesciences business, ASEAN at DXC Technology from December 2017 to May 2018, and as Managing Director from April 2017 to November 2017. Mr. Bhargava’s tenure with HP included roles as Director, Graphics Solutions Business, Asia Pacific Japan since June 2018, General Manager, Enterprise Services, South East Asia, Taiwan from February 2015 to March 2017, Senior Director, Infrastructure Outsourcing, Asia from October 2010 to January 2015, and various management positions from November 2003 to November 2009. Mr. Bhargava holds an MBA in marketing and marketing management from the Indian Institute of Management and earned a degree in electronics and communication from the Delhi College of Engineering.

**Martin Blackburn** has served as our Managing Director, EMEA since January 2020. From December 2016 until he joined the Company, Mr. Blackburn served as an Operating Partner of Marlin Equity Partners. Mr. Blackburn brings expertise in outsourcing, service delivery and business transformation through his experience as General Manager of Global Technology Services, UKI with IBM from February 2011 to January 2017, Chief Operating Officer Europe with HP / EDS from January 2008 to February 2011, and Chief Executive Officer, Global Outsourcing Services with Logica from March 1997 to January 2008. In addition, Mr. Blackburn serves as Non-Executive Chairman on the board of Innovation Group Western Europe and as Non-Executive Director on the board of sales-i.

**Amanda Samuels** has served as our Chief Communications and Marketing Officer since August 2019. Ms. Samuels brings more than 20 years of corporate and consulting experience in marketing and communications. From May 2018 until she joined the Company, Ms. Samuels served as Principal
at Strategy Muse. Prior to that time, she served as Chief Communications Officer at the Kellogg School of Management from March 2013 to January 2018 and Managing Director of Internal Communications at United Airlines from September 2009 to August 2011. Ms. Samuels also has over ten years of consulting experience with Gagen MacDonald, a strategy execution firm that specializes in employee engagement, culture change and leadership development. Ms. Samuels is a graduate of the Michigan State University.

Matthew Stoyka has served as our Chief Solutions Officer since August 2019 after his tenure as Senior Vice President & General Manager of Application Services. Mr. Stoyka has 20 years of leadership in regional and global businesses with extensive experience in starting, growing and selling technology services. Prior to joining the Company in May 2018, Mr. Stoyka founded and was the CEO of RelationEdge, a Salesforce Platinum partner, and led the sale of RelationEdge to the Company. Prior to founding RelationEdge in 2013, Mr. Stoyka was Executive Vice President, Sales & Technical Operations at CenterBeam and Vice President, Operations for Network Insight. He also serves on the board of directors of Big Brothers Big Sisters of San Diego County. Mr. Stoyka holds an MBA in international business and supply chain management from the University of San Diego, which included study at City University in Hong Kong, and a degree in manufacturing systems engineering from Kettering University.

Tolga Tarhan was promoted in June 2020 to our Chief Technology Officer after having served as our Senior Vice President & General Manager, AWS Services since November 2019 when we acquired Onica. A software engineer and entrepreneur by trade, Mr. Tarhan has over eighteen years of successive experience in executive roles including as Chief Technology Officer at Onica from December 2017 until November 2019, Chief Executive Officer of Sturdy Networks, LLC from January 2013 to December 2017, Chief Executive Officer of NetBrains, Inc. from January 2013 to December 2017, and Vice President of Technology at DelTel, Inc. from October 2002 to September 2009. Mr. Tarhan holds an MBA in business administration and management from the George L. Graziadio School of Business and Management at Pepperdine University.

Stephen Mills was promoted in May 2020 to our Senior Vice President & General Manager – Americas after having served as Vice President, US Commercial since April 2019, Senior Director of Sales from December 2017 until March 2019, Sales Director from October 2015 to December 2017, and Senior Manager – Commercial Sales from May 2014 to October 2015. Steve joined the Company in 2006 as an intern and has held a number of leadership roles within the Company, spanning across IT, Supply Chain and Sales and has led multiple teams and implemented growth strategies through enterprise, mid-market and commercial segments including channel sales, demand generation, and inside sales functions.

Thomas Wolf has served as our Senior Vice President, Global Sales Strategy and Operations since December 2019. From January 2017 until joining the Company, Mr. Wolf held a number of positions at Trintech, including Vice President of Global Strategic Operations where he led sales operations and enablement and strategy, and Vice President of Sales Operations. Mr. Wolf spent the majority of his career at CSC where he served as Director, Global Sales Operations from July 2014 to January 2017, and in sales and operations management positions from June 2009 to June 2014. Prior to joining CSC, he worked in various consulting positions across Italy and Austria. Mr. Wolf received his Master of Social and Economic Sciences from Vienna University of Economics and Business Administration.

Non-Employee Directors

Susan Arthur became a member of our board of directors in April 2020. Ms. Arthur currently serves as the Chief Operating Officer of OptumInsight, a health services innovation company. Prior to
joining OptumInsight in September 2019, Ms. Arthur served in a number of leadership roles at technology service companies, including as Group President at NTT Data from March 2018 to September 2019, Vice President and General Manager at DXC Technology from April 2017 to March 2018, Vice President and General Manager—Regulated Industries at Hewlett Packard Enterprise from November 2015 to March 2017, and a number of Vice President and General Manager positions at HP from 2008 until October 2015. We believe that Ms. Arthur is qualified to serve as a member of our board of directors because of her extensive leadership experience in the technology services industry.

Jeffrey Benjamin became a member of our board of directors in November 2016. Mr. Benjamin has 25 years of investment banking, investment management and directorial board experience. He has been a senior advisor to Cyrus Capital Partners since June 2008. He serves as Chairman of the board of A-Mark Precious Metals and as a member of the board of American Airlines. In addition, Mr. Benjamin also serves on the following private company boards: a parent company of Shutterfly, Hexion, Involta LLC, ImOn Communications LLC and NRG Radio. Mr. Benjamin served on the board of directors of Chemtura Corporation from 2012 to 2017, Caesars Entertainment from 2008 to 2017 and Exco Resources from 2007 to 2016. He holds both an M.S. in management from the Sloan School of Management at MIT and a Bachelor’s degree from Tufts University. We believe that Mr. Benjamin is qualified to serve as member of our board of directors because of his extensive investment management and financial services experience and because of his experience serving on the boards of multiple companies.

Timothy Campos became a member of our board of directors in December 2016. Since December 2016, Mr. Campos has been the CEO of Woven—an enterprise software company applying machine learning and natural language processing to workforce productivity. Before founding Woven and from August 2010 until November 2016, Mr. Campos served as Vice President and Chief Information Officer for Facebook. Prior to Facebook, Mr. Campos was Chief Information Officer for KLA-Tencor. He has deep expertise in enterprise software development, large scale distributed systems and data services and analytics. Mr. Campos sits on the board of directors for Viavi Solutions, Inc. as well as at the Haas School of Business at the University of California at Berkeley. Mr. Campos has an MBA from both Columbia University and the University of California at Berkeley and a degree in electrical engineering and computer science also from the University of California at Berkeley. We believe that Mr. Campos is qualified to serve as member of our board of directors because of his extensive experience and expertise in the enterprise software and technology industry.

Dhiren Fonseca became a member of our board of directors in December 2016. Mr. Fonseca is an Advisor at the private equity partnership Certares, LP since April 2014 and previously served as Chief Commercial Officer for Expedia, Inc., an online travel company, from 2012 until April 2014. Prior to his role as Chief Commercial Officer, he served as Expedia’s Co-President, Partner Services Group, as Senior Vice President, Corporate Development and Strategy, and as Vice President, Corporate Development Strategy. Prior to Expedia, Mr. Fonseca was a longtime employee of Microsoft Corporation, a provider of software, services and solutions, and a member of the management team responsible for creating Expedia.com in 1996, while still part of Microsoft Corporation. Mr. Fonseca serves on the board of directors of Alaska Air Group, Diamond Resorts, Redbox and RentPath, Inc., a digital marketing company, and previously served on the board of directors of Caesars Acquisition Company and HotelTonight. We believe that Mr. Fonseca is qualified to serve as member of our board of directors because of his experience as a company executive and because of his experience serving on the boards of multiple companies.

Mitch Garber became a member of our board of directors in November 2016. Mr. Garber is currently chairman of the board of directors of Invest in Canada, the Canadian government federal agency responsible for foreign direct investment in Canada. He is also currently a co-investor and chairman of the board of directors of Cirque du Soleil, co-investor and a member of the board of
directors of both French fashion house Lanvin and a parent company of Shutterfly, and is a minority owner of the NHL Seattle hockey team controlled by David Bonderman. From 2013 until 2017, Mr. Garber was the CEO of Caesars Acquisition Company and, under his leadership, built an Israeli based mobile games business which was sold in 2016 to a Chinese consortium including Giant Interactive and Jack Ma for approximately $4.4 billion. He sits on the board and leads a number of philanthropic activities in Canada and Israel. He has a Bachelor’s degree from McGill University, a JD and honorary doctorate from the University of Ottawa and was awarded the Order of Canada in 2019. We believe that Mr. Garber is qualified to serve as member of our board of directors because of his experience in building and leading businesses and because of his experience serving on the boards of multiple companies.

Darren Glatt became a member of our board of directors in November 2016. Mr. Glatt is a Partner and Co-Head of Infrastructure Investing at Searchlight Capital Partners. Prior to joining Searchlight in 2013, Mr. Glatt worked as a Partner in the Private Equity Group at Apollo Management, L.P., where he focused on both equity and credit investing in a range of industries that included Technology, Media & Telecommunications, Consumer, Leisure and Shipping, among others. Mr. Glatt also held positions at Apax Partners and The Cypress Group. He started his career at Bear Stearns in 1998 in New York. Mr. Glatt is currently a member of the board of directors of Bezeq, B Communications Ltd. and PatientPoint, and formerly a member of the board of directors of Charter Communications, MediaMath, Ocean Outdoor, 160over90, PlayPower, Veritable Maritime and Core Media. Mr. Glatt received a Bachelor’s degree from The George Washington University and an MBA from Harvard Business School. We believe that Mr. Glatt is qualified to serve as member of our board of directors because of his extensive financial services experience and because of his experience serving on the boards of multiple companies.

Brian St. Jean became a member of our board of directors in November 2017. Mr. St. Jean is a Partner at ABRY Partners II, LLC having joined in 2005. Mr. St. Jean has experience in financing, analyzing, investing in and/or advising public and private companies and his areas of focus have included data centers, software, cybersecurity, business services and human capital management. He has also served, and is currently serving, on the board of directors of several private companies. Prior to joining ABRY, Mr. St. Jean was a manager in PricewaterhouseCoopers’ mergers and acquisitions group focusing on the entertainment, media and telecommunications industries. He is a graduate of the University of Rhode Island with high distinction and received a Bachelor’s degree in Business Administration. We believe that Mr. St. Jean is qualified to serve as member of our board of directors because of his extensive financial services experience and because of his experience serving on the boards of multiple companies.

David Sambur became a member of our board of directors in November 2016 and is the chairman of our board of directors. Mr. Sambur is a Co-Lead Partner of Apollo Global Management, Inc. having joined in 2004. Mr. Sambur has experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Prior to joining Apollo, Mr. Sambur was a member of the Leveraged Finance Group of Salomon Smith Barney Inc. Mr. Sambur currently serves on the board of directors of Sherwood Holdings I, Inc. (parent of Shutterfly), Nugs.net Enterprises, Inc., PlayAGS, Inc., Camaro Parent, LLC (parent of CareerBuilder), Aspen Holdco, LLC (parent of Coinstar, LLC), Constellation Club Holdings, Inc. (parent of ClubCorp), Dakota Holdings, Inc. (parent of Diamond Resorts International, Inc.), EcoATM Parent, LLC, Gamenet Group S.p.A, Redwood Holdco, LLC (parent of Redbox Automated Retail LLC), Mood Media Corporation, Terrier Media Holdings, Inc. (d/b/a Cox Media Group) and Terrier Gamut Holdings, Inc. Mr. Sambur also served on the boards of Caesars Entertainment Corporation from November 2010 to April 2019, Hexion Holdings LLC from 2010 to 2016, MPM Holdings Inc. from 2014 to 2016 and Verso Corporation from 2008 to 2016. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a Bachelor's degree in economics. We believe that Mr. Sambur is qualified to serve as
Aaron Sobel became a member of our board of directors in November 2016. Mr. Sobel is a Principal of Apollo Global Management, Inc. having joined in 2011. Mr. Sobel has experience in financing, analyzing, investing in and/or advising public and private companies and their board of directors. Prior to joining Apollo, Mr. Sobel was a member of the Financial Sponsors Group in the Investment Banking Division at Goldman Sachs & Co. Mr. Sobel currently serves on the board of directors of AP NMT JV Newco (Endemol Shine Group) B.V., Terrier Media Holdings, Inc. (d/b/a Cox Media Group) and Terrier Gamut Holdings, Inc. Mr. Sobel graduated with Highest Honors from the Stephen M. Ross School of Business at the University of Michigan with a Bachelor’s degree in business administration. We believe that Mr. Sobel is qualified to serve as member of our board of directors because of his extensive financial services experience and because of his experience serving on the boards of multiple companies.

### Family Relationships
There are no family relationships among our directors and executive officers.

### Controlled Company
We have applied to list our common stock on Nasdaq. As the Apollo Funds will continue to control more than 50% of our combined voting power upon the completion of this offering, we will be considered a “controlled company” for the purposes of Nasdaq’s rules and corporate governance standards. As a “controlled company,” we will be permitted to, and we intend to, elect not to comply with certain corporate governance requirements, including (1) those that would otherwise require our board of directors to have a majority of independent directors, (2) those that would require that we establish a compensation committee composed entirely of independent directors and (3) those that would require we have a nominating and corporate governance committee comprised entirely of independent directors or otherwise ensure that the nominees for directors are determined or recommended to our board of directors by the independent members of our board of directors pursuant to a formal resolution addressing the nominations process and such related matters as may be required under the federal securities laws. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a “controlled company” and our shares of common stock continue to be listed on Nasdaq, we will be required to comply with these provisions within the applicable transition periods.

### Director Independence
While we are a “controlled company” we are not required to have a majority of independent directors. As allowed under the applicable rules and regulations of the SEC and Nasdaq, we intend to phase in compliance with the heightened independence requirements prior to the end of the one-year transition period after we cease to be a “controlled company.” Upon consummation of this offering, we expect our independent directors, as such term is defined by the applicable rules and regulations of Nasdaq, will be Ms. Arthur, Mr. Benjamin, Mr. Campos, Mr. Fonseca and Mr. Garber.

### Board Composition
Upon the consummation of this offering, our board of directors will consist of 10 members. We intend to avail ourselves of the “controlled company” exception under the Nasdaq rules, which
eliminates the requirements that we have a majority of independent directors on our board of directors and that we have a compensation committee and a nominating/corporate governance committee composed entirely of independent directors. We will be required, however, to have an audit committee with one independent director during the 90-day period beginning on the date of effectiveness of the registration statement of which this prospectus is a part. After such 90-day period and until one year from the date of effectiveness of the registration statement, we will be required to have a majority of independent directors on our audit committee. Thereafter, we will be required to have an audit committee comprised entirely of independent directors.

If at any time we cease to be a “controlled company” under the Nasdaq rules, the board of directors will take all action necessary to comply with the applicable Nasdaq rules, including appointing a majority of independent directors to the board of directors and establishing certain committees composed entirely of independent directors, subject to a permitted “phase-in” period.

Upon the consummation of this offering, our board of directors will be divided into three classes. The members of each class will serve staggered, three-year terms (other than with respect to the initial terms of the Class I and Class II directors, which will be one and two years, respectively). Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Upon consummation of this offering:

- Ms. Arthur, Mr. Benjamin and Mr. Sobel will be Class I directors, whose initial terms will expire at the fiscal 2021 annual meeting of stockholders;
- Mr. Campos, Mr. Fonseca and Mr. Garber will be Class II directors, whose initial terms will expire at the fiscal 2022 annual meeting of stockholders; and
- Mr. Glatt, Mr. Jones, Mr. St. Jean and Mr. Sambur will be Class III directors, whose initial terms will expire at the fiscal 2023 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in control. At each annual meeting, our stockholders will elect the successors to one class of our directors.

The authorized number of directors may be increased or decreased by our board of directors in accordance with our certificate of incorporation. At any meeting of the board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes, except that if Apollo and its affiliates, including the Apollo Funds, beneficially own at least 5% of our issued and outstanding common stock and there is at least one member of our board of directors who is an Apollo Board Nominee, then at least one director that is an Apollo Board Nominee must be present for there to be a quorum unless each Apollo Board Nominee waives his or her right to be included in the quorum at such meeting.

The Apollo Funds have the right, at any time until Apollo and its affiliates, including the Apollo Funds, no longer beneficially own at least 5% of the voting power of our outstanding common stock, to nominate a number of directors (the “Apollo Board Nominees”) comprising a percentage of our board of directors in accordance with their beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number). As long as Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P. (together with Searchlight Capital II, L.P., “Searchlight”) and their affiliates continue to hold at least 6,000,000 shares of our common stock (subject to any equitable adjustments), which is an amount equal to 50% of the shares of our common stock Searchlight originally received in connection with the Rackspace Acquisition (after giving effect to the Stock Split), Searchlight will have the right to (a) nominate one director to our board of directors (the “Searchlight Board Nominee”) and (b) designate
one director to the boards of directors of certain of our subsidiaries so long as Apollo and its affiliates (including the Apollo Funds) appoint any
director to such company’s board of directors (or similar body). In addition, as long as affiliates of ABRY continue to hold at least 11,122,514
shares of our common stock (subject to any equitable adjustments), which is an amount equal to 50% of the shares of our common stock that
affiliates of ABRY held at the closing of the acquisition of Datapipe (after giving effect to the Stock Split), ABRY Partners VIII, L.P., an affiliate of
ABRY (“ABRY VIII”), will have the right to nominate one director to our board of directors (the “ABRY Board Nominee”).

As of the date of this prospectus, Mr. Benjamin, Mr. Campos, Mr. Fonseca, Mr. Garber, Mr. Sambur and Mr. Sobel are the Apollo Board
Nominees, Mr. Glatt is the Searchlight Board Nominee and Mr. St. Jean is the ABRY Board Nominee.

Board Committees

Following the consummation of this offering, the board committees will include an executive committee, an audit committee, a
compensation committee and a nominating and corporate governance committee. Each committee of our board will consist of at least two
directors, and for so long as Apollo and its affiliates, including the Apollo Funds, beneficially own at least 5% of the voting power of our
outstanding common stock, each committee of our board of directors, other than the audit committee, will include at least one Apollo Board
Nominee, subject to compliance with applicable law and the rules and regulations of Nasdaq.

Executive Committee

Following the consummation of this offering, our executive committee will consist of Mr. Sambur (Chair), Mr. Jones and Mr. Sobel.
Subject to certain exceptions, the executive committee generally may exercise all of the powers of the board of directors when the board of
directors is not in session. The executive committee serves at the pleasure of our board of directors. This committee and any of its members
may continue or be changed once the Apollo Funds no longer own a controlling interest in us.

Audit Committee

Following the consummation of this offering, our audit committee will consist of Mr. Benjamin (Chair), Ms. Arthur and Mr. Fonseca. Under
applicable SEC and Nasdaq rules and regulations, we are entitled to phase in an independent audit committee. We are required to have an
audit committee with one independent director during the 90-day period beginning on the date of effectiveness of the registration statement of
which this prospectus is a part. After such 90-day period and until one year from the date of effectiveness of the registration statement, we are
required to have a majority of independent directors on our audit committee. Thereafter, we are required to have an audit committee comprised
entirely of independent directors. Our board of directors has determined that Mr. Benjamin qualifies as an “audit committee financial expert” as
such term is defined in Item 407(d)(5) of Regulation S-K and that each of Mr. Benjamin, Ms. Arthur and Mr. Fonseca is independent as
independence is defined in Rule 10A-3 of the Exchange Act and under Nasdaq’s listing standards. The principal duties and responsibilities of
our audit committee will be as follows:

- to prepare the annual audit committee report to be included in our annual proxy statement;
- to oversee and monitor our accounting and financial reporting processes;
- to oversee and monitor the integrity of our financial statements and internal control system;
- to oversee and monitor the independence, retention, performance and compensation of our independent registered public accounting
  firm;
- to oversee and monitor the performance, appointment and retention of our internal audit department;

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• to discuss, oversee and monitor policies with respect to risk assessment and risk management; and
• to oversee and monitor our compliance with legal and regulatory matters.

The audit committee will also have the authority to retain counsel and advisors to fulfill its responsibilities and duties and to form and delegate authority to subcommittees.

Compensation Committee

Following the consummation of this offering, our compensation committee will consist of Mr. Sambur (Chair), Mr. Glatt and Mr. Sobel. The principal duties and responsibilities of the compensation committee will be as follows:

• to review, evaluate and make recommendations to the full board of directors regarding our compensation policies and programs;
• to review and approve the compensation of our chief executive officer, other executive officers and key employees, including all material benefits, option or stock award grants and perquisites and all material employment agreements;
• to review and make recommendations to the board of directors with respect to our incentive compensation plans, equity-based compensation plans and pension plans;
• to review and make recommendations to the board of directors with respect to the financial and other performance targets that must be met; and
• to prepare an annual compensation committee report and take such other actions as are necessary and consistent with the governing law and our organizational documents.

We intend to avail ourselves of the "controlled company" exception under the Nasdaq rules which exempts us from the requirement that we have a compensation committee composed entirely of independent directors.

Nominating and Corporate Governance Committee

Following the consummation of this offering, our nominating and corporate governance committee will consist of Mr. Sambur (Chair), Mr. Garber and Mr. Sobel. The principal duties and responsibilities of the nominating and corporate governance committee will be as follows:

• to identify candidates qualified to become directors of the Company, consistent with criteria approved by our board of directors;
• to recommend to our board of directors nominees for election as directors at the next annual meeting of stockholders or a special meeting of stockholders at which directors are to be elected, as well as to recommend directors to serve on the other committees of the board;
• to recommend to our board of directors candidates to fill vacancies and newly created directorships on the board of directors;
• to identify best practices and recommend corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance;
• to set and review the compensation of the non-executive members of the board of directors;
• to develop and recommend to our board of directors guidelines setting forth corporate governance principles applicable to the Company; and
• to oversee the evaluation of our board of directors.

We intend to avail ourselves of the “controlled company” exception under the Nasdaq rules which exempts us from the requirement that we have a nominating and corporate governance committee composed entirely of independent directors.

Code of Conduct

Our board of directors has adopted a code of conduct that applies to all of our directors, officers and employees and is intended to comply with the relevant listing requirements for a code of conduct as well as qualify as a “code of ethics” as defined by the rules of the SEC. The code of conduct contains general guidelines for conducting our business consistent with the highest standards of business ethics. We intend to disclose future amendments to certain provisions of our code of conduct, or waivers of such provisions applicable to any principal executive officer, principal financial officer, principal accounting officer and controller or persons performing similar functions, and our directors, on our website at https://www.rackspace.com. Following the consummation of this offering, the code of conduct will be available on our website.

Board Leadership Structure and Board’s Role in Risk Oversight

The board of directors has an oversight role, as a whole and also at the committee level, in overseeing management of its risks. The board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. Following the completion of this offering, the compensation committee of the board of directors will be responsible for overseeing the management of risks relating to employee compensation plans and arrangements and the audit committee of the board of directors will oversee the management of financial risks. While each committee will be responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors will be regularly informed through committee reports about such risks.
EXECUTIVE COMPENSATION

The following discussion describes our process of determining the compensation and benefits provided to our “named executive officers” ("NEOs") in fiscal year 2019.

Our NEOs for fiscal year 2019 are:

- Kevin Jones, Chief Executive Officer ("CEO") commencing April 24, 2019;
- Dustin Semach, Executive Vice President and Chief Financial Officer ("CFO") of Rackspace US, Inc. ("Rackspace US") commencing July 22, 2019;
- Subroto Mukerji, Executive Vice President and Chief Operating Officer of Rackspace US commencing July 1, 2019;
- Joseph Eazor, former CEO through April 24, 2019;
- Louis Alterman, former CFO of Rackspace US through July 22, 2019;
- Sid Nair, former Executive Vice President and General Manager, Americas of Rackspace US commencing July 29, 2019 through May 29, 2020;
- Vikas Gurugunti, former Executive Vice President and General Manager, Rackspace US Solutions and Services of Rackspace US commencing August 12, 2019 through March 29, 2020; and
- Sandy Hogan, former Executive Vice President and Americas Managing Director of Rackspace US through August 16, 2019.

In compliance with SEC rules, the information described herein is largely historical but we expect to adopt a public company compensation structure for our executive officers following the completion of this offering. Our executive compensation program has historically been determined by the Executive Committee of the board of directors (the “Executive Committee”), whose members were David Sambur and Aaron Sobel, two designees of the Apollo Funds. We expect that the compensation committee of our board of directors (the “Compensation Committee”) will work with our board of directors and management to develop and maintain a compensation framework following this offering that is appropriate and competitive for a public company, and will establish compensation objectives and programs that are appropriate for executive officers of a public company.

We implemented a series of changes to our management team in 2019, including hiring a new CEO in April 2019 and a new CFO in July 2019. We believe Messrs. Jones and Semach and other additions to our management team have the skills and experience necessary to successfully carry the Company forward as a public company.

Executive Compensation Program

Compensation Philosophy and Objectives

The Company's executive compensation programs are guided by the following principles, which make up our executive compensation philosophy:

- **Pay for Performance.** Compensation opportunities are designed to align executives’ pay with the Company's performance and are focused on producing sustainable long-term growth.

- **Attract and Retain Talented Management Team.** We compete for talent with other companies of similar size in our market. In order to attract and retain executives with the experience necessary to achieve our business goals, compensation must be competitive and appropriately balanced between fixed compensation and at-risk compensation.
• **Align Interests with Interests of Stockholders.** We believe that management should have a significant financial stake in the Company to align their interests with those of the stockholders and to encourage the creation of long-term value. Therefore, equity awards make up a substantial component of executive compensation.

Our executive compensation program has three key elements, which are designed to give effect to our guiding principles: base salary, annual cash incentive compensation and long-term equity compensation.

Prior to this offering, we have balanced our executive compensation program toward equity compensation that promoted direct ownership in the business, alignment of the interests of management with our equityholders and a focus on long-term success. We have also ensured that the base salary and target annual incentive level of each NEO is competitive in order to appropriately retain and reward the NEOs for their ongoing service and achievements.

We believe that the design of our executive compensation program and our compensation practices support our compensation philosophy. We expect that, following this offering, our Compensation Committee will evaluate our compensation philosophy to determine whether it should be adjusted to take into account our status as a publicly traded company, as well as each of the elements of our compensation program, and may make changes as it deems appropriate.

**Role of the Executive Committee in the Compensation Process**

Our Executive Committee has historically established and overseen compensation for our executive, managerial and other personnel that is competitive and rewarding to the degree that it will attract, hold and inspire performance of a quality and nature that will enhance our growth and value. Among other responsibilities, the Executive Committee has historically (1) established, implemented and overseen the administration of our compensation philosophies, (2) reviewed and approved the design and payout formula used for the allocation of annual bonus payments to our NEOs, subject to the approved bonus budgets, and (3) approved salary adjustments, subject to the approved annual salary budgets.

Following this offering, our Compensation Committee will be responsible for making all determinations with respect to our executive compensation programs and the compensation of our NEOs.

**Role of Executive Officers in the Compensation Process**

In making determinations with respect to executive compensation for executive officers, in 2019 the Executive Committee considered input from the then-current CEO. Our CEO provides insight to the Executive Committee on specific decisions and recommendations related to the compensation of the executive officers other than our CEO. The Executive Committee believes that the input of our CEO with respect to the assessment of individual performance, succession planning and retention is a key component of the process.

**Role of Compensation Consultants in the Compensation Process**

In connection with this offering, we engaged Meridian Compensation Partners LLC (“Meridian”) to perform an analysis of our executive compensation programs and to provide recommendations with respect to any changes that should be made to our executive compensation programs following this
offering. Meridian was engaged by the Company and not by our Executive Committee. Meridian does not provide any services to the Company other than those it has been engaged to provide in connection with this offering.

Compensation Program

The Company’s total direct compensation program consists of three main elements: base salary, annual cash incentives and equity-based long-term incentives. A significant majority of our NEOs’ total direct compensation is performance-based and at risk. The Company also provides various benefit and retirement programs, as well as relocation packages. The table below provides an overview of the elements of the Company’s executive compensation program, a brief description of each compensation element and the reason for inclusion in the executive compensation program.

<table>
<thead>
<tr>
<th>Compensation Element</th>
<th>Brief Description</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Salary</td>
<td>Fixed compensation</td>
<td>Provide a competitive, fixed level of cash compensation to attract and retain the most talented and skilled executives</td>
</tr>
<tr>
<td>Annual Incentive Plan</td>
<td>Variable cash compensation earned based on achieving pre-established annual goals</td>
<td>Motivate and reward executives to achieve or exceed the Company’s current-year goals</td>
</tr>
<tr>
<td>Equity Awards</td>
<td>Non-qualified stock option and restricted stock unit awards made to senior leaders. A significant portion of these awards are tied to performance metrics</td>
<td>Align performance of our key talent with the Company’s stockholders</td>
</tr>
<tr>
<td>Perquisites and Generally Available Benefit Programs</td>
<td>401(k) plan, relocation packages, commuting expenses, home sale assistance (in the case of Mr. Nair) and other generally available benefits</td>
<td>Provide benefits we believe are necessary for competitive compensation packages</td>
</tr>
</tbody>
</table>

Our executive compensation program also provides for cash severance payments and benefits tied to provisions within each NEO’s employment agreement, and accelerated vesting of equity awards in the event of certain terminations of employment, including following a change in ownership of our business.

The following discussion provides further details on our executive compensation program.
Base Salaries

Base salaries provide a fixed amount of cash compensation on which our NEOs can rely. Base salary levels are determined taking into consideration all elements of compensation as a whole, and based on individual position, experience and competitive market-based salaries for similar positions. As of December 31, 2019, the annual base salaries for our NEOs were as follows:

<table>
<thead>
<tr>
<th>Executive</th>
<th>Annual Base Salary ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones, CEO</td>
<td>825,000</td>
</tr>
<tr>
<td>Dustin Semach, Executive Vice President and CFO</td>
<td>485,000</td>
</tr>
<tr>
<td>Subroto Mukerji, Executive Vice President and Chief Operating Officer</td>
<td>460,000</td>
</tr>
<tr>
<td>Sid Nair, Former Executive Vice President and General Manager, Americas</td>
<td>650,000</td>
</tr>
<tr>
<td>Vikas Gurugunti, Former Executive Vice President and General Manager, Rackspace Solutions and Services</td>
<td>450,000</td>
</tr>
</tbody>
</table>

As described above, Mr. Eazor terminated his employment with us on April 22, 2019. Mr. Alterman terminated his role as CFO on July 22, 2019 when he became advisor to the CEO, and he terminated his employment with us on August 30, 2019. Ms. Hogan terminated her employment with us on August 16, 2019. Prior to termination, Mr. Eazor's annual base salary was $825,000, Mr. Alterman's annual base salary was $550,000 and Ms. Hogan's annual base salary was $465,000.

2019 Annual Cash Incentive Plan

The second component of executive officer compensation is an annual cash incentive based on Company performance. Tying a portion of total compensation to annual company performance permits us to adjust the performance metrics each year to reflect changing objectives and those that may be of special importance for a particular year. Through the 2019 Annual Cash Incentive Plan, we seek to provide an appropriate amount of short-term cash compensation that is at risk and tied to the achievement of certain short-term performance goals. The target annual incentive as a percentage of base salary was initially specified in each NEO's employment agreement.

The 2019 Annual Cash Incentive Plan is based on achievement of Adjusted EBITDA, revenue and net debt targets. The individual bonuses granted under the 2019 Annual Cash Incentive Plan are not determined based on discretionary performance.
For 2019, the target bonus opportunities for our NEOs were as follows:

<table>
<thead>
<tr>
<th>Executive</th>
<th>Percentage of Base Salary (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones (1), CEO</td>
<td>125</td>
</tr>
<tr>
<td>Dustin Semach, Executive Vice President and CFO</td>
<td>75</td>
</tr>
<tr>
<td>Subroto Mukerji, Executive Vice President and Chief Operating Officer</td>
<td>80</td>
</tr>
<tr>
<td>Sid Nair, Former Executive Vice President and General Manager, Americas</td>
<td>90</td>
</tr>
<tr>
<td>Vikas Gurugunti, Former Executive Vice President and General Manager, Rackspace Solutions and Services</td>
<td>80</td>
</tr>
</tbody>
</table>

(1) Pursuant to his employment agreement, Mr. Jones’s 2019 annual bonus of $1,031,250 was a prorated portion of the target amount based on his start date, irrespective of performance. The Company determined not to prorate his annual bonus based on his start date due to Mr. Jones’s performance exceeding expectations.

Prior to their termination of employment, Mr. Eazor had an annual target bonus set forth in his employment agreement with Rackspace US of $1,031,250 (125% of base salary), Mr. Alterman had an annual target bonus set forth in his employment agreement with Rackspace US of $495,500 (90% of base salary), and Ms. Hogan had an annual target bonus set forth in her employment agreement with Rackspace US of $372,000 (80% of base salary).

The metrics utilized for the 2019 Annual Cash Incentive Plan, and their respective weightings, are set forth below.

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Weighting (%)</th>
<th>Performance Target ($) (In millions)</th>
<th>Actual Performance ($) (In millions)</th>
<th>Bonus Payout Percentage (%)</th>
<th>Overall Weighted Payout of Target Bonus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Revenue</td>
<td>25</td>
<td>2,479</td>
<td>2,426</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>55</td>
<td>720</td>
<td>750</td>
<td>110</td>
<td>61</td>
</tr>
<tr>
<td>Adjusted Net Debt</td>
<td>20</td>
<td>3,713</td>
<td>3,695</td>
<td>99</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adjusted EBITDA

For purposes of our incentive plans, Adjusted EBITDA is defined as net income (loss), plus interest expense, income taxes, depreciation and amortization, further adjusted to exclude the impact of non-cash charges for share-based compensation and cash charges related to the settlement of our Predecessor’s equity plan, transaction-related costs and adjustments, restructuring and transformation charges, management fees, certain other non-operating, non-recurring or non-core gains and losses, the impact of changes in foreign exchange rates, and presented under prior accounting standards for revenue and lease accounting.
The following table summarizes the calculation of bonuses for fiscal year 2019 paid to each of the NEOs.

<table>
<thead>
<tr>
<th>Executive</th>
<th>Base Salary ($  )</th>
<th>Bonus Target (%)</th>
<th>Bonus Target ($)</th>
<th>Actual Bonus Paid for Fiscal 2019 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones, CEO</td>
<td>825,000</td>
<td>125</td>
<td>1,031,250</td>
<td>1,031,250(a)</td>
</tr>
<tr>
<td>Dustin Semach, Executive Vice President and CFO</td>
<td>485,000</td>
<td>75</td>
<td>363,750</td>
<td>162,442</td>
</tr>
<tr>
<td>Subroto Mukerji, Executive Vice President and Chief Operating Officer</td>
<td>460,000</td>
<td>80</td>
<td>368,000</td>
<td>277,260(b)</td>
</tr>
<tr>
<td>Joseph Eazor, Former CEO</td>
<td>825,000</td>
<td>125</td>
<td>585,000</td>
<td>—</td>
</tr>
<tr>
<td>Louis Alterman(c), Former CFO</td>
<td>550,000</td>
<td>90</td>
<td>495,000</td>
<td>484,829</td>
</tr>
<tr>
<td>Sid Nair, Former Executive Vice President and General Manager, Americas</td>
<td>650,000</td>
<td>90</td>
<td>585,000</td>
<td>585,000(d)</td>
</tr>
<tr>
<td>Vikas Gurugunti, Former Executive Vice President and General Manager, Rackspace Solutions and Services</td>
<td>450,000</td>
<td>80</td>
<td>360,000</td>
<td>140,055</td>
</tr>
<tr>
<td>Sandy Hogan, Former Executive Vice President and Americas Managing Director of Rackspace</td>
<td>465,000</td>
<td>80</td>
<td>372,000</td>
<td>—</td>
</tr>
</tbody>
</table>

(a) Pursuant to his employment agreement, Mr. Jones’s 2019 annual bonus of $1,031,250 was a prorated portion of the target amount based on his start date, irrespective of performance. The Company determined not to prorate his annual bonus based on his start date due to Mr. Jones’s performance exceeding expectations.

(b) Under the terms of his employment agreement, Mr. Mukerji’s 2019 annual bonus was based on a hypothetical employment date of April 1, 2019, resulting in an additional three months of proration.

(c) As of June 15, 2019, Mr. Alterman’s employment agreement was amended to increase his annual base salary from $525,000 to $550,000. Prior to such salary increase, his target annual bonus was $472,500.

(d) Under the terms of Mr. Nair’s employment agreement, his annual bonus was not reduced to a pro rata amount as of his start date of July 29, 2019.

Jones Sign-On Bonus

In connection with his commencement of employment with us, Mr. Jones received a sign-on bonus of $10 million, paid out semi-annually in four equal installments of $2.5 million over an 18-month period; provided, that, if Mr. Jones voluntarily resigns without good reason (as defined in his employment agreement), he is not entitled to payment of any additional installments of the sign-on bonus.

Nair Sign-On Bonus

In connection with his commencement of employment with us, Mr. Nair received a sign-on bonus of $1,037,500 paid within 30 days of the start of employment and an additional bonus equal to
$1,500,000 paid out in three equal installments of $500,000 with the first installment paid on August 16, 2019, the second and third installments paid on the second payroll date in April 2020 and the second payroll date in January 2021, respectively; provided, that, if Mr. Nair resigns without good reason or is terminated for cause (as defined in his employment agreement) within one year of commencing employment, he is required to repay to the Company any portion of the sign-on bonus paid within such one-year period.

**Gurugunti Sign-On Bonus**

In connection with his commencement of employment with us, Mr. Gurugunti received a sign-on bonus of $40,000 paid on the first reasonable payroll date following commencement of employment; provided, that, if Mr. Gurugunti resigns without good reason or is terminated for cause prior to the one-year anniversary of commencing employment, he is required to repay to the Company any portion of the sign-on bonus paid within such one-year period.

**Equity Program**

We established the Rackspace Technology, Inc. Equity Incentive Plan (the “2017 Incentive Plan”) in fiscal year 2017 as a platform to grant equity awards to our key employees, including our NEOs. The 2017 Incentive Plan was designed to align the interests of our most senior leaders with those of the Company’s stockholders.

For our NEOs, we have historically granted awards of options to acquire common stock of the Company, with a per share exercise price not less than the fair market value of a share of the Company’s common stock as of the date of the grant. For NEOs other than our CEO, one-third of each of the NEO’s option awards vest in equal annual installments over a five-year period (subject to accelerated vesting upon the six-month anniversary of a “change in control” or an earlier qualifying termination following such “change in control”) based on continued service. The remaining two-thirds of the options vest upon any date on which the Apollo Funds receive cash consideration for shares in respect of their invested capital, or, following an initial public offering of shares of our common stock, any date the Apollo Funds hold shares of our common stock that are listed on a national securities exchange, such shares are not subject to any lock-up restrictions and the Company is eligible to file an S-3 registration statement (“marketable securities”), if the Apollo Funds achieve pre-established performance targets based on a multiple of their invested capital, or MOIC (the “performance tranche”). MOIC is determined by dividing (a) the total cash consideration received by the Apollo Funds on or prior to any measurement date (whether by sale proceeds or distributions) plus the value of any marketable securities as of such date, by (b) their invested capital as of such measurement date. If, upon a change in control, the Apollo Funds receive any non-cash consideration as cash consideration (and any portion of the performance tranche that does not vest will be forfeited) or, if the Apollo Funds do not elect to treat such non-cash consideration in that manner, the performance tranche will remain outstanding and eligible to vest on a later measurement date following such change in control. Fifty percent (50%) of the performance tranche is scheduled to vest on a measurement date if the Apollo Funds have achieved a MOIC of 2.25, with prorated vesting between a MOIC achievement of 1.75 and 2.25, based on linear interpolation.

Mr. Jones received an option grant consistent with the terms above (except that his service-based portion vests on the three-month anniversary of a change in control), and he also received two RSU awards upon his hiring: the first award vests in equal annual installments over a three-year period (subject to accelerated vesting upon the three-month anniversary of a change in control) and the second...
grant (the “CEO Performance RSU Grant”) vests based on the date of the Executive Committee’s certification of EBITDA CAGR, which is defined as the percentage of compound annual growth in EBITDA from March 31, 2019 through March 31, 2022. The CEO Performance RSU Grant will vest on the date of determination, as follows: (i) if EBITDA CAGR is less than 5%, no portion of the CEO Performance RSU Grant will vest, (ii) if EBITDA CAGR is greater than or equal to 5% but less than 10%, the number of RSUs with an aggregate fair market value of $5 million will vest as of such date of determination, (iii) if the EBITDA CAGR is greater than or equal to 10% but less than 15%, the number of RSUs with an aggregate fair market value of $10 million will vest and (iv) if the EBITDA CAGR is greater than or equal to 15%, the number of RSUs with an aggregate fair market value of $20 million will vest. The shares of our common stock delivered in respect of the vested RSUs earned by Mr. Jones pursuant to the CEO Performance RSU Grant shall be issued from the shares of our common stock available for issuance under the 2020 Incentive Plan; provided that all of the terms and conditions of such award will remain unchanged.

The following table sets forth the equity granted by the Company during 2019.

<table>
<thead>
<tr>
<th>Award</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service-based Options</td>
<td>One-third of each of the NEOs’ option awards vest in equal annual installments over a five-year period (subject to accelerated vesting within six months (three months for the CEO) following a “change in control” (or upon an earlier qualifying termination following a change in control))</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>Two-thirds vest upon any measurement date the Apollo Funds achieve pre-established performance targets based on a multiple on their invested capital or MOIC: 50% of the performance tranche is scheduled to vest on a measurement date if the Apollo Funds have achieved a MOIC of 1.75, and 50% of the performance tranche is scheduled to vest on a measurement date if the Apollo Funds have achieved a MOIC of 2.25, with prorated vesting between a MOIC achievement of 1.75 and 2.25, based on linear interpolation.</td>
</tr>
<tr>
<td>Time-based RSUs (CEO only)</td>
<td>Vests in equal annual installments over a three-year period (subject to accelerated vesting upon the three-month anniversary of a change in control)</td>
</tr>
<tr>
<td>CEO Performance RSU Grant</td>
<td>Vests based on the date of the Executive Committee's certification of EBITDA CAGR</td>
</tr>
</tbody>
</table>

In determining the size of the option awards and RSU awards granted to our NEOs, the Executive Committee took into account each NEO’s level of responsibility within the Company and potential to improve the long-term, overall value of the business. The majority of equity grants are made in the form of options upon commencement of employment; however, the Company occasionally grants RSUs for retention purposes.

The 2017 Incentive Plan (and each NEO’s employment agreement) contains non-competition, non-solicitation, confidentiality, nondisclosure and other restrictive covenants. The duration of the non-competition and non-solicitation covenants for all NEOs extends for one year (other than in the case of Mr. Jones, whose non-solicitation covenant extends for 18 months) following termination of employment.
Amendments to the 2017 Incentive Plan and underlying Award Agreements

Prior to this offering, our board of directors is expected to approve amendments to the 2017 Incentive Plan and the award agreements relating to outstanding equity awards thereunder, which amendments will take effect as of the consummation of this offering. The amendments to the 2017 Incentive Plan and outstanding equity awards are intended to better align the terms of the awards with those awards to be granted under the 2020 Incentive Plan.

Pursuant to such amendments, the service-based vesting requirements of the outstanding award agreements will be deemed satisfied immediately upon the occurrence of a Change in Control, rather than on the six-month anniversary of a Change in Control (as had applied to awards granted to individuals other than members of our board of directors (except in the case of Mr. Jones, whose outstanding awards would have vested on the three-month anniversary of a Change in Control)). However, any performance-based vesting requirements of the outstanding awards will remain in effect and the performance tranche of any outstanding award will not be amended. The amendments also reflect that as of the consummation of this offering, award holders acquiring common stock under the 2017 Incentive Plan will no longer be required to become parties to our management investor rights agreement dated as of April 7, 2017, which agreement will terminate effective as of the pricing of this offering. Further, the amendments adjust procedures relating to the exercise of options to allow optionees to exercise outstanding stock options via a broker-assisted “cashless” exercise. Finally, the amendments adjust the procedures for award holders to provide notices to us.

As of the consummation of this offering, and contingent upon stockholder approval of the 2020 Incentive Plan, the 2017 Incentive Plan will terminate, except as it relates to outstanding awards, and any remaining shares reserved for future grants under the 2017 Incentive Plan will be released.

See “—Outstanding Equity Awards at Fiscal 2019 Year-End” and “—Fiscal Year 2019 Director Compensation” for further information on the outstanding equity awards held by our named executive officers and directors under the 2017 Incentive Plan.

Severance Benefits

We are obligated to pay severance or other enhanced benefits to our NEOs upon certain terminations of their employment pursuant to their employment agreements. Our severance arrangements are designed to promote loyalty and to provide executives with security and reasonable compensation upon an involuntary termination of employment. Further details regarding the severance benefits provided to our NEOs can be found below under “—Potential Payments upon Termination or Change in Control.”

Employment Agreements

Each of our NEOs is party to an employment agreement with one of our operating subsidiaries, which specifies the terms of the executive’s employment including certain compensation levels, and is intended to assure us of the executive’s continued employment and to provide stability in our senior management team.

Retirement Benefits

Each NEO participates in our 401(k) plan, which is a qualified defined contribution plan available to our employees generally.
Perquisites

Our NEOs are eligible for certain executive perquisites, including housing expenses and relocation benefits so our NEOs can seamlessly fulfill their obligations to the Company. These perquisites are common within our industry, are important for recruiting and retaining key talent and comprise an important component of our total compensation package.

Health and Welfare Benefits

Our NEOs participate in our health and welfare benefit plans, which are available to our employees generally. Our health and welfare benefit plans include medical insurance, dental insurance, life insurance, accidental death and dismemberment insurance, and short-term and long-term disability insurance. The Company also supplements its primary compensation program by providing retirement benefits under a 401(k) plan with a Company matching contribution. We provide these benefits in order to provide our workforce with a reasonable level of financial support in the event of illness or injury, to enhance productivity and job satisfaction, and to remain competitive.

Tax and Accounting Considerations

For income tax purposes, public companies may not deduct any portion of compensation that is in excess of $1 million paid in a taxable year to certain “covered employees,” including our NEOs, under Section 162(m) of the Code. Even if Section 162(m) of the Code were to apply to compensation paid to our NEOs, our board of directors believes that it should not be constrained by the requirements of Section 162(m) of the Code if those requirements would impair flexibility in compensating our NEOs in a manner that can best promote our corporate objectives. We intend to continue to compensate our executive officers in a manner consistent with the best interests of our stockholders and reserve the right to award compensation that may not be deductible under Section 162(m) where the Company believes it is appropriate to do so.

Risk Mitigation in Compensation Program Design

Our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. Our annual incentive programs and long-term equity incentives provide an effective and appropriate balance of short-term and long-term incentives to ensure that our executive compensation program is aligned with the Company's strategic goals without encouraging or rewarding excessive risk.
## Fiscal Year 2019 Summary Compensation Table

The following table sets forth the compensation paid or awarded to our NEOs by the Company and its affiliates for services rendered in all capacities to the Company and its affiliates in fiscal year 2019:

<table>
<thead>
<tr>
<th>Executive</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Bonus ($)</th>
<th>Stock Awards ($)</th>
<th>Option Awards ($)</th>
<th>Non-Equity Incentive Plan Compensation ($)</th>
<th>All Other Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones, CEO</td>
<td>2019</td>
<td>555,288</td>
<td>6,031,250</td>
<td>5,499,891</td>
<td>16,058,005</td>
<td>—</td>
<td>33,920</td>
<td>28,178,354</td>
</tr>
<tr>
<td>Dustin Semach, Executive Vice President and CFO</td>
<td>2019</td>
<td>205,192</td>
<td>—</td>
<td>—</td>
<td>3,994,671</td>
<td>162,442</td>
<td>169,078</td>
<td>4,531,383</td>
</tr>
<tr>
<td>Subroto Mukerji, Executive Vice President and Chief Operating Officer</td>
<td>2019</td>
<td>221,154</td>
<td>—</td>
<td>—</td>
<td>5,592,529</td>
<td>277,260</td>
<td>132,760</td>
<td>6,223,703</td>
</tr>
<tr>
<td>Joseph Eazor, Former CEO</td>
<td>2019</td>
<td>428,365</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,550,000</td>
<td>4,978,365</td>
</tr>
<tr>
<td>Louis Alterman, Former CFO</td>
<td>2019</td>
<td>368,750</td>
<td>—</td>
<td>711,164</td>
<td>1,278,154</td>
<td>1,278,154</td>
<td>1,638,520</td>
<td>3,996,588</td>
</tr>
<tr>
<td>Sid Nair, Former Executive Vice President and General Manager, Americas</td>
<td>2019</td>
<td>262,500</td>
<td>1,837,500</td>
<td>—</td>
<td>6,391,471</td>
<td>585,000</td>
<td>69,619</td>
<td>9,146,090</td>
</tr>
<tr>
<td>Vikas Gurugunti, Former Executive Vice President and General Manager, Rackspace Solutions and Services</td>
<td>2019</td>
<td>164,423</td>
<td>40,000</td>
<td>—</td>
<td>4,777,200</td>
<td>140,055</td>
<td>113,659</td>
<td>5,235,337</td>
</tr>
<tr>
<td>Sandy Hogan, Former Executive Vice President and Managing Director</td>
<td>2019</td>
<td>196,731</td>
<td>110,000</td>
<td>—</td>
<td>4,817,400</td>
<td>—</td>
<td>365,513</td>
<td>5,489,644</td>
</tr>
</tbody>
</table>

(1) Mr. Jones is eligible to receive a $10 million cash sign-on bonus in 2019 per the terms of his employment agreement, paid semi-annually in four equal installments of $2.5 million over an 18-month period commencing on June 6, 2019 (i.e., $5,000,000 paid during 2019). Pursuant to his employment agreement, Mr. Jones’s 2019 annual bonus of $1,031,250 was to equal the target amount irrespective of performance, prorated based on his start date, but the Company determined not to prorate this bonus. Mr. Nair received a sign-on bonus of $1,037,500, and $500,000 of an additional sign-on bonus of $1,500,000 on August 16, 2019, with the remaining amount to be paid in equal installments on each of the second payroll date in April 2020 and the second payroll date in January 2021, subject to his continued employment on each such date. The Company, in its discretion, also paid Mr. Nair a $300,000 bonus, tying his payout to his leaders’ attainment of sales-related objectives. The Company did not set metrics for Mr. Nair in connection with this bonus payout. Mr. Gurugunti received a sign-on bonus of $40,000. Pursuant to her employment agreement, Ms. Hogan’s 2019 regional sales bonus was to equal $110,000 for the second and third quarters of 2019, irrespective of performance.

(2) The amounts reported reflect the aggregate grant date fair value of each stock option and RSU computed in accordance with FASB ASC Topic 718. For service-based options, the value is calculated using the Black Scholes option-pricing model. The Company utilizes the Black-Scholes option-pricing model for service-based option awards and the Monte Carlo simulation model for performance-based option awards to estimate the fair value of stock options granted to its employees. The expected volatility is calculated based on the historical volatility of the stock prices for a group of identified peer companies for the expected term of the stock options on the grant date due to the lack of historical trading prices of the Company’s common stock. For service-based option awards, the average expected option life represented the period of time the stock options were expected to be outstanding at the issuance date based on management’s estimate. The expected term of the performance-based options was based on the expected time until a liquidity event, such as a “change in control” event. The risk-free interest rate is calculated based on the U.S. Treasury zero-coupon yield, with a remaining term that approximates the expected option life assumed at the date of issuance. The expected annual dividend per share is 0% based on the Company’s expected dividend rate. With respect to the CEO Performance RSU Grant, no value is included in this table because the achievement of the vesting conditions was not deemed probable as of the date of the grant. If the CEO Performance RSU Grant is earned at maximum achievement, Mr. Jones would be entitled to a
number of vested RSUs equal to $20 million as of such date, with such shares of common stock delivered in respect of the vested RSUs to be issued from the shares of our common stock available for issuance under the 2020 Incentive Plan. For a discussion of the valuation assumptions and methodologies used to calculate the amounts referred to above, please see the discussion contained in Note 12 to our audited consolidated financial statements for the year ended December 31, 2019, included elsewhere in this prospectus.

For 2019, this column includes amounts paid out pursuant to the 2019 Annual Cash Incentive Plan.

“All Other Compensation” for 2019 is reflected in the table below.

<table>
<thead>
<tr>
<th>Name</th>
<th>401(k) Match ($)</th>
<th>Relocation Expenses ($)</th>
<th>Severance ($)</th>
<th>Other ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones</td>
<td>229</td>
<td>33,691</td>
<td>—</td>
<td>8,874(c)</td>
<td>33,925</td>
</tr>
<tr>
<td>Dustin Semach</td>
<td>—</td>
<td>160,204(b)</td>
<td>—</td>
<td>—</td>
<td>169,078</td>
</tr>
<tr>
<td>Subroto Mukerji</td>
<td>—</td>
<td>132,760(d)</td>
<td>—</td>
<td>—</td>
<td>132,760</td>
</tr>
<tr>
<td>Joseph Eazor</td>
<td>2,040</td>
<td>—</td>
<td>4,550,000(e)</td>
<td>118,220(g)</td>
<td>1,638,520</td>
</tr>
<tr>
<td>Louis Alterman</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>132,760</td>
</tr>
<tr>
<td>Sid Nair</td>
<td>—</td>
<td>38,100</td>
<td>—</td>
<td>8,273(j)</td>
<td>49,373</td>
</tr>
<tr>
<td>Vikas Gurugunti</td>
<td>—</td>
<td>105,386(i)</td>
<td>—</td>
<td>8,273(j)</td>
<td>113,659</td>
</tr>
<tr>
<td>Sandy Hogan</td>
<td>386</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>365,513</td>
</tr>
</tbody>
</table>

(a) See the discussion below under “—Potential Payments upon Termination or Change in Control” for a description of Mr. Eazor’s, Mr. Alterman’s and Ms. Hogan’s severance payments.

(b) Mr. Semach received a $117,475 payment for relocation expenses and a $42,729 gross-up for taxes for such payment.

(c) Mr. Semach received an $8,674 payment for out-of-pocket commuting expenses.

(d) Mr. Mukerji received a $95,990 payment for relocation expenses and a $36,769 gross-up for taxes for such payment.

(e) Mr. Eazor received a severance payment per the terms of his separation agreement consisting of (i) his target bonus for fiscal 2019 in the amount of $1,031,250, (ii) a transition assistance payment in the amount of $1,143,750, (iii) a severance payment of $825,000, (iv) a housing lease payment of $50,000, and (v) $1,500,000 in consideration for the cancellation of his outstanding equity awards.

(f) Mr. Alterman received a severance payment per the terms of his separation agreement consisting of: (i) $962,500 severance payment (of which $160,417 was paid to Mr. Alterman in 2019); (ii) transition payment of $250,000; (iii) a pro rata portion of his retention bonus of $216,364; (iv) his annual performance bonus of $484,829, which is the annual performance bonus he would have been entitled to receive if he had been employed at the ordinary time of payout; (v) a pro rata portion of his RSUs vested in connection with his termination for a value of $401,211; and (vi) a pro rata portion of his options vested in connection with his termination for a value of $5,439. As of June 15, 2019, Mr. Alterman’s annual base salary increased from $525,000 to $550,000, with a target annual bonus of $495,000. Prior to such salary increase, his target annual bonus was $472,500.

(g) Mr. Alterman received a lump sum commuting allowance of $118,220.

(h) Mr. Alterman received a lump sum commuting allowance of $118,220. This amount includes a $29,419 gross-up for taxes relating to Mr. Nair’s commuting expenses and $2,100 the Company paid to a third party to assist with the sale of Mr. Nair’s residence.

(i) Mr. Gurugunti received a lump sum relocation payment in the amount of $75,000 and a $30,386 gross-up for taxes for such payment.

(j) Mr. Gurugunti received an $8,273 payment for out-of-pocket commuting expenses.

(k) Mr. Gurugunti received an $8,273 payment for out-of-pocket commuting expenses.

(l) This figure reflects the portion of Ms. Hogan’s $892,000 severance payment that was paid in 2019 and includes $30,627 in paid-time-off Ms. Hogan had accrued upon termination.

(5) Mr. Jones’s employment commenced on April 24, 2019.
(6) Mr. Semach’s employment commenced on July 22, 2019.
(7) Mr. Eazor’s employment with the Company terminated effective as of April 24, 2019.
(8) Mr. Alterman’s employment with the Company terminated effective as of August 30, 2019.
(9) The vesting of an additional portion of Mr. Alterman’s stock awards was accelerated in connection with his termination of employment, which resulted in an incremental value of $711,164.
(10) The vesting of an additional portion of Mr. Alterman’s option awards accelerated in connection with his termination of employment, which resulted in an incremental value of $638,516. Additionally, his vested options received an exercise extension period with an incremental value of $639,638.
(11) Ms. Hogan’s employment with the Company terminated effective as of August 16, 2019.
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Fiscal Year 2019 Grants of Plan-Based Awards Table

The following table includes each grant of an award made to the NEOs in fiscal year 2019 under the 2019 Annual Cash Incentive Plan and the 2017 Incentive Plan.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Type of Award</th>
<th>Estimated Future Payouts under Non-Equity Incentive Plan Awards(1)</th>
<th>Estimated Future Payouts under Equity Incentive Plan Awards</th>
<th>All Other Stock Awards: Number of Shares of Stock or Units (#)</th>
<th>All Other Option Awards: Number of Securities Underlying Options (#)</th>
<th>Exercise Price of Option Awards ($/share)</th>
<th>Grant Date Fair Value of Stock and Option Awards ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones</td>
<td>4/22/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>800,004</td>
<td>12.88</td>
<td>5,972,697</td>
</tr>
<tr>
<td></td>
<td>4/22/19</td>
<td>Performance-based Options(4)</td>
<td>—</td>
<td>—</td>
<td>800,004</td>
<td>1,599,996</td>
<td>12.88</td>
<td>10,085,308</td>
</tr>
<tr>
<td></td>
<td>4/22/19</td>
<td>Time-Based RSUs(5)</td>
<td>—</td>
<td>—</td>
<td>427,176</td>
<td>5,000,000</td>
<td>12.88</td>
<td>5,499,891</td>
</tr>
<tr>
<td></td>
<td>4/22/19</td>
<td>CEO Performance RSU Grant(6)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Dustin Semach</td>
<td>7/29/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>363,750</td>
<td>—</td>
<td>—</td>
<td>200,004</td>
<td>12.87</td>
<td>1,473,363</td>
</tr>
<tr>
<td></td>
<td>7/29/19</td>
<td>Performance-Based Options(4)</td>
<td>—</td>
<td>—</td>
<td>200,004</td>
<td>399,996</td>
<td>12.87</td>
<td>2,521,308</td>
</tr>
<tr>
<td>Subroto Mukerji</td>
<td>7/29/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>368,000</td>
<td>—</td>
<td>—</td>
<td>279,996</td>
<td>12.87</td>
<td>2,062,637</td>
</tr>
<tr>
<td></td>
<td>7/29/19</td>
<td>Time-Based Options(3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>7/29/19</td>
<td>Performance-Based Options(4)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Joseph Eazor</td>
<td>7/29/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>1,031,250</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Louis Alterman</td>
<td>7/29/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>585,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sid Nair</td>
<td>7/29/19</td>
<td>Time-Based Options(3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>302,004</td>
<td>12.87</td>
<td>2,357,363</td>
</tr>
<tr>
<td></td>
<td>7/29/19</td>
<td>Performance-Based Options(4)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>639,996</td>
<td>12.87</td>
<td>4,034,108</td>
</tr>
<tr>
<td>Vikas Gurugunti</td>
<td>8/12/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>360,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>8/12/19</td>
<td>Time-based Options(3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>240,000</td>
<td>12.87</td>
<td>1,751,600</td>
</tr>
<tr>
<td></td>
<td>8/12/19</td>
<td>Performance-based Options(4)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>480,000</td>
<td>12.87</td>
<td>3,025,600</td>
</tr>
<tr>
<td>Sandy Hogan</td>
<td>5/24/19</td>
<td>2019 Annual Cash Incentive Plan</td>
<td>372,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>5/24/19</td>
<td>Time-Based Options(3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>5/24/19</td>
<td>Performance-based Options(4)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Represents annual bonus targets provided in Messrs. Semach’s, Mukerji’s, Gurugunti’s and Nair’s employment agreements. Under the terms of Mr. Nair’s employment agreement, his annual bonus is not reduced to a pro rata amount as of his start date of July 29, 2019. Under the terms of his employment agreement, Mr. Mukerji’s 2019 annual bonus was based on a hypothetical start date of April 1, 2019, resulting in an additional three months of proration.

(2) Amounts were calculated in accordance with FASB Topic 718 and represent the aggregate grant date fair value. See footnotes (2) and (3) to the “Option Awards” and “Stock Awards” columns of the “Summary Compensation Table” above for additional information.

(3) These awards vest 20% over five years, subject to continued employment.

(4) These awards are subject to performance-based vesting conditions as described above under “—Equity Program.”

(5) These awards vest 33% over three years, subject to continued employment.

(6) These awards vest based on the Company’s achievement of EBITDA CAGR, subject to continued employment. On the determination date, a number of RSUs will vest equal to the dollar value achieved (based on performance) divided by the fair market value of a share of common stock as of the determination date, with such shares of common stock delivered in respect of the vested RSUs to be issued from the shares of our common stock available for issuance under the 2020 Incentive Plan.

(7) Ms. Hogan’s employment terminated prior to implementation of sales objectives for the fourth quarter of 2019.
Employment Agreements

In 2019, Rackspace US entered into new employment agreements with Messrs. Jones, Semach, Mukerji, Gurugunti and Nair, which we collectively refer to as the “NEO Employment Agreements.” Each of the NEO Employment Agreements provides for compensation and benefits under specified circumstances in connection with the termination of the NEO’s employment, as described below under “—Potential Payments upon Termination or Change in Control.”

Employment Agreement with Kevin Jones

Rackspace US entered into an employment agreement with Kevin Jones on March 13, 2019, pursuant to which he serves as our Chief Executive Officer and receives a base salary of $825,000. In connection with his commencement of employment with Rackspace US, Mr. Jones is eligible to receive a sign-on bonus of $10 million, paid out semi-annually in four equal installments of $2.5 million over an 18-month period. Each installment payment is subject to Mr. Jones not voluntarily resigning without good reason prior to the date the installment payment is due.

Mr. Jones is eligible to receive an annual cash bonus, with a target bonus amount equal to 125% of his annual base salary and a maximum amount equal to 200% of his annual base salary. Mr. Jones’s actual annual bonus for a given year, if any, is determined on the basis of his and/or the Company’s attainment of objective financial and/or other subjective or objective criteria established by the Executive Committee. Mr. Jones’s annual bonus for 2019 was to be equal to a prorated portion of his target bonus, determined based on the number of days worked in such calendar year beginning on the effective date (although the Company determined not to prorate his annual bonus based on his start date due to Mr. Jones’s performance exceeding expectations). Mr. Jones’s employment agreement provides for an additional cash bonus to be paid within ten (10) days of the effective date in the event his prior employer does not pay him all or any portion of his accrued and earned annual bonus in respect of calendar year 2018. In such an event, the Company will pay Mr. Jones an additional cash bonus of $1,281,993.57 less any amount paid by Mr. Jones’s prior employer. The Company was not required to pay any portion of this bonus to Mr. Jones.

Mr. Jones is entitled to four weeks of paid vacation per calendar year, in accordance with the Company’s vacation policies. During the term of employment, the Company will reimburse Mr. Jones for all reasonable travel (including first-class airfare) and other business expenses incurred by him in the performance of his duties to the Company.

Employment Agreement with Dustin Semach

Rackspace US entered into an employment agreement with Mr. Semach on July 8, 2019, pursuant to which he serves as our Executive Vice President and Chief Financial Officer and receives a base salary of $485,000, which was increased to $550,000 in 2020. Mr. Semach is eligible for an annualized on-target bonus of 75% of annual salary, which was increased to 100% of annual salary in 2020.

If, prior to any reimbursement payment, the Company’s tax advisor determines Mr. Semach is subject to federal income tax or a FICA obligation by reason of a reimbursement payment, or if at any later time the Internal Revenue Service asserts that Mr. Semach is subject to federal income tax or a FICA obligation by reason of a reimbursement payment, the Company will pay Mr. Semach an additional gross-up amount for taxes so that the net amount paid to or on behalf of Mr. Semach after paying applicable withholdings or taxes will be equal to the amount that would have been paid had such payments not been subject to tax plus penalties and interest.

Mr. Semach is also party to a retention agreement dated May 5, 2020 (the “Retention Agreement”), pursuant to which he is eligible to receive a retention bonus of $500,000 if he remains an
active employee of the Company for the 12 month period beginning on May 5, 2020 and ending May 5, 2021 (the “Retention Period”). Mr. Semach will receive $250,000 on the first pay period in November 2020 and the remaining $250,000 on the first pay period in May 2021. Mr. Semach will be eligible to receive a prorated amount of the next installment amount if (i) the Company eliminates his position, (ii) the Company terminates Mr. Semach without cause, or (iii) Mr. Semach terminates for good reason. If Mr. Semach resigns or is terminated for cause at any time between the date of acceptance and the retention bonus payment date, he will not receive any retention bonus payment.

In connection with this offering, Mr. Semach’s annual base salary will be increased to $750,000. In connection with the closing of this offering, Mr. Semach will also receive an RSU grant with a value equal to $3 million based on the initial public offering price (the “CFO IPO Grant”), of which 50% will immediately vest upon the date of grant, and the remaining 50% will vest in two equal installments on the first and second anniversary of the date of grant, subject to continued employment with the Company.

Employment Agreement with Subroto Mukerji

Rackspace US entered into an employment agreement with Subroto Mukerji on July 1, 2019, pursuant to which he serves as our Chief Operating Officer and receives a base salary of $460,000. Mr. Mukerji is eligible for an annual target bonus of 80% of base salary. With respect to calendar year 2019, Mr. Mukerji was eligible to receive a bonus based on an April 1, 2019 employment commencement date if he was otherwise eligible for a bonus under the achievement requirements and other terms of the bonus program.

Employment Agreement with Sid Nair

Rackspace US entered into an employment agreement with Sid Nair on July 29, 2019, pursuant to which he serves as our Executive Vice President and General Manager, Americas and receives a base salary of $650,000. Mr. Nair is eligible for an annualized on-target bonus of 90% of base salary. Under the terms of his employment agreement, Mr. Nair’s potential 2019 bonus, if earned and approved under the bonus plan, will not be reduced to a pro rata amount on account of his start date in 2019. Mr. Nair is also eligible for an annual regional sales performance incentive bonus of up to $300,000 per year based on the organization attaining sales-related objectives relating to bookings, revenue and growth, to be paid at the same time as the annual corporate bonus which follows year-end financial reconciliations in the first quarter of the following calendar year. For the 2019 year, Mr. Nair’s commission bonus will not be prorated. In addition, Mr. Nair will be paid a signing bonus of $1,037,500 within 30 days of the start of employment. Mr. Nair will be paid an additional $1,500,000 payable in three equal installments of $500,000 each on the following dates, subject to his continued employment: August 16, 2019, the second payroll date in April 2020 and the second payroll date in January 2021. If Mr. Nair resigns without good reason or is terminated for cause prior to the one-year anniversary of employment, he will repay to the Company any signing bonuses that were paid within the prior one-year period. Pursuant to the terms of his employment agreement, the Company directed Relocation Synergy Group (“RSG”) to purchase Mr. Nair’s residence under RSG’s guaranteed buy-out process in connection with Mr. Nair’s relocation to San Antonio, Texas.

If, prior to any reimbursement payment, the Company’s tax advisor determines Mr. Nair is subject to federal income tax or a FICA obligation by reason of a reimbursement payment, or if at any later time the Internal Revenue Service asserts that Mr. Nair is subject to federal income tax or a FICA obligation by reason of a reimbursement payment, the Company will pay Mr. Nair an additional gross-up amount for taxes, not to exceed $900,000, so that the net amount paid to or on behalf of Mr. Nair after paying applicable withholdings, tax or penalties will be equal to the amount that would have been paid had such payments not been subject to tax.
Rackspace US entered into an employment agreement with Vikas Gurugunti, effective on August 12, 2019, pursuant to which he serves as our Executive Vice President and General Manager, Rackspace Solutions and Services and receives a base salary of $450,000. Mr. Gurugunti is eligible for an annual target bonus equal to 80% of base salary. Mr. Gurugunti received a signing bonus of $40,000, paid in a cash lump sum on the first reasonable payroll date following commencement of his employment.

In addition, each of the NEO Employment Agreements includes restrictions, for a period of one and one-half years with respect to Mr. Jones and one year with respect to Mr. Semach, Mr. Mukerji, Mr. Nair and Mr. Gurugunti following the termination of employment, on the NEO’s ability to solicit employees or certain other business relations of the Company to terminate their relationships with the Company, as well as restrictions against competing with the Company that survive for a period of one year following termination. Each NEO Employment Agreement also includes customary confidentiality covenants.

In connection with their terminations of employment with us, Mr. Eazor, Mr. Alterman and Ms. Hogan entered into separation agreements with us that provided certain payments and benefits in accordance with their pre-existing employment agreements, as described below under “—Potential Payments upon Termination or Change in Control.”
# 2019 Outstanding Equity Awards at Fiscal Year-End Table

The following table lists each NEO’s outstanding equity awards at the end of fiscal 2019.

## Outstanding Equity Awards at Fiscal 2019 Year-End

<table>
<thead>
<tr>
<th>Name</th>
<th>Option Awards</th>
<th>Stock Awards</th>
<th>Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Securities Underlying Unexercised Options ($)</td>
<td>Number of Securities Underlying Unexercised Options (#)</td>
<td>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)</td>
</tr>
<tr>
<td><strong>Option Awards</strong></td>
<td><strong>Exercisable</strong></td>
<td><strong>Unexercisable(1)</strong></td>
<td><strong>Exercisable</strong></td>
</tr>
<tr>
<td>Kevin Jones</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-based Options</td>
<td>—</td>
<td>800,004</td>
<td>—</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Time-based RSUs</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>CEO Performance RSU Grant</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Dustin Semach</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-based Options</td>
<td>—</td>
<td>200,004</td>
<td>—</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Subroto Mukerji</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-based Options</td>
<td>—</td>
<td>279,996</td>
<td>—</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Louis Alterman(5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-based Options</td>
<td>203,568</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sid Nair</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-based Options</td>
<td>—</td>
<td>320,004</td>
<td>—</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Vikas Gurugunti</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service-based Options</td>
<td>—</td>
<td>240,000</td>
<td>—</td>
</tr>
<tr>
<td>Performance-based Options</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

---

(1) Represents unvested service-based options subject to service-based vesting requirements. See footnote 4 to this table for service-based option vesting dates.

(2) Represents unvested performance-based options subject to performance-based vesting requirements. The amount shown reflects the maximum number of shares that would vest if the highest MOIC had been achieved as of such date.

(3) Represents unvested service-based RSUs subject to service-based vesting requirements. See footnote 4 to this table for service-based RSU vesting dates.
Represents unvested performance-based RSUs subject to performance-based vesting requirements. These performance-based RSUs will vest based on the date of the Executive Committee's certification of EBITDA CAGR, with such shares of common stock delivered in respect of the vested RSUs to be issued from the shares of our common stock available for issuance under the 2020 Incentive Plan. The amount shown reflects the threshold number of RSUs that would vest if the service-based vesting requirements had been achieved as of such date.

The vesting schedules for the service-based options and RSUs are as follows (subject to the NEO's continued employment through each applicable vesting date):

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Award Type</th>
<th>Vesting Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones</td>
<td>4/22/2019</td>
<td>Options</td>
<td>Vests 20% over five years. Approximately 159,996 options are scheduled to vest on each of April 22, 2020 and 2021, and approximately 160,008 options are scheduled to vest on each of April 22, 2023 and 2024.</td>
</tr>
<tr>
<td>Dustin Semach</td>
<td>7/29/2019</td>
<td>Options</td>
<td>Vests 20% over five years. Approximately 39,996 options are scheduled to vest on each of July 29, 2020 and 2021, and approximately 40,008 options are scheduled to vest on each of July 29, 2023 and 2024.</td>
</tr>
<tr>
<td>Subroto Mukerji</td>
<td>7/29/2019</td>
<td>Options</td>
<td>Vests 20% over five years. Approximately 55,992 options are scheduled to vest on each of July 29, 2020 and 2021, and approximately 56,004 options are scheduled to vest on each of July 29, 2023 and 2024.</td>
</tr>
<tr>
<td>Sid Nair</td>
<td>7/29/2019</td>
<td>Options</td>
<td>Vests 20% over five years. Approximately 63,996 options are scheduled to vest on each of July 29, 2020 and 2021, and approximately 64,008 options are scheduled to vest on each of July 29, 2023 and 2024.</td>
</tr>
<tr>
<td>Vikas Gurugunti</td>
<td>8/12/2019</td>
<td>Options</td>
<td>Vests 20% over five years. 48,000 options are scheduled to vest on each of August 12, 2020, 2021, 2022, 2023 and 2024.</td>
</tr>
</tbody>
</table>

In connection with Mr. Eazor’s termination of employment, all of his outstanding equity awards, whether vested or unvested, were immediately cancelled and ceased to be outstanding. Pursuant to the terms of his separation agreement, the Company paid Mr. Eazor an aggregate amount of $1,500,000 on the first payroll date coincident with or immediately following May 17, 2019. In connection with Ms. Hogan’s termination of employment, all of her outstanding equity awards were forfeited.
Potential Payments upon Termination or Change in Control

The NEO Employment Agreements provide for compensation and benefits under specified circumstances in connection with the termination of the NEO's employment:

**Kevin Jones**

- In the event Mr. Jones's employment is terminated by the Company for “cause” or due to his resignation other than for “good reason,” Mr. Jones would be entitled to receive his accrued base salary and benefits through the effective date of termination. Mr. Jones would be eligible to receive any then-remaining unpaid installments of his $10 million sign-on cash bonus upon a termination by the Company for cause but not if he resigns without good reason. Mr. Jones's accrued base salary, benefits and the remaining unpaid installments of the sign-on cash bonus are referred to as “accrued obligations.”

- In the event Mr. Jones's employment is terminated due to his death or disability, subject to execution of an effective release, he would be entitled to receive, in addition to the accrued obligations, a prorated portion of his annual bonus for the year of termination, paid if and when annual bonuses are paid to other senior executives of the Company but no later than March 15 of the year immediately following the year of termination.

- In the event Mr. Jones's employment is terminated without cause (including a non-renewal of his employment agreement by the Company) or Mr. Jones resigns for good reason, subject to his execution of an effective release, Mr. Jones would be entitled to receive, in addition to the accrued obligations, continuation of his base salary for 12 months paid in accordance with the Company's customary payroll practices, payment of an amount equal to his target bonus within 60 days following termination of employment and reimbursement for continued coverage under COBRA for up to 12 months following termination.

**Dustin Semach**

- In the event Mr. Semach's employment is terminated due to his death or disability, Mr. Semach would be entitled to receive accrued and unpaid base salary and bonus and any payments required under applicable employee benefit plans.

- In the event Mr. Semach's employment is terminated by the Company without cause or due to a Company non-renewal of his employment agreement or Mr. Semach resigns for good reason, subject to his execution of an effective release, Mr. Semach would be entitled to receive, in addition to any accrued obligations, (1) the greater of Mr. Semach's base salary for 12 months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination based on Mr. Semach's location, to be paid in periodic payments in accordance with ordinary payroll practices and deductions; and (2) other than following a Company non-renewal of his employment agreement, a pro rata bonus, which represents the unpaid pro rata portion of the actual annual performance bonus based on actual level of achievement, to be paid in a lump sum at the same time bonuses are paid to the Company's other similarly situated employees.

- If Mr. Semach gives notice of non-renewal of his employment agreement, he would be entitled to 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 Company determines a termination date that is prior to the end of the employment period, and Mr. Semach signs a general release, the Company will pay Mr. Semach an amount equal to his pro rata base salary through the end of the employment period, to be paid in periodic payments in accordance with ordinary payroll practices and deductions.
Subroto Mukerji

- In the event Mr. Mukerji’s employment is terminated due to his death or disability, Mr. Mukerji would be entitled to receive accrued and unpaid base salary and bonus and any payments required under applicable employee benefit plans.

- If Mr. Mukerji gives notice of non-renewal of his employment agreement, he would be entitled to 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 Company determines a termination date that is prior to the end of the employment period, and Mr. Mukerji signs an effective general release, the Company will pay Mr. Mukerji an amount equal to his pro rata base salary through the end of the employment period (June 30, 2021 or any one-year anniversary thereafter), to be paid in periodic payments in accordance with ordinary payroll practices and deductions.

- In the event Mr. Mukerji’s employment is terminated by the Company without cause or due to a Company non-renewal of his employment agreement or Mr. Mukerji terminates for good reason, he would be entitled to the accrued and unpaid base salary and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, upon signing an effective general release, Mr. Mukerji would be entitled to (i) the greater of his current base salary for 12 months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination based on Mr. Mukerji’s location, to be paid in periodic payments in accordance with ordinary payroll practices and deductions; and (ii) other than following a Company non-renewal of his employment agreement, a pro rata bonus, which represents the unpaid pro rata portion of the actual annual performance bonus that Mr. Mukerji would otherwise be entitled to receive based on the actual level of achievement of the applicable performance objectives for the fiscal year in which his termination occurs. The bonus amount will be paid in a lump sum at the same time bonuses are paid to the Company’s other similarly situated employees.

Sid Nair

- In the event Mr. Nair’s employment is terminated due to his death or disability, Mr. Nair would be entitled to receive accrued and unpaid base salary and bonus and any payments required under applicable employee benefit plans.

- If Mr. Nair gives notice of non-renewal of his employment agreement, he would be entitled to 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 Company determines a termination date that is prior to the end of the employment period, and Mr. Nair signs a general release, the Company will pay Mr. Nair an amount equal to his pro rata base salary through the end of the employment period, to be paid in periodic payments in accordance with ordinary payroll practices and deductions.

- In the event Mr. Nair’s employment is terminated by the Company without cause or due to a Company non-renewal of his employment agreement, or Mr. Nair resigns for good reason, he would be entitled to the accrued and unpaid base salary and any payments required under applicable employee benefit plans (other than plans which provide for severance or termination payments or benefits). In addition, upon signing an effective general release, Mr. Nair will be entitled to (i) the greater of his current base salary for 12 months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination based on Mr. Nair’s location, to be paid in periodic payments in accordance with ordinary payroll practices and deductions; and (ii) other than upon a Company non-renewal of his employment agreement, a pro rata bonus, which represents the unpaid pro rata portion of
the actual annual performance bonus that Mr. Nair would otherwise be entitled to receive based on the actual annual performance bonus that he would otherwise be entitled to receive based on the actual level of achievement of the applicable performance objectives for the fiscal year in which his termination occurs. The bonus amount will be paid in a lump sum at the same time bonuses are paid to the Company's other similarly situated employees.

**Vikas Gurugunti**

- In the event Mr. Gurugunti's employment is terminated due to his death or disability, Mr. Gurugunti would be entitled to receive accrued and unpaid base salary and bonus and any payments required under applicable employee benefit plans.
- If Mr. Gurugunti gives notice of non-renewal of his employment agreement, he would be entitled to 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 Company determines a termination date that is prior to the end of the employment period, and Mr. Gurugunti signs an effective general release, the Company will pay Mr. Gurugunti an amount equal to his pro rata base salary through the end of the employment period (August 13, 2021 or any one-year anniversary thereafter), to be paid in periodic payments in accordance with ordinary payroll practices and deductions.
- In the event Mr. Gurugunti’s employment is terminated by the Company without cause or due to a Company non-renewal of his employment agreement, or by Mr. Gurugunti for good reason, he would be entitled to receive 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, upon signing an effective general release, Mr. Gurugunti would be entitled to (i) the greater of his current base salary for 12 months or the amount that would be provided by the severance guidelines that are prevailing at the time of termination based on Mr. Gurugunti's location, to be paid in periodic payments in accordance with ordinary payroll practices and deductions; and (ii) other than following a Company non-renewal of his employment agreement, a pro rata bonus, which represents the unpaid pro rata portion of the actual annual performance bonus that Mr. Gurugunti would otherwise be entitled to receive based on the actual level of achievement of the applicable performance objectives for the fiscal year in which his termination occurs. The bonus amount will be paid in a lump sum at the same time bonuses are paid to the Company's other similarly situated employees.

The equity award agreements provide for the following treatment upon a termination of the NEO's employment or a change in control:

**Kevin Jones**

**Stock Options**

- Mr. Jones would be entitled to accelerated vesting of his time-based options on the three-month anniversary of a “change in control” (as defined in the 2017 Incentive Plan), subject to his continued employment as of such date or if during the three-month period following a change in control he is terminated by the Company without cause, due to his death, serious illness or disability or due to his resignation for good reason.
- Mr. Jones would be entitled to accelerated vesting of a prorated portion of his time-based options if, prior to a change in control, he is terminated by the Company without cause, due to his death, serious illness or disability or due to his resignation for good reason. If there is a
change in control during the 90 days following any of the foregoing events, then he would be entitled to accelerated vesting of his entire time-based option.

- His performance-based stock options are eligible to vest upon a change in control based on achievement of the applicable performance metrics. However, if the Apollo Funds receive non-cash consideration in connection with such change in control, then the Apollo Funds can elect to treat the non-cash consideration as cash consideration (and determine its fair value) or not treat the non-cash consideration as such and permit the option to remain outstanding eligible to vest upon a future measurement date.

- If, prior to the occurrence of a change in control, Mr. Jones's employment is terminated by the Company without cause, due to death, serious illness or disability or by Mr. Jones for good reason, his performance-based options would stay outstanding for 90 days and remain eligible to vest based on achievement of the applicable performance metrics during such period.

- If, following the occurrence of a change in control, Mr. Jones's employment is terminated by the Company without cause, due to his death, serious illness or disability or Mr. Jones for good reason, the Apollo Funds can elect to either treat the date of termination as a measurement date and determine the fair value of non-cash consideration received in connection with the change in control in order to determine whether the applicable performance metrics had been achieved or permit the option to remain outstanding and eligible to vest upon a future measurement date.

**Time-Based RSUs**

- Mr. Jones would be entitled to full accelerated vesting of his time-based RSUs on either (1) the three-month anniversary of a change in control or (2) upon a termination of employment other than by Mr. Jones without good reason.

**CEO Performance RSU Grant**

- The CEO Performance RSU Grant is eligible to vest upon the following scenarios, with such shares of common stock delivered in respect of the vested RSUs to be issued from the shares of our common stock available for issuance under the 2020 Incentive Plan:

  (i) subject to Mr. Jones's continued employment or other service relationship with the Company through March 31, 2022, a number of RSUs will vest as of the determination date (which will be the date of the Executive Committee's certification of EBITDA CAGR);

  (ii) if a termination occurs after March 31, 2022, but prior to the determination date, the RSUs will remain eligible to vest as of the determination date. To the extent the RSUs do not become vested RSUs, the RSUs will terminate and become null and void as of the determination date;

  (iii) if a change in control occurs prior to March 31, 2022, then, for purposes of determining the EBITDA CAGR, the EBITDA for the 12-month period ending on the last day of the calendar quarter ended immediately prior to such change in control will be used in lieu of the LTM EBITDA for the period ending March 31, 2022. Following the occurrence of a change in control, any RSUs (other than vested change in control RSUs) will immediately be forfeited; and

  (iv) except as otherwise provided, the RSUs will cease vesting as of the date of Mr. Jones's termination with the Company for any reason and the portion of RSUs that are not vested RSUs will be forfeited immediately; provided, that, in the event that Mr. Jones experiences a termination for cause, all RSUs then held by Mr. Jones (whether vested or unvested) will immediately be forfeited.
Stock Options

- Each of the above NEOs would be entitled to accelerated vesting of his time-based options on the six-month anniversary of a change in control, subject to his continued employment as of the date of such change in control or if during the six-month period following a change in control he is terminated by the Company without cause, due to his death, serious illness or disability.

- Each NEO would be entitled to accelerated vesting of a prorated portion of his time-based options if, prior to a change in control, he is terminated by the Company without cause or due to his death, serious illness or disability. If there is a change in control during the 90 days following any of the foregoing events, then he would be entitled to accelerated vesting of his entire time-based option.

- Each NEO’s performance-based stock options are eligible to vest upon a change in control based on achievement of the applicable performance metrics. However, if the Apollo investors receive non-cash consideration in connection with such change in control, then the Apollo investors can elect to treat the non-cash consideration as cash consideration (and determine its fair value) or not treat the non-cash consideration as such and permit the option to remain outstanding eligible to vest upon a future measurement date.

- If, prior to the occurrence of a change in control, the NEO's employment is terminated by the Company without cause or due to death, serious illness or disability, his performance-based options would stay outstanding for 90 days and remain eligible to vest based on achievement of the applicable performance metrics during such period.

- If, following the occurrence of a change in control, the NEO's employment is terminated by the Company without cause or due to his death, serious illness or disability, the Apollo investors can elect to either treat the date of termination as a measurement date and determine the fair value of non-cash consideration received in connection with the change in control in order to determine whether the applicable performance metrics had been achieved or permit the option to remain outstanding and eligible to vest upon a future measurement date.

Under Mr. Jones’s employment agreement, “cause” means any of the following: (i) Mr. Jones’s conviction of, or plea of nolo contendere to, any felony or other crime involving either fraud or a breach of his duty of loyalty; (ii) substantial and repeated failure to perform lawful duties as reasonably directed by our board of directors (other than as a consequence of disability) after written notice and failure to cure within 15 days; (iii) fraud, misappropriation, embezzlement, or material misuse of funds or property belonging to the Company; (iv) violation of the written policies of the Company, or other willful misconduct in connection with the performance of Mr. Jones’s duties that in either case results in material injury to the Company, after written notice and failure to cure within 15 days; (v) breach of this employment agreement that results in material injury to the Company, after written notice and failure to cure such breach within 15 days after written notice; or (vi) breach of the confidentiality or non-disparagement provisions (excluding unintentional breaches that are cured within 15 days after Mr. Jones becomes aware of such breaches) or the non-competition and non-solicitation provisions of the employment agreement; provided, that any such event under sub-parts (ii), (iv), (v) or (vi) above does not constitute cause unless the Company provides Mr. Jones with written notice no later than 30 days following the initial occurrence of such event or omission and Mr. Jones fails to cure such event or omission within 15 days of receipt of such notice.

Under Messrs. Semach’s and Nair’s employment agreement, “cause” means any of the following: (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, 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) (and, in the
case of Mr. Semach, following a written warning and opportunity to cure for two business days); (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 30 days; (iv) a felony
conviction or indictment, a plea of guilty or nolo contendere by the NEO, or other conduct that would result in material injury to the Company's
reputation, including indictment or conviction of fraud, theft, embezzlement or a crime involving moral turpitude; (v) a material breach of the
employment agreement; or (vi) a significant violation of the Company's employment and management policies.

Under Messrs. Jones's and Semach's employment agreements, "good reason" means any of the following without Mr. Jones's or
Mr. Semach's (as applicable) written consent: (1) a material reduction of duties, responsibilities or authority; (ii) Mr. Jones's being required to
work solely or substantially at a location more than 50 miles from a location where he has been permitted to work as of the date of beginning
employment; (iii) a reduction in base salary, or, in the case of Mr. Jones, a reduction in his target bonus; (iv) in the case of Mr. Jones, any
requirement that Mr. Jones report to someone other than our board of directors; or (v) any material breach by the Company of any term or
provision of the employment agreement; in the case of Mr. Semach, he must provide written notice to the Company of such breach.

Under Messrs. Mukerji's and Nair's employment agreement, "good reason" means any of the following: (i) the Company's repeated
failure to comply with a material term of the employment agreement after written notice by the NEO specifying the alleged failure; or (ii) a
substantial and unusual reduction in responsibilities and authority. If the NEO elects to terminate the NEO's employment for good reason, the
NEO must first provide the Company with written notice within 30 days, after which the Company will have 60 days to cure. If the Company has
not cured and the NEO elects to terminate employment, the NEO must do so within 10 days after the end of the cure period.

Joseph Eazor Separation Agreement

In connection with the termination of his employment with us, Mr. Eazor entered into a separation agreement, which provided for a
severance payment consisting of (i) his base salary of $825,000 paid in equal bi-weekly installments for a six-month period, (ii) his target bonus
for fiscal 2019 in the amount of $1,031,250 paid in a lump sum, (iii) a $1,500,000 payment in connection with the cancellation of his outstanding
equity awards and (iv) continued coverage under the Company's health and welfare plans (which he elected not to receive). In addition,
Mr. Eazor's separation agreement provided for a transition assistance payment in the amount of $1,143,750 for Mr. Eazor's provision of
transition services. In connection with the execution of his separation from the Company, Mr. Eazor executed a release.

Louis Alterman Separation Agreement

Mr. Alterman entered into a separation agreement with us upon his departure on August 30, 2019, which provided for a cash severance
payment of $962,000, payable in 24 equal biweekly installments (which is reported in the "All Other Compensation" column of the Summary
Compensation Table for fiscal 2019), plus payment of Mr. Alterman's annual performance bonus in respect of fiscal 2019 based on actual
performance (paid in March 2020) and a pro rata portion of his retention bonus in the amount of $216,364 (paid on the second payroll after the
effective date of the separation agreement). In addition, Mr. Alterman's separation agreement provided for a transition payment in the amount of
$250,000 for services provided by Mr. Alterman to assist with the transition of his duties. In connection with his separation agreement with us,
Mr. Alterman entered into an equity acceleration agreement. Under the terms of the equity acceleration agreement, as of August 30, 2019 (the
"employment end date"), the Company accelerated an additional tranche of Mr. Alterman's service-based options and service-based RSUs and
extended the option exercise period. In addition, the Company extended the period for which a portion of performance-based RSUs and
performance-based options were eligible to vest for up to an additional six months.
Sandy Hogan Separation Agreement

Ms. Hogan entered into a separation agreement with us upon her departure, which provided for a cash severance payment of $892,000, payable in 24 equal, biweekly installments of $37,167 each.

Pursuant to their separation agreements with us, Mr. Eazor, Mr. Alterman and Ms. Hogan are bound by one-year post-employment non-competes and one year post-employment non-solicits (18 months with respect to Mr. Eazor) of our customers, suppliers, business relations and employees, and perpetual non-disparagement and confidentiality covenants. Each separation agreement is subject to execution of a general release.

The following table provides a summary of the compensation that the NEOs (other than Mr. Eazor, Mr. Alterman and Ms. Hogan) would be eligible to receive in each of the scenarios described above, assuming that the relevant termination and, if applicable, “change in control,” occurred on December 31, 2019:

### Summary of Termination and Change in Control Benefits

<table>
<thead>
<tr>
<th>Name</th>
<th>Benefit</th>
<th>Termination for Cause ($)</th>
<th>Termination without Cause(with Good Reason) ($)</th>
<th>Death or Disability ($)</th>
<th>Change in Control ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones</td>
<td>Severance(2)</td>
<td>—</td>
<td>1,856,250</td>
<td>—</td>
<td>—</td>
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<tr>
<td></td>
<td>Prorated Annual Bonus</td>
<td>—</td>
<td>—</td>
<td>709,161</td>
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<tr>
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<td>Sign-on Bonus(3)</td>
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<td>5,000,000</td>
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<td>Benefit Continuation</td>
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<td>Acceleration of Time-based Options(4)</td>
<td>—</td>
<td>10,259</td>
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<td>74,000</td>
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<tr>
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<td>Acceleration of Performance-based Options</td>
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<td>—</td>
<td>—</td>
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<tr>
<td></td>
<td>Acceleration of Time-based RSUs(4)(5)</td>
<td>5,539,405</td>
<td>5,539,405</td>
<td>5,539,405</td>
<td>5,539,405</td>
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<tr>
<td></td>
<td>Acceleration of the CEO Performance RSU</td>
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<td>—</td>
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<tr>
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<td>Grant(4)(6)</td>
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<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td><strong>Total</strong></td>
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<td>12,424,557</td>
<td>11,258,825</td>
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<td>Dustin Semach</td>
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<tr>
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<td>Prorated Annual Bonus</td>
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<tr>
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<td>Accrued Bonus(7)</td>
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<td>Acceleration of Time-based Options(4)</td>
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<td>1,585</td>
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<td>18,667</td>
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<td>Acceleration of Performance-based Options</td>
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<td>—</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>—</td>
<td>649,027</td>
<td>164,027</td>
<td>18,667</td>
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<tr>
<td>Subroto Mukerji</td>
<td>Severance(2)</td>
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<td>460,000</td>
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<tr>
<td></td>
<td>Prorated Annual Bonus</td>
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<td>277,260</td>
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<tr>
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<td>Accrued Bonus(7)</td>
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<td>277,260</td>
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<td></td>
<td>Acceleration of Time-based Options(4)</td>
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<td>2,220</td>
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<td>Acceleration of Performance-based Options</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
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<td>739,480</td>
<td>279,480</td>
<td>26,133</td>
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<tr>
<td>Sid Nair</td>
<td>Severance(2)</td>
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<td>650,000</td>
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<tr>
<td></td>
<td>Prorated Annual Bonus</td>
<td>—</td>
<td>885,000</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

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### Table of Contents

<table>
<thead>
<tr>
<th>Name</th>
<th>Benefit</th>
<th>Termination for Cause ($)</th>
<th>Termination without Cause/with Good Reason ($)</th>
<th>Death or Disability ($)</th>
<th>Change in Control ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vikas Gurugunti</td>
<td>Accrued Bonus(7)</td>
<td>—</td>
<td>—</td>
<td>885,000</td>
<td>—</td>
</tr>
<tr>
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<td>Acceleration of Time-based Options(4)</td>
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<td>2,537</td>
<td>2,537</td>
<td>29,867</td>
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<tr>
<td></td>
<td>Acceleration of Performance-based Options</td>
<td>—</td>
<td>—</td>
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</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>—</td>
<td><strong>1,537,537</strong></td>
<td><strong>887,537</strong></td>
<td><strong>29,867</strong></td>
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<tr>
<td>Vikas Gurugunti</td>
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<td>450,000</td>
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<td>Prorated Annual Bonus</td>
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<td>Accrued Bonus(7)</td>
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<td>Acceleration of Time-based Options(4)</td>
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<td>1,731</td>
<td>1,731</td>
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<td>—</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>—</td>
<td><strong>591,786</strong></td>
<td><strong>141,786</strong></td>
<td><strong>22,400</strong></td>
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</tbody>
</table>

(1) The value attributed to the accelerated vesting of the time-based options is reflected in the table above, even though such time-based options will not actually vest until the six-month anniversary of a change in control (three months in the case of the CEO), subject to the NEO's continued employment as of such date. The NEO is entitled to accelerated vesting of his performance-based options upon a change in control, contingent upon satisfying required performance metrics. Based on the value of the Company's business as of December 31, 2019, the performance metrics are assumed to not have been achieved.

(2) In the case of Mr. Jones, this payment includes 12 months' annual base salary and target annual bonus. In the cases of Messrs. Semach, Mukerji, Gurugunti and Nair, this payment includes 12 months' annual base salary.

(3) Upon termination by the Company for cause, termination by the Company without cause, termination by Mr. Jones with good reason or termination due to death or disability, Mr. Jones is entitled to receive any then-unpaid installments of his sign-on bonus.

(4) The NEO (other than Mr. Jones) would be entitled to accelerated vesting of a prorated portion of his time-based options if, prior to a change in control, he is terminated by the Company without cause or due to his death, serious illness or disability. Mr. Jones would be entitled to accelerated vesting of a prorated portion of his time-based options if, prior to a change in control, he is terminated by the Company without cause, due to his death, serious illness or disability or due to his resignation for good reason. All option and RSU values are calculated using a fair market value of an underlying share of common stock on December 31, 2019, of $12.97.

(5) Mr. Jones would be entitled to full accelerated vesting of his time-based RSUs on either (1) the three-month anniversary of a change in control or (2) upon a termination of employment other than by Mr. Jones without good reason.

(6) For purposes of determining the EBITDA CAGR with respect to the CEO Performance RSU Grant upon a change in control as of December 31, 2019, the EBITDA for the 12-month period ending on the last day of the calendar quarter ended immediately prior to such change in control will be used in lieu of the LTM EBITDA for the period ending March 31, 2022. Following the occurrence of a change in control, Mr. Jones's RSUs (other than vested change in control RSUs) will immediately be forfeited.

(7) Messrs. Semach, Mukerji, Gurugunti and Nair are entitled to receive their accrued but unpaid bonus upon a termination due to death or disability.

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In the event that the payment of the severance benefits described above (together with any other payments or benefits) will result in an NEO being subject to the excise tax imposed on certain “golden parachute” arrangements under Sections 280G and 4999 of the Internal Revenue Code, the NEO Employment Agreements provide that such payments and benefits will be reduced to the largest amount which can be paid to the NEO without the imposition of such excise tax, but only if such reduction would result in the NEO retaining a larger after-tax benefit than if he had received all payments and been subject to the excise tax.

Fiscal Year 2019 Director Compensation

Four members of our board of directors who served in fiscal year 2019 received compensation for services as directors. All other members of our board of directors who served in fiscal year 2019 were either an employee of the Company (in the case of Mr. Jones) or employees of affiliates of Apollo, Searchlight or ABRY and did not receive any additional compensation for their service as directors.

### Director Compensation

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees Earned or Paid in Cash ($)</th>
<th>Stock Awards ($)</th>
<th>Option Award ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhirén Fonseca</td>
<td>—</td>
<td>150,000</td>
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<td>150,000</td>
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<tr>
<td>Jeffrey Benjamin</td>
<td>100,000</td>
<td>75,000</td>
<td>—</td>
<td>175,000</td>
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<tr>
<td>Mitch Garber</td>
<td>100,000</td>
<td>75,000</td>
<td>105,707</td>
<td>105,707</td>
</tr>
<tr>
<td>Timothy Campos</td>
<td>100,000</td>
<td>75,000</td>
<td>—</td>
<td>175,000</td>
</tr>
</tbody>
</table>

(1) The amounts in these columns reflect the fair value of the restricted stock and option awards granted to our independent non-employee directors calculated in accordance with ASC Topic 718, excluding estimated forfeitures. Restricted stock and options granted to independent non-employee directors generally vest on the first anniversary of the grant date, subject to continued service. As of December 31, 2019, Mr. Garber held 24,000 options to purchase shares of our common stock, at an exercise price of $8.33 per share, all of which have vested; 13,944 options to purchase shares of our common stock, at an exercise price of $14.34 per share, all of which have vested; and 15,528 options to purchase shares of our common stock at an exercise price of $12.88, none of which have vested. As of December 31, 2019, Mr. Fonseca and Mr. Benjamin held 11,640 shares of restricted stock and 5,820 shares of restricted stock, respectively. Mr. Campos deferred receipt of his 2019 restricted stock award until 2020.

Under the terms of the engagement letters, during each year of service on our board of directors, each director can elect to receive their annual compensation in: (i) a cash payment of $100,000 and a number of RSUs or restricted stock equal to $75,000 divided by fair market value; (ii) a cash payment of $100,000 and options equal to $100,000 divided by fair market value; (iii) a number of RSUs or restricted stock only (no cash) equal to $150,000 divided by fair market value; or (iv) options only (no cash) equal to $200,000 divided by fair market value.

New Employee Benefit and Stock Plans

2020 Incentive Plan

Prior to the consummation of this offering, our board of directors expects to adopt, and we expect our stockholders to approve, the 2020 Incentive Plan to become effective in connection with the pricing of this offering. The 2020 Incentive Plan is intended to remain effective until the tenth anniversary of its effective date, unless earlier terminated in accordance with its terms. Following the adoption of the 2020 Incentive Plan, we do not expect to issue additional awards under the 2017 Incentive Plan. Any shares issued in respect of the CEO Performance RSU Grant will be issued from the shares of our common stock available for issuance under the 2020 Incentive Plan; provided that all of the terms and
conditions of such award will remain unchanged. The following summary of the 2020 Incentive Plan is qualified in its entirety by reference to the 2020 Incentive Plan that is included as an exhibit to the registration statement of which this prospectus forms a part and is ultimately adopted by our board of directors.

Administration. The 2020 Incentive Plan will generally be administered by the Compensation Committee, unless otherwise determined by our board of directors. However, the Compensation Committee may delegate to a committee of one or more members of our board of directors or one or more of our officers the authority to grant or amend awards to participants other than our senior executives who are subject to Section 16 of the Exchange Act. In addition, the full board of directors will administer the 2020 Incentive Plan with respect to awards made to non-employee directors. The Compensation Committee and our board of directors, as applicable, are sometimes referred to herein as the “Administrator.” The Administrator has authority to interpret the 2020 Incentive Plan and all award agreements, and to adopt rules for the administration, interpretation and application of the 2020 Incentive Plan, to interpret, amend or revoke any such rules and to amend the 2020 Incentive Plan or any award agreement, subject to certain limits set forth in the 2020 Incentive Plan.

Eligibility. Persons eligible to participate in the 2020 Incentive Plan include all non-employee members of our board of directors, as well as employees and consultants of the Company and its parents and subsidiaries, as determined by the Administrator. Only our employees or an employee of a parent or subsidiary may receive incentive stock options ("ISOs") under the 2020 Incentive Plan.

Number of Shares Authorized. The maximum number of shares of our common stock available for issuance under the 2020 Incentive Plan will be no more than 25,000,000 shares, all of which may be issued upon the exercise of ISOs. The shares may be authorized but unissued shares, treasury shares or shares purchased in the open market.

If any shares subject to an award under the 2020 Incentive Plan are (i) forfeited or expire, (ii) settled for cash, (iii) converted to shares of another person in connection with a corporate transaction, (iv) tendered by the participant or withheld in payment of the exercise price of a stock option, (v) tendered by the participant or withheld to satisfy tax withholding obligations with respect to any award, (vi) subject to stock appreciation rights ("SARs") and are not issued in connection with the stock settlement of the SAR upon exercise, or (vii) purchased on the open market with the cash proceeds received from the exercise of stock options, then such shares may be used again for new grants under the 2020 Incentive Plan.

Awards granted under the 2020 Incentive Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by an entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock ("Substitute Awards") will not reduce the shares authorized for grant under the 2020 Incentive Plan and shares subject to such Substitute Awards may not be added to the 2020 Incentive Plan's share reserve if such awards are forfeited or expire.

Non-Employee Director Compensation Limit. Notwithstanding any other provision in the 2020 Incentive Plan or in any policy of ours regarding non-employee director compensation, the maximum amount of total compensation payable to a non-employee director for services in any fiscal year may not exceed $750,000, calculated as the sum of (i) the grant date fair value of all awards payable in shares and the maximum cash value of any other award granted under the 2020 Incentive Plan, plus (ii) cash compensation in the form of our board of directors and committee retainers and meeting or similar fees. However, the foregoing limit will not apply in respect of any compensation payable in the year of a non-employee director's initial appointment or election to our board of directors.

Change in Capitalization. The Administrator has broad discretion to take action under the 2020 Incentive Plan, as well as to make adjustments to the number and kind of shares issuable under the 2020
Incentive Plan and the terms, conditions and exercise price (if any) of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the Administrator will make equitable adjustments to the 2020 Incentive Plan and outstanding awards.

Awards Available for Grant. The 2020 Incentive Plan provides for the grant of stock options, including ISOs, and nonqualified stock options (“NSOs”), SARs, restricted stock, RSUs, other stock-based incentive awards, dividend equivalents, and cash-based incentive awards. All awards under the 2020 Incentive Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms, performance criteria, and post-termination exercise limitations. Awards other than cash-based incentive awards generally will be settled in shares of our common stock, but the Administrator may provide for cash settlement of any award. A brief description of each award type follows.

Stock Options and SARs. Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Internal Revenue Code of 1986, as amended (the “Code”), are satisfied. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date, payable in shares, cash or a combination of shares and cash. The exercise price of all stock options and SARs granted pursuant to the 2020 Incentive Plan will not be less than 100% of the fair market value of our common stock on the date of grant, with the exception of Substitute Awards. The exercise price of a stock option may be paid by the participant in any form permitted by the Administrator, as described below under “Payment for Awards.” Stock options and SARs may be exercised as determined by the Administrator, but in no event may have a term extending beyond the tenth anniversary of the date of grant. ISOs granted to any person who owns, as of the date of grant, stock possessing more than 10% of the total combined voting power of all classes of our stock or any of our parents or subsidiaries, however, shall have an exercise price that is not less than 110% of the fair market value of our common stock on the date of grant and may not have a term extending beyond the fifth anniversary of the date of grant. To the extent that the aggregate fair market value of ISOs that are first exercisable by an eligible individual during any calendar year exceeds $100,000, the options will be treated as NSOs to the extent required by Section 422 of the Code. The period during which a participant may have a right to vest in and exercise an option or SAR will be set by the Administrator. The Administrator may accelerate the vesting of an option, provided that no option may vest following its expiration, termination, or forfeiture.

Restricted Stock. Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. Upon the issuance of restricted stock, a participant will have all of the rights of a stockholder, including the right to receive dividends and other distributions, subject to the
Administrator's discretion. The vesting period will be set by the Administrator. The Administrator may accelerate the vesting of restricted stock by removing any and all restrictions imposed on the award. Also, the Administrator may provide that vesting will not cease upon the occurrence of certain events, such as a change in control or termination of service. Except as otherwise determined by the Administrator, in the event a participant's service is terminated during the applicable restriction period and such participant holds an award of restricted stock, then (i) if such participant paid no price for the restricted stock award, the unvested portion of such restricted stock award shall be forfeited and cancelled for no consideration on the participant's date of termination, or (ii) if such participant paid a price for the restricted stock award, then we will have the right to repurchase the unvested portion of such restricted stock award at a cash price per share equal to the price paid by the participant for such restricted stock award or such other amount as may be specified in the applicable award agreement.

RSU Awards. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. A participant will have no stockholder rights unless and until the RSUs vest and shares are delivered to the participant. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant. The vesting period will be set by the Administrator. The Administrator may accelerate the vesting of restricted stock by removing any and all restrictions imposed on the award. Unless otherwise provided by the Administrator, RSUs will be settled and paid in the form of fully transferable shares, but may also be settled in cash or in a combination of shares and cash. Also, the Administrator may provide that vesting will not cease upon the occurrence of certain events, such as a change in control or termination of service.

Other Stock or Cash-Based Awards. Other stock or cash-based awards are awards linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. Such awards will be paid in stock, cash, or a combination of stock and cash. These stock or cash-based awards may, but need not, be made in lieu of compensation to which a participant is otherwise entitled.

Dividends and Dividend Equivalents. Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the Administrator. Unless otherwise determined by the Administrator, dividend equivalents that are based on dividends paid prior to the vesting of an award will be paid out to the participant only to the extent that the award vests and in no event may any award provide for a participant's receipt of any other dividends prior to the vesting of such award.

Vesting and Performance Criteria. Vesting conditions determined by the Administrator may apply to each award and may include continued service, achievement of performance goals which may be based on the performance criteria set forth in the 2020 Incentive Plan or such other criteria as determined by the Administrator, and/or other conditions.

Payment for Awards. To the extent that a participant is required to pay for any award or the shares issuable pursuant to such award, such as upon the exercise of a stock option, such payment may be made in a manner permitted by the Administrator which may include by cash, wire transfer or check, by shares (including shares issuable pursuant to the exercise of an award), by delivery of a written or electronic notice that the participant has placed a market sell order with a broker acceptable to our with respect to shares then issuable upon exercise or vesting of an award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to us, by having our withhold from the shares otherwise issuable or deliverable with respect to the exercise or settlement of an award a number of shares with a fair market value equal to the aggregate payments required, by
any other form of legal consideration acceptable to the Administrator in its sole discretion, or any combination of such permitted forms of payment.

Effect of a Change in Control. In the event of a “Change in Control” (as defined in the 2020 Incentive Plan), outstanding awards under the 2020 Incentive Plan will be subject to the terms and conditions of the applicable award agreement, the agreement evidencing the change in control transaction, or treated as otherwise determined in the Administrator's discretion without the participant's consent, and such treatment need not apply to all outstanding award in an identical manner. The Administrator's determination as to the treatment of outstanding awards upon a change in control will be final, binding, and conclusive.

Non-U.S. Participants. The Administrator may determine which subsidiaries will be covered by the 2020 Incentive Plan and which individuals outside of the U.S. will be eligible to participate in the 2020 Incentive Plan and may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States.

Nontransferability. With limited exceptions for estate planning, certain beneficiary designations, the laws of descent and distribution, and transfers to permitted family member transferees under the Form S-8 rules (in the Administrator’s discretion), awards under the 2020 Incentive Plan are generally non-transferable and are exercisable only by the participant.

Plan Amendment and Termination. The 2020 Incentive Plan will have a term of ten years. Our board of directors may amend, suspend, or terminate the 2020 Incentive Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2020 Incentive Plan, “reprices” any stock option or SAR, or cancels any stock option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. No amendment, suspension, or termination of the 2020 Incentive Plan may materially and adversely affect any rights or obligations under any award previously granted or awarded without the consent of the participant, unless the award agreement expressly provides otherwise.

Clawback/Forfeiture. All awards will be subject to the provisions of any claw-back policy implemented by us to the extent set forth in such claw-back policy and/or in the applicable award agreement, as well as to any claw-back required by applicable law or stock exchange listing rule.

Employee Stock Purchase Plan

Prior to the consummation of this offering, our board of directors expects to adopt, and we expect our stockholders to approve, our Employee Stock Purchase Plan (the “ESPP”) to become effective on the date immediately preceding, and contingent upon, this offering, and to remain effective until terminated by our board of directors. The purpose of the ESPP is to provide an opportunity for our eligible employees and employees of any parent, subsidiary or affiliate of ours that has been designated by the Compensation Committee to purchase shares at a discount through voluntary deductions from such employees’ eligible pay. The rights granted under the ESPP are intended to be treated as either (i) purchase rights granted under an “employee stock purchase plan,” as that term is defined in Section 423 of the Code (a “423 Offering”), or (ii) purchase rights granted under an employee stock purchase plan that is not subject to the requirements of Section 423 of the Code (a “Non-423 Offering”). The following summary of the ESPP is qualified in its entirety by reference to the ESPP that is ultimately adopted by our board of directors.

Administration. The ESPP will be administered by the Compensation Committee. The Compensation Committee will have, among other authority, the authority to interpret the ESPP,
determine eligibility and adjudicate disputed claims under the ESPP, determine the terms and conditions of purchase rights under the ESPP, and to make any other determination and take any other action desirable for the administration of the ESPP. To the extent not prohibited by applicable laws, the Compensation Committee may delegate its authority to a subcommittee, to one or more of our officers or to other persons or groups of persons, including to assist with the day-to-day administration of the ESPP.

**Eligibility.** Generally, any individual in an employee-employer relationship with us or a designated company for income tax and employment tax withholding and reporting purposes is eligible to participate in the ESPP and may participate by submitting an enrollment form or appropriate online form to the Company under procedures specified by the Compensation Committee. The Compensation Committee, in its discretion, may determine on a uniform basis for an offering that employees will not be eligible to participate if the employee has not met certain conditions prescribed in the ESPP. No employee is eligible for the grant of any purchase rights under the ESPP if, immediately after such grant, the employee would own shares possessing 5% or more of the total combined voting power or value of all classes of shares of our common stock or shares of any subsidiary or parent of ours (including any shares which such employee may purchase under all outstanding purchase rights), nor will any employee be granted purchase rights to buy more than $25,000 worth of shares (determined based on the fair market value of the shares on the date the purchase rights are granted) under the ESPP in any calendar year such purchase rights are outstanding. Eligible employees who are citizens or resident of a jurisdiction outside the United States may be excluded from participation in the ESPP if their participation is prohibited under local laws or if complying with local laws would cause a 423 Offering to fail to qualify under Section 423 of the Code. In the case of a Non-423 Offering, eligible employees may be excluded from participation in the ESPP or an offering if the Compensation Committee has determined that participation of such eligible employees is not advisable or practicable for any reason.

**Number of shares Authorized.** The maximum number of shares available for issuance under the ESPP will be no more than 11,500,000 shares. The shares may be authorized but unissued shares, treasury shares or shares purchased in the open market. In the event of any change affecting the number, class, value, or terms of the shares resulting from a recapitalization, stock split, reverse stock split, stock dividend, spinoff, split up, combination, reclassification or exchange of shares, merger, consolidation, rights offering, separation, reorganization or liquidation or any other change in the corporate structure or shares, including any extraordinary dividend or extraordinary distribution (but excluding any regular cash dividend), then the Compensation Committee, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the ESPP, will, in such manner as it may deem equitable, adjust the number and class of shares that may be delivered under the ESPP, the purchase price per share and the number of shares covered by each right under the ESPP that has not yet been exercised.

**Non-U.S. Sub-Plans.** The Compensation Committee will also have the authority to adopt such sub-plans as are necessary or appropriate to permit the participation in the ESPP by employees who are foreign nationals or employed outside the United States. Such sub-plans may vary the terms of the ESPP, other than with respect to the number of shares reserved for issuance under the ESPP, to accommodate the requirements of local laws, customs and procedures for non-U.S. jurisdictions.

**Offering Periods.** The ESPP will be implemented by consecutive offering periods with a new offering period commencing on the first trading day of the relevant offering period and terminating on the last trading day of the relevant offering period. Unless and until the Compensation Committee determines otherwise in its discretion, each offering period will consist of one approximately six-month purchase period, which will run simultaneously with the offering period. Unless otherwise determined by the Compensation Committee, offering periods will run from July 1st (or the first trading day thereafter)
through December 31st (or the first trading day prior to such date) and from January 1st (or the first trading day thereafter) through June 30th (or the first trading day prior to such date). However, the initial offering period will run from the date of this offering until December 31, 2020. The Compensation Committee has the authority to establish additional or alternative sequential or overlapping offering periods, a different number of purchase periods within an offering period, or a different duration for one or more offering periods or purchase periods or different commencement or ending dates for such offering periods with respect to future offerings, provided that no offering period may have a duration that exceeds 27 months.

Payroll Deductions, Purchase Price and Purchase of shares. Except as otherwise provided by the Compensation Committee, up to a maximum of 15% of an employee's “eligible pay” (as defined in the ESPP) may be contributed by payroll deductions toward the purchase of shares in each purchase period. An employee may elect to decrease the rate of payroll deductions twice during the offering period but may increase the rate of such payroll deductions only during an enrollment period to the ESPP. The purchase price per share at which shares are sold in an offering period under the ESPP will be equal to the lesser of 85% of the fair market value of the shares (i) on the first trading day of the offering period, or (ii) on the purchase date (i.e., the last trading day of the purchase period). For this purpose, “fair market value” generally means the closing price of the shares on the applicable date. However, for the initial offering period, the fair market value will be based on the initial price to the public as set forth in this prospectus.

Each purchase right will be automatically exercised on the applicable purchase date, and shares will be purchased on behalf of each employee by applying the employee's contributions for the applicable purchase period to the purchase of whole shares at the purchase price in effect for that purchase date. The maximum number of shares purchasable per employee during any single offering period may not exceed 500 shares, or such other amount as may be designated by the Compensation Committee.

Withdrawals and Termination of Employment. An employee may withdraw from an offering period and receive a refund of contributions by following the procedures prescribed by the Compensation Committee. Upon receipt of a notice of withdrawal, deductions of contributions on behalf of the employee will be discontinued commencing with the payroll period immediately following the effective date of the notice of withdrawal, and such employee will not be eligible to participate in the ESPP until the next enrollment period. Amounts credited to the account of any employee who withdraws will be refunded, without interest, as soon as practicable. Upon termination of employment or other loss of eligible employee status for any reason, ESPP participation is immediately terminated, payroll deductions will be discontinued and any amounts then credited to the employee's contribution account will be refunded, without interest, as soon as practicable.

Change in Control. In the event of a “Change in Control” (as defined in the ESPP but excluding a liquidation or dissolution of the Company), each outstanding purchase right will be equitably adjusted and assumed or an equivalent purchase right substituted by the successor company or a parent or subsidiary of such successor corporation. In the event that the successor corporation refuses to assume or substitute the purchase right or is not a publicly traded corporation, the offering period then in progress will be shortened by setting a new purchase date before the date of the proposed Change in Control, after which the offering period will end. Our board of directors or Compensation Committee has the right to determine the treatment of outstanding purchase rights under the ESPP in the event of a liquidation or dissolution of the Company.

Amendment and Termination of ESPP. Our board of directors or the Compensation Committee may amend the ESPP at any time, provided that if stockholder approval is required pursuant to the Code, securities laws or regulations, or the rules or regulations of the securities exchange on which our
shares are listed or traded, then no such amendment will be effective unless approved by our stockholders within such time period as may be required. Our board of directors may suspend the ESPP or discontinue the ESPP at any time, including shortening an offering period in connection with a spin-off or similar corporate event. Upon termination of the ESPP, all contributions will cease, all amounts credited to an employee’s account will be equitably applied to the purchase of whole shares then available for sale, and any remaining amounts will be promptly refunded, without interest, to the employees.

**Tax Consequences**

**U.S. Federal Income Tax Consequences**

The following is a general summary of the material U.S. federal income tax consequences of the grant, exercise and vesting of awards under the 2020 Incentive Plan, the purchase of shares under the ESPP and the disposition of shares so acquired and is intended to reflect the current provisions of the Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local or payroll tax considerations. This summary assumes that all awards described in the summary are exempt from, or comply with, the requirement of Section 409A of the Code. Moreover, the U.S. federal income tax consequences to any particular participant may differ from those described herein by reason of, among other things, the particular circumstances of such participant.

Stock Options under the 2020 Incentive Plan. Holders of ISOs will generally incur no federal income tax liability at the time of grant or upon vesting or exercise of those options. However, the spread at exercise will be an “item of tax preference,” which may give rise to “alternative minimum tax” liability for the taxable year in which the exercise occurs. If the holder does not dispose of the shares before the later of two years following the date of grant and one year following the date of exercise, the difference between the exercise price and the amount realized upon disposition of the shares will constitute long-term capital gain or loss, as the case may be. Assuming the holding period is satisfied, no deduction will be allowed to us for federal income tax purposes in connection with the grant or exercise of the incentive stock option. If, within two years following the date of grant or within one year following the date of exercise, the holder of shares acquired through the exercise of an incentive stock option disposes of those shares, the participant will generally realize taxable compensation at the time of such disposition equal to the difference between the exercise price and the lesser of the fair market value of the share on the date of exercise or the amount realized on the subsequent disposition of the shares, and that amount will generally be deductible by us for federal income tax purposes, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections. Finally, if an incentive stock option becomes first exercisable in any one year for shares having an aggregate value in excess of $100,000 (based on the grant date value), the portion of the incentive stock option in respect of those excess shares will be treated as a non-qualified stock option for federal income tax purposes.

No income will be realized by a participant upon grant or vesting of an option that does not qualify as an incentive stock option (“a non-qualified stock option”). Upon the exercise of a non-qualified stock option, the participant will recognize ordinary compensation income in an amount equal to the excess, if any, of the fair market value of the underlying exercised shares over the option exercise price paid at the time of exercise, and the participant’s tax basis will equal the sum of the compensation income recognized and the exercise price. We will be able to deduct this same excess amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections. In the event of a sale of shares received upon the exercise of a non-qualified stock option, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss and will be long-term gain or loss if the holding period for such shares is more than one year.
SARs under the 2020 Incentive Plan. No income will be realized by a participant upon grant or vesting of a SAR. Upon the exercise of a SAR, the participant will recognize ordinary compensation income in an amount equal to the fair market value of the payment received in respect of the SAR. We will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock under the 2020 Incentive Plan. A participant will not be subject to tax upon the grant of an award of restricted stock unless the participant otherwise elects to be taxed at the time of grant pursuant to Section 83(b) of the Code. On the date an award of restricted stock becomes transferable or is no longer subject to a substantial risk of forfeiture (i.e., the vesting date), the participant will have taxable compensation equal to the difference between the fair market value of the shares on that date over the amount the participant paid for such shares, if any, unless the participant made an election under Section 83(b) of the Code to be taxed at the time of grant. If the participant made an election under Section 83(b), the participant will have taxable compensation at the time of grant equal to the difference between the fair market value of the shares on the date of grant over the amount the participant paid for such shares, if any. If the election is made, the participant will not be allowed a deduction for amounts subsequently required to be returned to us. Special rules apply to the receipt and disposition of restricted shares received by officers and directors who are subject to Section 16(b) of the Exchange Act. We will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

RSUs under the 2020 Incentive Plan. A participant will not be subject to tax upon the grant or vesting of an RSU award. Rather, upon the delivery of shares or cash pursuant to an RSU award, the participant will have taxable compensation equal to the fair market value of the number of shares (or the amount of cash) the participant actually receives with respect to the award. We will be able to deduct the amount of taxable compensation to the participant for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Other Stock or Cash-Based Awards under the 2020 Incentive Plan. A recipient of a payment in stock or in cash pursuant to another stock-based or cash-based award will generally recognize ordinary income in an amount equal to the fair market value of the common stock or cash received. If required, income tax must be withheld on the income recognized by the participant. We will receive a deduction for federal income tax purposes equal to the ordinary income recognized by the participant, subject to the limits of Section 162(m) of the Code.

Dividend Equivalents under the 2020 Incentive Plan. A participant does not realize taxable income at the time of the grant of dividend equivalents, and we are not entitled to a deduction at that time. When a dividend equivalent is paid, the participant recognizes ordinary income and we are entitled to a corresponding deduction, subject to the limits of Section 162(m) of the Code.

423 Offerings under the ESPP. Rights to purchase shares granted under a 423 Offering are intended to qualify for favorable federal income tax treatment available to purchase rights granted under an employee stock purchase plan which qualifies under the provisions of Section 423(b) of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the ESPP are sold or otherwise disposed of. If the shares are disposed of within two years from the purchase right grant date (i.e., the beginning of the offering period) or within one year from the purchase date of the shares, a transaction referred to as a “disqualifying disposition,” the participant will realize ordinary income in the year of such disposition equal to the difference between the fair market value of the shares on the disqualifying disposition date and the contract purchase price.
market value of the shares on the purchase date and the purchase price. The amount of such ordinary income will be added to the participant's basis in the shares, and any additional gain or resulting loss recognized on the disposition of the shares after such basis adjustment will be a capital gain or loss. A capital gain or loss will be long-term if the participant holds the shares for more than one year after the purchase date.

If the shares purchased under the ESPP are sold (or otherwise disposed of) more than two years after the purchase right grant date and more than one year after the shares are transferred to the participant, then the lesser of (i) the excess of the sale price of the shares at the time of disposition over the purchase price, and (ii) the excess of the fair market value of the shares as of the purchase right grant date over the purchase price (determined as of the first day of the offering period) will be treated as ordinary income. If the sale price is less than the purchase price, no ordinary income will be reported. The amount of any such ordinary income will be added to the participant's basis in the shares, and any additional gain or resulting loss recognized on the disposition of the shares after such basis adjustment will be a capital gain or loss.

We generally will be entitled to a deduction in the year of a disqualifying disposition equal to the amount of ordinary income realized by the participant as a result of such disposition, subject to the satisfaction of any tax reporting obligations and applicable limitations under the Code. In other cases, no deduction is allowed.

Non-423 Offerings under the ESPP. If the purchase right is granted under a Non-423 Offering, then the amount equal to the difference between the fair market value of the shares on the purchase date and the purchase price will be treated as ordinary income at the time of such purchase. In such instances, the amount of such ordinary income will be added to the participant's basis in the shares, and any additional gain or resulting loss recognized on the disposition of the shares after such basis adjustment will be a capital gain or loss. A capital gain or loss will be long-term if the participant holds the shares for more than one year after the purchase date.

We generally will be entitled to a deduction in the year of purchase equal to the amount of ordinary income realized by the participant as a result of such disposition, subject to the satisfaction of any tax-reporting obligations and applicable limitations under the Code. For U.S. participants, FICA/FUTA taxes will generally be due in relation to ordinary income earned as a result of participation in a Non-423 Offering.

Annual Incentive Plan

In connection with this offering, the Compensation Committee expects to adopt the Rackspace Technology, Inc. Annual Incentive Plan (the “AIP”). The following summary briefly describes the principal features of the AIP and is qualified in its entirety by reference to the full text of the AIP.

The AIP is an annual incentive plan that provides opportunities for cash awards to eligible officers, including named executive officers, and other employees of ours and our subsidiaries, as selected by our Chief Executive Officer and approved by the Compensation Committee. Under the AIP, we may award cash incentives to participants based upon the achievement of performance goals established by the Compensation Committee pursuant to the AIP, which may be based on our performance, including any of our divisions, business units, subsidiaries or lines of business, and/or the individual performance of the participant. The AIP will become effective on January 1, 2021.

The AIP will be administered by the Compensation Committee, with authority to delegate its administrative powers, subject to applicable laws and stock exchange rules. Before April 1 of each calendar year (the “plan year”), the Compensation Committee will establish (i) the potential award

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amounts expressed as a percentage of the participant's annual base salary (the “award levels”), including, if applicable, the threshold, target and maximum award level associated with corresponding levels of performance, (ii) the applicable performance goals, and (iii) the weighting of those performance goals, in each case, for the Chief Executive Officer and all other officers whose compensation is approved by the Compensation Committee on an annual basis (such individuals are described in the AIP as “executive officers”). With respect to all other participants, the Compensation Committee will approve the award levels and our performance goals, while the individual performance goals, if any, and the weighting of the performance goals will be established by the Chief Executive Officer or the participant’s supervisor with approval of the Chief Executive Officer.

Our performance goals may be based upon the achievement of certain financial or operational criteria established by the Compensation Committee for each plan year as described in the AIP. As soon as practicable after our audited financial statements are available for each plan year with respect to which awards are outstanding, the Compensation Committee will determine the extent to which our performance goals have been attained for such plan year. The Compensation Committee may make adjustments to the method of calculating the attainment of our performance goals, including adjustments that take into account events such as acquisitions or dispositions, restructuring and/or other nonrecurring charges, currency exchange rate effects, changes in accounting principles, statutory adjustments to corporate taxes, unusual or nonrecurring items, changes in our capitalization due to certain corporate transactions, other extraordinary items and other facts, circumstances or considerations deemed appropriate by the Compensation Committee.

The determination of whether an executive officer has achieved his or her personal performance goals established for a plan year will be made by the Compensation Committee. The determination of whether a participant, other than an executive officer, has achieved his or her personal performance goals will be made by the Chief Executive Officer, subject to the final approval of the Compensation Committee. In addition to such personal performance goals, the Compensation Committee and/or the Chief Executive Officer, as applicable, may apply an individual performance modifier to an award which gives the Compensation Committee and/or the Chief Executive Officer, respectively, the discretion to modify, positively or negatively, (or eliminate) the award payable to any participant based on the participant’s individual performance, subject to a maximum percentage increase above the target award level as established by the Compensation Committee, in its discretion, for each plan year.

Awards for any plan year will be paid in cash, generally as soon as practicable after the Compensation Committee and/or Chief Executive Officer, as applicable, determines that the applicable performance goals were satisfied. A participant must generally be employed on the date an award is paid in order to receive a payment under the AIP for a plan year, subject to certain limited exceptions in the case of a participant’s retirement, death, disability or job elimination as set forth in the AIP or unless otherwise provided in a written agreement between a participant and us or any of our subsidiaries.

Awards are subject to forfeiture and/or repayment to us to the extent required by applicable law, rules or regulations and any policy, guideline or committee charter adopted by us for reasons related to fraud prevention, governance, avoidance of monetary or reputational damage to us and our affiliates or similar considerations.

The Compensation Committee, in its sole discretion, may amend, suspend or terminate the AIP at any time.

**Non-Employee Director Compensation**

Prior to the consummation of this offering, our board of directors will approve the Rackspace Technology, Inc. Non-Employee Director Compensation Policy (the “Compensation Policy”), to become
effective in connection with the consummation of this offering. The Compensation Policy may be subject to review, amendment, or modification by our board of directors, in its discretion. Director compensation under the Compensation Policy is as described below.

Compensation for our non-employee directors consists of a mix of cash and equity-based compensation. Kevin Jones, who serves as an employee director, will not receive any additional compensation for his service as a member of our board of directors. Also, Mr. Sambur and Mr. Sobel, who are employed by an affiliate of Apollo, Mr. Glatt, who is employed by an affiliate of Searchlight, and Mr. St. Jean, who is employed by an affiliate of ABRY, each a stockholder of ours prior to the consummation of this offering, and also serve as directors on our board of directors, will not receive any additional compensation for their service as members of our board of directors.

**Annual Compensation**

The table below describes the components of compensation for non-employee directors:

<table>
<thead>
<tr>
<th>Compensation Element</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cash Retainer</td>
<td>$100,000</td>
</tr>
<tr>
<td>Annual Equity Award (Restricted Stock Units Granted Following Each Annual Meeting of Stockholders)(1)</td>
<td>$200,000</td>
</tr>
<tr>
<td>Non-Executive Chair Annual Equity Award</td>
<td>$100,000</td>
</tr>
<tr>
<td>Additional Annual Retainers(2)</td>
<td></td>
</tr>
<tr>
<td>Lead Director Fee (if our CEO is Chair of our board of directors)</td>
<td>$30,000</td>
</tr>
<tr>
<td>Audit Committee Member Fee</td>
<td>$20,000</td>
</tr>
<tr>
<td>Compensation Committee Member Fee</td>
<td>$15,000</td>
</tr>
<tr>
<td>Nominating and Corporate Governance Committee Member Fee</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

(1) A non-employee director who joins our board of directors after the date of the Annual Equity Award for the relevant year, will be eligible for a prorated annual equity award following the director’s initial appointment to our board of directors, as provided under the Compensation Policy.

(2) A non-employee director may only receive one Additional Annual Retainer, regardless of the director’s service on multiple committees or in multiple roles. The Additional Annual Retainer received will be the highest Additional Annual Retainer for which the director is eligible.

**Stock Ownership Guideline**

Within a period of five years from the date of a non-employee director’s initial appointment or election as a member of our board of directors (other than non-employee directors that are employees of affiliates of Apollo, Searchlight or ABRY), such non-employee director is required to attain ownership of an amount of our common stock with a value equal to at least $350,000 and must maintain such ownership until retirement from our board of directors.

**Director Compensation Limit**

Under the Compensation Policy and 2020 Incentive Plan, the sum of the grant date value of all equity awards granted and all cash compensation paid by us to each non-employee director as compensation for services as a non-employee director may not exceed $750,000 in any calendar year, provided that such limitation does not apply to any compensation payable in the year of a non-employee director’s initial appointment or election to our board of directors.
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our executive officers and directors (see “Executive Compensation” for a discussion of compensation arrangements for our named executive officers and directors) and the transactions discussed below, there were no transactions, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Policies and Procedures for Related Party Transactions

Upon the consummation of this offering, we will adopt a written Related Person Transactions Policy (the “policy”), which will set forth our policy with respect to the review, approval, ratification and disclosure of all material related person transactions by our audit committee. In accordance with the policy, our audit committee will have overall responsibility for implementation of and compliance with the policy.

For purposes of the policy, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed $120,000 and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A “related person transaction” does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors or audit committee.

The policy will require that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our audit committee for consideration. Under the policy, our audit committee may approve only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our stockholders. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the policy and that is ongoing or is completed, the transaction will be submitted to the audit committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The policy will also provide that the audit committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

Transactions with Executive Officers and Directors

In April 2017, Messrs. Benjamin, Campos, Fonseca and Garber, directors of the Company, and certain former executive officers purchased from the Company a total of 720,000 shares of common stock for an aggregate of approximately $6.0 million.

In May 2017, certain current and former executive officers purchased from the Company a total of 150,000 shares of common stock for an aggregate of approximately $1.3 million.
Rackspace US, entered into a relocation services agreement with RSG in June 2009, pursuant to which RSG provides management services to Rackspace US for purposes of facilitating the relocation of its employees. In June 2019, Rackspace US and RSG entered into an addendum to the relocation services agreement, pursuant to which RSG agreed to purchase Mr. Nair’s home in connection with his relocation to San Antonio, Texas. Rackspace US agreed to provide funds to RSG to cover the amount of equity payments to be disbursed to Mr. Nair, as well as costs associated with acquiring the property. Pursuant to the relocation services agreement, in February 2020, Rackspace US paid RSG approximately $0.3 million with respect to the loss on RSG’s subsequent sale of the home.

**Investor Rights Agreements**

On November 3, 2016, in connection with the Rackspace Acquisition, we entered into an investor rights agreement with Searchlight and one of the Apollo Funds. Concurrently with the consummation of this offering, we intend to amend and restate such investor rights agreement (as amended and restated, the “SCP Investor Rights Agreement”). The SCP Investor Rights Agreement will provide that, as long as Searchlight and its affiliates continue to hold at least 6,000,000 shares of our common stock (subject to any equitable adjustments), which is an amount equal to 50% of the shares of our common stock that Searchlight originally received in connection with the Rackspace Acquisition (after giving effect to the Stock Split), Searchlight will have the right to (a) nominate one director to our board of directors and (b) designate one director to the boards of directors of certain subsidiaries of the Company so long as Apollo, the Apollo Funds and their respective affiliates appoint any director to such company's board of directors (or similar body). Searchlight has initially nominated Mr. Glatt, as the Searchlight Board Nominee, to our board of directors, who will serve as a Class III director.

On November 3, 2016, in connection with the Rackspace Acquisition, we entered into an investor rights agreement with an affiliate of ABRY and one of the Apollo Funds (the “Original ABRY Investor Rights Agreement”) and, on November 15, 2017, in connection with the acquisition of Datapipe, we entered into a separate investor rights agreement with an affiliate of ABRY and one of the Apollo Funds (the “Original Datapipe Investor Rights Agreement”). Concurrently with the consummation of this offering, we intend to enter into a new investor rights agreement with one of the Apollo Funds and the affiliates of ABRY that will supersede both of the Original ABRY Investor Rights Agreement and the Original Datapipe Investor Rights Agreement (such new investor rights agreement, the “ABRY Investor Rights Agreement”, and together with the SCP Investor Rights Agreement, the “Investor Rights Agreements”). Pursuant to the ABRY Investor Rights Agreement, as long as affiliates of ABRY continue to hold at least 11,122,514 shares of our common stock (subject to any equitable adjustments), which is an amount equal to 50% of the shares of our common stock that ABRY and certain of its affiliates held at the closing of the acquisition of Datapipe (after giving effect to the Stock Split), ABRY VIII will have the right to nominate one director to our board of directors. ABRY VIII has initially nominated Mr. St. Jean, as the ABRY Board Nominee, to our board of directors, who will serve as a Class III director.

Pursuant to the Investor Rights Agreements, Apollo and its affiliates will have the right, at any time until Apollo and its affiliates, including the Apollo Funds, no longer beneficially own at least 5% of our issued and outstanding common stock, to nominate a number of directors comprising a percentage of our board of directors in accordance with their beneficial ownership of our outstanding common stock (rounded up to the nearest whole number).

Any vacancy on our board of directors in respect of an Apollo Board Nominee will be filled only by individuals designated by Apollo and its affiliates, including the Apollo Funds, for so long as they beneficially own at least 5% of our issued and outstanding common stock. Any vacancy on our board of directors in respect of the Searchlight Board Nominee or the ABRY Board Nominee will be filled only by an individual designated by Searchlight or ABRY VIII, as applicable, for so long as the ownership of
Searchlight and its affiliates, or ABRY and its affiliates, as applicable, exceeds the applicable minimum specified common stock ownership threshold.

In the event that Apollo and its affiliates have nominated less than the total number of Apollo Board Nominees that Apollo and its affiliates are entitled to nominate, Searchlight has not nominated the Searchlight Board Nominee that Searchlight is entitled to nominate or ABRY VIII has not nominated the ABRY Board Nominee that ABRY VIII is entitled to nominate, Apollo and its affiliates, Searchlight or ABRY, as applicable, will have the right, at any time, to nominate such additional nominee(s), and our board of directors will take all necessary actions, whether by increasing the size of our board of directors or otherwise, to effect the election of such additional nominee(s) to fill any existing vacancy or newly-created directorship. To the extent any Apollo Board Nominee, Searchlight Board Nominee or ABRY Board Nominee is not elected as a director at a meeting of our stockholders, Apollo and its affiliates, Searchlight or ABRY VIII, as applicable, will continue to have the right to nominate the Apollo Board Nominee, the Searchlight Board Nominee or the ABRY Board Nominee, as applicable, and our board of directors will take all necessary actions, whether by increasing the size of our board of directors or otherwise, to effect the election of such additional nominee(s) to fill any existing vacancy or newly-created directorship. The Investor Rights Agreements also set forth certain information rights granted to Apollo, Searchlight and ABRY and their respective affiliates.

The Investor Rights Agreements provide that until Apollo and its affiliates, including the Apollo Funds, no longer beneficially own at least 33% of our issued and outstanding common stock, we will not take certain significant actions specified therein without the prior consent of Apollo and its affiliates, including:

- a change in the size of our board of directors;
- the incurrence of indebtedness for borrowed money, in a single transaction or a series of related transactions, aggregating to more than $100 million, except for (i) debt under a revolving credit facility that has previously been approved or is in existence on the date of closing of this offering or (ii) intercompany indebtedness;
- the issuance of additional shares of any class of our capital stock or equity securities exceeding $50 million in any single issuance or an aggregate amount of $100 million during a calendar year (other than any award under any stockholder approved equity compensation plan or intracompany issuance among us and our wholly-owned subsidiaries);
- other than in the ordinary course of business with vendors, customers and suppliers, the acquisition of equity interests or assets of any other entity, or any business, properties, assets or entities, exceeding $50 million in any single transaction or $100 million in the aggregate in any series of transactions during a calendar year;
- other than in the ordinary course of business with vendors, customers and suppliers, the disposition of any of our or our subsidiaries’ assets or equity interests, exceeding $50 million in any single transaction or $100 million in the aggregate in any series of transactions during a calendar year;
- hiring or terminating our Chief Executive Officer or our Chief Financial Officer or designating any new Chief Executive Officer or Chief Financial Officer;
- merging or consolidating with or into any other entity, or transferring all or substantially all of our or our subsidiaries’ assets, taken as a whole, to another entity, or undertaking any transaction that would constitute a “change of control” as defined in our or our subsidiaries’ credit facilities or note indentures (other than transactions among us and our wholly-owned subsidiaries);
- undertaking any liquidation, dissolution or winding up of the Company;
Effecting any material change in the nature of the business of the Company and its subsidiaries, taken as a whole; and

amending, modifying or repealing (whether by merger, consolidation or otherwise) any provision of our certificate of incorporation, our bylaws or equivalent organizational documents of our subsidiaries in a manner that adversely affects Apollo and its affiliates.

On November 3, 2016, in connection with the Rackspace Acquisition, the Company and certain affiliates of Apollo entered into an institutional investor rights agreement (the “Co-Invest Investor Rights Agreement”). The Co-Invest Investor Rights Agreement provided an affiliate of Apollo with preemptive rights with respect to certain equity and debt securities issuances and the right to appoint one or more non-voting observers to the board of directors of the Company. The parties to the Co-Invest Investor Rights Agreement have agreed to terminate such agreement effective as of the pricing of this offering.

Management Investor Rights Agreement

On April 7, 2017, we entered into a management investor rights agreement with one of the Apollo Funds and certain members of management that co-invested in the Company. When and as employees acquired stock in the Company pursuant to the Company’s equity incentive plan or by co-investment, they were required to become parties to the management investor rights agreement. The management investor rights agreement included customary provisions which, among other things, in certain cases, (a) provided the Company with repurchase rights and rights of first refusal on sale of shares by management, (b) provided Apollo with “drag-along” rights and (c) provided, as it relates to the non-Apollo stockholders, restrictions on transfer, certain piggy-back registration rights, “tag-along” rights and preemptive rights with respect to certain equity securities issuances. We and the requisite parties to the agreement amended the management investor rights agreement so that the agreement will terminate effective as of the pricing of this offering.

Management Consulting Agreements

In connection with the Rackspace Acquisition, an affiliate of Apollo and Searchlight Capital Partners, L.P. (“Searchlight LP”) (each, a “Management Service Provider,” and together, the “Management Service Providers”) entered into a management consulting agreement with the Company (the “Apollo and SCP Management Consulting Agreement”) relating to the provision of certain management consulting and advisory services by the Management Service Providers to us following the Rackspace Acquisition. In exchange for the provision of such services, we were required to pay a non-refundable quarterly management fee of 1.5% of EBITDA (as defined in the First Lien Credit Agreement) for our prior fiscal quarter to such Management Service Providers, which was divided between them on a pro rata basis in proportion to the respective ownership of shares of the Company by, on the one hand, the Apollo Funds and their affiliates (together with any co-invest vehicle controlled by Apollo), and, on the other hand, Searchlight LP and its affiliates. Each Management Service Provider was permitted, at its sole discretion, to waive or defer, in full or in part, the Company’s payment of the management fee. For the three months ended March 31, 2020, we recorded $2.9 million, and for the years ended December 31, 2017, 2018 and 2019, we recorded $12.0 million, $13.1 million and $11.1 million, respectively, of management fees for Apollo. For the three months ended March 31, 2020, we recorded $0.3 million, and for the years ended December 31, 2017, 2018 and 2019, $1.1 million, $1.1 million and $1.0 million, respectively, of management fees for Searchlight LP. The parties to the Apollo and SCP Management Consulting Agreement have agreed to terminate such agreement effective as of the pricing of this offering, and therefore no management fees will accrue or be payable under the Apollo and SCP Management Consulting Agreement for periods subsequent to the pricing of this offering.
On November 15, 2017, in connection with the Datapipe Acquisition, ABRY Partners, LLC and ABRY Partners II, LLC (together, the “ABRY Service Provider”) entered into a management consulting agreement (the “ABRY Management Consulting Agreement”) with the Company relating to the provision of certain management consulting and advisory services by the ABRY Service Provider to us following the Datapipe Acquisition. In exchange for the provision of such services, we were required to pay to the ABRY Service Provider a non-refundable quarterly management fee equal to 7% of 1.5% of EBITDA (as defined in the First Lien Credit Agreement) for our prior fiscal quarter. The ABRY Service Provider was permitted, at its sole discretion, to waive or defer, in full or in part, the Company’s payment of the management fee. For the three months ended March 31, 2020, we recorded $0.4 million, and for the years ended December 31, 2017, 2018 and 2019, we recorded $0.1 million, $1.0 million and $0.8 million, respectively, of management fees with respect to the ABRY Management Consulting Agreement. The parties to the ABRY Management Consulting Agreement have agreed to terminate such agreement effective as of the pricing of this offering and therefore no management fees will accrue or be payable under the ABRY Management Consulting Agreement for periods after the pricing of this offering.

Registration Rights Agreement

Prior to the consummation of this offering, we intend to enter into a registration rights agreement (the “Registration Rights Agreement”) with the Apollo Funds and affiliates of each of Searchlight and ABRY. Subject to several exceptions, including our right to defer a demand registration, shelf registration or underwritten offering under certain circumstances, the Apollo Funds, the Searchlight affiliates and DPH 123, LLC, an ABRY affiliate, may require that we register for public resale under the Securities Act all shares of common stock that they request to be registered at any time following this offering, subject to the restrictions in the lock-up agreements entered into by each of those parties in connection with this offering, so long as the securities being registered in each registration statement or sold in any underwritten offering are reasonably expected to produce aggregate proceeds of at least $66.0 million.

If we become eligible to register the sale of our securities on Form S-3 under the Securities Act, which will not be until at least twelve calendar months after the date of this prospectus, the Apollo Funds and the Searchlight affiliates have the right to require us to register the sale of the common stock held by them on Form S-3, subject to offering size and other restrictions. The Apollo Funds and the Searchlight affiliates also have the right to request marketed and non-marketed underwritten offerings using a shelf registration statement, and DPH 123, LLC, the ABRY affiliate, has the right to participate in these underwritten offerings.

We will not be obligated under the Registration Rights Agreement to effectuate more than three demand registrations and underwritten offerings under a shelf registration statement, in the aggregate, for the Searchlight affiliates and more than one demand registration for DPH 123, LLC, the ABRY affiliate, and, without our consent, the Searchlight affiliates and ABRY affiliate will not be able to exercise a demand registration until following the one-year anniversary of this offering.

If we propose to file certain types of registration statements under the Securities Act with respect to an offering of equity securities (including for sale by us or at the request of the Apollo Funds, Searchlight affiliates or ABRY affiliates), we will be required to use our reasonable best efforts to offer the parties to the Registration Rights Agreement the opportunity to register the sale of all or part of their shares on the terms and conditions set forth in the Registration Rights Agreement (customarily known as “piggyback rights”).
All expenses of registration under the Registration Rights Agreement, including the legal fees of counsel chosen by stockholders participating in a registration, will be paid by us.

The registration rights granted in the Registration Rights Agreement are subject to customary restrictions including blackout periods and, if a registration is underwritten, any limitations on the number of shares to be included in the underwritten offering as reasonably advised by the managing underwriter or underwriters. The Registration Rights Agreement also contains customary indemnification and contribution provisions. The Registration Rights Agreement is governed by New York law.

Any sales in the public market of any common stock registrable pursuant to the Registration Rights Agreement could adversely affect prevailing market prices of our common stock. See “Risk Factors—Risks Related to this Offering and Ownership of our Common Stock—Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price” and “Shares Eligible for Future Sale.”

**Transaction Fee Agreements**

In connection with the Rackspace Acquisition, an affiliate of Apollo entered into a transaction fee agreement (the “Transaction Fee Agreement”) with the Company relating to the provision of certain transaction services in support of the Rackspace Acquisition and future acquisitions. The Transaction Fee Agreement will be terminated automatically upon the termination of the Apollo and SCP Management Consulting Agreement.

The Transaction Fee Agreement and the Apollo and SCP Management Consulting Agreement together provided that in the event of any acquisition (including of assets or equity interests) of any business or entity by any of us, our direct or indirect subsidiaries, parent entities or controlled affiliates (collectively, the “Company Group”), we were required to pay a fee equal to 1.0% of the aggregate enterprise value paid by the Company Group (or otherwise indicated by the acquisition) to the affiliate of Apollo and Searchlight LP, which was to be divided between them on a pro rata basis in proportion to the respective ownership of shares of the Company by, on the one hand, the Apollo Funds and their affiliates (together with any co-invest vehicle controlled by Apollo), and, on the other hand, Searchlight LP and its affiliates. Each of the affiliate of Apollo and Searchlight LP was permitted, at its sole discretion, to waive or defer, in full or in part, payment of any such transaction fee due to it, respectively.

Further, the ABRY Management Consulting Agreement described above provided that in the event of any acquisition (including of assets or equity interests) of any business or entity by any member of the Company Group, we were required to pay to ABRY a fee equal to 1.0% of the aggregate enterprise value paid by the Company Group (or otherwise indicated by the acquisition).

For the years ended December 31, 2017, 2018 and 2019, we recorded $8.9 million, $0.7 million and $3.3 million, respectively, of fees with respect to the transaction fee agreements. The parties to each of the Transaction Fee Agreement, the Apollo and SCP Management Consulting Agreement and the ABRY Management Consulting Agreement have agreed to terminate each of the agreements effective as of the pricing of this offering and therefore no transaction fees will be payable under any of these agreements after the pricing of this offering.

**Datapipe Merger Agreement**

On September 6, 2017, we entered into an Agreement and Plan of Merger (the “Datapipe Merger Agreement”) with certain of our direct and indirect subsidiaries, DPH 123, LLC (formerly known as
Datapipe Holdings, LLC), Datapipe Parent, Inc. and certain key stockholders, pursuant to which we acquired Datapipe.

In addition, the Datapipe Merger Agreement provides that we will be required to issue additional shares of our common stock to an affiliate of ABRY if certain conditions are satisfied on any “Measurement Date,” as defined in the Datapipe Merger Agreement. A Measurement Date is each date following the occurrence of either (a) a “change of control” of the Company or (b) the closing date of our initial public offering on which Apollo and its affiliates (including the Apollo Funds) receive cash distributions, cash proceeds and/or marketable securities of the Company and on which our common stock is listed on Nasdaq, the New York Stock Exchange or another exchange reasonably acceptable to Apollo and is freely tradeable (without violating any lock-up agreements (including those entered into in connection with this offering), other contractual restrictions and federal, state or local securities laws). For this purpose, a “change of control” means (i) that a person, entity or group, other than Apollo and its affiliates (including the Apollo Funds), becomes the beneficial owner of at least 35% of the voting power of securities of the Company and beneficially owns more than the voting power beneficially owned by Apollo and its affiliates (including the Apollo Funds) or (ii) a sale of all or substantially all of the Company’s assets.

The number of shares that we may be obligated to issue to an affiliate of ABRY on a Measurement Date (the “Additional Datapipe Equity Consideration”) is equal to, without duplication:

- if the multiple of invested capital on such Measurement Date (the “MOIC”) exceeds 2.0x, 2,665,935 shares of our common stock;
- if the MOIC exceeds 3.0x, 5,331,870 shares of our common stock;
- if the MOIC exceeds 4.0x, 7,997,805 shares of our common stock;
- if the MOIC exceeds 4.5x, 10,663,741 shares of our common stock;

reduced, in each case, by the number of shares of common stock previously issued as Additional Datapipe Equity Consideration, and subject, in each case, to adjustment for stock splits, stock dividends, reclassifications and similar equitable adjustments. The maximum number of shares of common stock issuable as Additional Datapipe Equity Consideration will not exceed 10,663,741 shares in the aggregate, subject to the adjustments described above.

For the purpose of calculating the Additional Datapipe Equity Consideration, the MOIC is defined as the ratio of (A) the value of all cash proceeds, cash distributions or shares of our common stock received by Apollo and its affiliates (including the Apollo Funds) in respect of their ownership in the Company to (B) the invested capital of Apollo and its affiliates (including the Apollo Funds) in the Company. The value of our shares of common stock received by Apollo and its affiliates (including the Apollo Funds) is determined by multiplying the number of shares of common stock held by Apollo and its affiliates on such Measurement Date by the volume weighted average trading price of our common stock over the 30 consecutive trading days immediately preceding any such Measurement Date. As of the date of this prospectus, Apollo and its affiliates (including the Apollo Funds) have invested capital of approximately $1.08 billion in the Company and have not received any cash proceeds or cash distributions in respect of their ownership in the Company.

To the extent any shares issuable as Additional Datapipe Equity Consideration on a Measurement Date would have been entitled to any cash dividends if delivered as of the closing of the Datapipe Acquisition, we would also be obligated to pay the equivalent dividends (in the form of either cash or additional shares of our common stock) on shares. We have not paid any cash dividends in respect of our common stock since the closing of the Datapipe Acquisition. As of the date of this prospectus, no Additional Datapipe Equity Consideration or dividends have been issued or paid to the ABRY affiliate.
Subject to the limitations described above, the Additional Datapipe Equity Consideration may become issuable in the future based on the trading price of our common stock, regardless of whether the Apollo Funds sell any shares of our common stock or whether we declare or pay any dividends.

**Arranger Fees**

On June 21, 2017, we raised an additional $100.0 million of incremental borrowings under the Term Loan Facility. In connection with the $100.0 million of incremental borrowings, we paid an affiliate of Apollo approximately $0.1 million in arranger fees.

On November 15, 2017, in connection with the Datapipe Acquisition, we raised an additional $800.0 million of incremental borrowings under the Term Loan Facility. In connection with the $800.0 million of incremental borrowings, we paid an affiliate of Apollo approximately $0.9 million in arranger fees.
PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of July 20, 2020, after giving effect to the Stock Split, by:

• each person, or group of affiliated persons, who we know to beneficially own more than 5% of either class of our common stock;
• each of our named executive officers at the end of fiscal year 2019;
• each of our current directors; and
• all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Unless otherwise indicated, the address of each person or entity named in the table below is 1 Fanatical Place, City of Windcrest, San Antonio, TX 78218.

<table>
<thead>
<tr>
<th>5% Stockholders</th>
<th>Shares of Common Stock Beneficially Owned Before the Offering</th>
<th>Shares of Common Stock Beneficially Owned After the Offering Assuming Underwriters' Option is Not Exercised</th>
<th>Shares of Common Stock Beneficially Owned After the Offering Assuming Underwriters' Option is Exercised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apollo Funds(1)</td>
<td>129,609,000</td>
<td>129,609,000</td>
<td>129,609,000</td>
</tr>
<tr>
<td>ABRY(2)(3)</td>
<td>22,245,029</td>
<td>22,245,029</td>
<td>22,245,029</td>
</tr>
<tr>
<td>DPH 123, LLC(2)</td>
<td>12,453,029</td>
<td>12,453,029</td>
<td>12,453,029</td>
</tr>
<tr>
<td>ACE Investment Holdings, LLC(3)</td>
<td>9,792,000</td>
<td>9,792,000</td>
<td>9,792,000</td>
</tr>
<tr>
<td>Searchlight(4)</td>
<td>12,000,000</td>
<td>12,000,000</td>
<td>12,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Named Executive Officers and Directors</th>
<th>Shares of Common Stock Beneficially Owned Before the Offering</th>
<th>Shares of Common Stock Beneficially Owned After the Offering Assuming Underwriters' Option is Not Exercised</th>
<th>Shares of Common Stock Beneficially Owned After the Offering Assuming Underwriters' Option is Exercised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Jones(5)</td>
<td>246,360</td>
<td>246,360</td>
<td>246,360</td>
</tr>
<tr>
<td>Dustin Semach(6)</td>
<td>39,996</td>
<td>39,996</td>
<td>39,996</td>
</tr>
<tr>
<td>Subroto Mukerji(7)</td>
<td>55,992</td>
<td>55,992</td>
<td>55,992</td>
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<tr>
<td>Sid Nair(8)</td>
<td>63,996</td>
<td>63,996</td>
<td>63,996</td>
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<tr>
<td>Vikas Gurugunti</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Susan Arthur</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeffrey Benjamin</td>
<td>265,536</td>
<td>265,536</td>
<td>265,536</td>
</tr>
<tr>
<td>Timothy Campos(9)</td>
<td>49,212</td>
<td>49,212</td>
<td>49,212</td>
</tr>
<tr>
<td>Dhiren Fonseca(10)</td>
<td>210,096</td>
<td>210,096</td>
<td>210,096</td>
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<tr>
<td>Mitch Garber(11)</td>
<td>293,472</td>
<td>293,472</td>
<td>293,472</td>
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<tr>
<td>Darren Glatt(12)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Brian St. Jean(13)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>David Sambur(14)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Aaron Sobel(14)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All current directors and executive officers as a group (20 persons)(15)</td>
<td>1,547,689</td>
<td>1,547,689</td>
<td>1,547,689</td>
</tr>
</tbody>
</table>

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Less than 1%.

(1) Represents 69,609,000 shares of our common stock held of record by AP Inception Co-Invest, L.P. and 60,000,000 shares of our common stock held of record by AP VIII Inception Holdings, L.P. (the “Apollo Funds”). The Apollo Funds are investment funds managed by affiliates of Apollo Management, L.P. (“Apollo Management”), an investment adviser registered with the SEC. Apollo Management GP, LLC (“Management GP”) is the general partner of Apollo Management. Apollo Management Holdings, L.P. (“Management Holdings”) is the sole member and manager of Management GP. Apollo Management Holdings GP, LLC (“Management Holdings GP”) is the general partner of Management Holdings. Leon Black, Joshua Harris and Marc Rowan are the managers, as well as executive officers, of Management Holdings GP, and as such may be deemed to have voting and dispositive control of the shares of common stock held of record by the Apollo Funds. The address of the Apollo Funds is One Manhattanville Road, Suite 201, Purchase, New York 10577. The address of each of Apollo Management, Management GP, Management Holdings and Management Holdings GP, and Messrs. Black, Harris and Rowan, is 9 West 57th Street, 43rd Floor, New York, New York 10019.

(2) DPH 123, LLC is the record holder of the common stock reported herein. ABRY Partners VII, L.P., ABRY Partners VII Co-Investment Fund, L.P., ABRY Senior Equity III, L.P., ABRY Senior Equity III Co-Investment Fund, L.P., ABRY Advanced Securities Fund, L.P., ABRY Advanced Securities Fund II, L.P. and ABRY Investment Partnership, L.P. (collectively the “ABRY Funds”) are entitled to a majority of the votes at any meeting of the board of directors of DPH 123, LLC. The ABRY Funds are investment funds managed and/or controlled by ABRY Partners, LLC (“ABRY I”) and ABRY Partners II, LLC (“ABRY II” and, together with ABRY I, “ABRY”) and/or their respective affiliates. ABRY I and ABRY II are investment advisors registered with the SEC. Royce Yudkoff, as managing member of ABRY I and sole member of certain of its affiliates, has the right to exercise investment and voting power on behalf of ABRY Senior Equity III, L.P., ABRY Senior Equity III Co-Investment Fund, L.P., Advanced Securities Fund, L.P., ABRY Advanced Securities Fund II, L.P. and ABRY Investment Partnership, L.P. Peggy Koenig and Jay Grossman, as equal members of ABRY II and certain of its affiliates, have the right to exercise investment and voting power on behalf of ABRY Partners VII, L.P., and ABRY Partners VII Co-Investment Fund, L.P. The address of ABRY is 888 Boylston Street, Suite 1600, Boston, Massachusetts 02199.

(3) ACE Investment Holdings, LLC is the record holder of the common stock reported herein. The board of directors of ACE Investment Holdings, LLC consists of representatives of ABRY Partners VIII, L.P., ABRY Partners VIII Co-Investment Fund, L.P., and ABRY Investment Partnership, L.P. These investment funds are also managed and/or controlled by ABRY and/or their respective affiliates. Royce Yudkoff, as managing member of ABRY I and sole member of certain of its affiliates, has the right to exercise investment and voting power on behalf of ABRY Investment Partnership, L.P. Peggy Koenig and Jay Grossman, as equal members of ABRY II and certain of its affiliates, have the right to exercise investment and voting power on behalf of ABRY Partners VIII, L.P. and ABRY Partners VIII Co-Investment Fund, L.P. The address of ABRY is 888 Boylston Street, Suite 1600, Boston, Massachusetts 02199.

(4) Consists of 5,968,451 shares of common stock held by Searchlight Capital II, L.P. and 6,031,549 shares of common stock held by Searchlight Capital II PV, L.P. As members of the board of managers of Searchlight Capital Partners II GP, LLC, which have the power to vote or dispose of the securities indirectly held by Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P., Erol Uzumeri, Eric Zinterhofer and Oliver Haarmann may be deemed to have shared voting and investment power with respect to such securities. The address for Searchlight is 745 Fifth Avenue, 27th Floor, New York, New York 10151.

(5) Includes options to purchase 159,996 shares of common stock that are vested and exercisable or will become vested and exercisable within 60 days.

(6) Includes options to purchase 39,996 shares of common stock that are vested and exercisable or will become vested and exercisable within 60 days.

(7) Includes options to purchase 55,992 shares of common stock that are vested and exercisable or will become vested and exercisable within 60 days.

(8) Includes options to purchase 63,996 shares of common stock that are vested and exercisable or will become vested and exercisable within 60 days.
(9) Consists of (i) 10,992 shares of common stock held by Mr. Campos and (ii) 38,220 shares of common stock held by the Campos Family Trust, for which Mr. Campos is the Trustee.

(10) Consists of (i) 54,096 shares of common stock held by Mr. Fonseca and (ii) 156,000 shares of common stock held by DFRB Investors, LLC, which is controlled by Mr. Fonseca.

(11) Consists of (i) 240,000 shares of common stock held by 9531602 Canada Inc., which is controlled by Mr. Garber, and (ii) options to purchase 53,472 shares of common stock that are vested and exercisable or will become vested and exercisable within 60 days.

(12) Darren Glatt is a partner of Searchlight Capital Partners, L.P. Mr. Glatt disclaims beneficial ownership of any of the common stock held by Searchlight Capital II, L.P. and Searchlight Capital II PV, L.P. The address of Mr. Glatt is 745 Fifth Avenue, 27th Floor, New York, New York 10151.

(13) Brian St. Jean is affiliated with ABRY or its affiliated investment managers and advisors. Mr. St. Jean disclaims beneficial ownership of the shares of common stock that are beneficially owned by DPH 123, LLC and ACE Investment Holdings, LLC, which are controlled by investment funds that are managed by ABRY. The address of Mr. St. Jean is c/o ABRY Partners, LLC, 888 Boylston Street, Suite 1600, Boston, Massachusetts 02199.

(14) David Sambur and Aaron Sobel are each affiliated with Apollo or its affiliated investment managers and advisors. Messrs. Sambur and Sobel each disclaim beneficial ownership of the shares of common stock that are beneficially owned by the Apollo Funds. The address of Messrs. Sambur and Sobel is c/o Apollo Global Management, Inc., 9 West 57th Street, 43rd Floor, New York, New York 10019.

(15) Includes options to purchase 515,712 shares of common stock that are vested and exercisable or will become vested and exercisable within 60 days.

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DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our amended and restated certificate of incorporation and bylaws, each of which will become effective prior to the consummation of this offering, and of specific provisions of Delaware law. The following description is intended as a summary only and is qualified in its entirety by reference to our certificate of incorporation, our bylaws and the Delaware General Corporation Law, or the DGCL.

General

Upon the closing of this offering and the filing of our amended and restated certificate of incorporation, our capital stock will consist of 1,500,000,000 authorized shares, of which 1,495,000,000 shares, par value $0.01 per share, will be designated as “common stock” and 5,000,000 shares, par value $0.01 per share, will be designated as “preferred stock.” Immediately prior to this offering, there were 165,557,382 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights. The holders of our common stock are entitled to one vote per share on all matters submitted for action by the stockholders generally.

Dividend Rights. Subject to any preferential rights of any then outstanding preferred stock, all shares of our common stock are entitled to share equally in any dividends our board of directors may declare from legally available sources.

Liquidation Rights. Upon our liquidation, dissolution or winding up, whether voluntary or involuntary, after payment in full of the amounts required to be paid to holders of any the outstanding preferred stock, all shares of our common stock are entitled to share equally in the assets available for distribution to stockholders after payment of all of our prior obligations.

Other Matters. Holders of our common stock have no preemptive or conversion rights and our common stock is not subject to further calls or assessments by us. There are no redemption or sinking fund provisions applicable to our common stock. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock that we may designate and issue in the future.

Preferred Stock

Pursuant to our certificate of incorporation, shares of preferred stock are issuable from time to time, in one or more series, with the designations, voting rights (full, limited or no voting rights), powers, preferences, participating, optional or other special rights (if any) and any qualifications, limitations or restrictions thereof, of each series as our board of directors from time to time may adopt by resolution (and without further stockholder approval). Each series of preferred stock will consist of an authorized number of shares as will be stated and expressed in the certificate of designations providing for the creation of the series.

Composition of Board of Directors; Election and Removal of Directors

In accordance with our certificate of incorporation and our bylaws, the number of directors comprising our board of directors is determined from time to time exclusively by our board of directors;
provided that the number of directors shall not be less than three and shall not exceed 15. Our certificate of incorporation will provide for a board of directors divided into three classes (each as nearly as equal as possible and with directors in each class serving staggered three-year terms), initially consisting of three directors in Class I, three directors in Class II and four directors in Class III. See “Description of Capital Stock—Certain Corporate Anti-takeover Provisions—Classified Board of Directors.”

Under our Investor Rights Agreements, Apollo and its affiliates have the right, but not the obligation, at any time until Apollo and its affiliates, including the Apollo Funds, no longer beneficially own at least 5% of our issued and outstanding common stock, to nominate a number of directors comprising a percentage of our board of directors in accordance with their beneficial ownership of our outstanding common stock (rounded up to the nearest whole number). We refer to the directors nominated by Apollo and its affiliates based on such percentage ownership as the “Apollo Board Nominees.” Under the SCP Investor Rights Agreement, Searchlight has the right, but not the obligation, to nominate one person to serve as a director as long as Searchlight and its affiliates’ ownership of our common stock exceeds a specified threshold. We refer to the director nominated by Searchlight based on such percentage ownership as the “Searchlight Board Nominee.” Under the ABRY Investor Rights Agreement, ABRY VIII has the right, but not the obligation, to nominate one person to serve as a director as long as ABRY and its affiliates’ ownership of our common stock exceeds a specified threshold. We refer to the director nominated by ABRY based on such threshold as the “ABRY Board Nominee.” See “Certain Relationships and Related Party Transactions—Investor Rights Agreements.”

Each director is to hold office for a three year term and until the annual meeting of stockholders for the election of the class of directors to which such director has been elected and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Any vacancy on our board of directors (other than in respect of an Apollo Board Nominee, the Searchlight Board Nominee or the ABRY Board Nominee) will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum. Any vacancy on our board of directors in respect of an Apollo Board Nominee will be filled only by individuals designated by Apollo and its affiliates, including the Apollo Funds, for so long as they beneficially own at least 5% of our issued and outstanding common stock. Any vacancy on our board of directors in respect of the Searchlight Board Nominee or the ABRY Board Nominee will be filled only by an individual designated by Searchlight or ABRY VIII, as applicable, for so long as the ownership of Searchlight and its affiliates or ABRY and its affiliates, as applicable, exceeds the applicable common stock ownership threshold. See “Certain Relationships and Related Party Transactions—Investor Rights Agreements.”

At any meeting of our board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes, except that if Apollo and its affiliates, including the Apollo Funds, beneficially own at least 5% of our issued and outstanding common stock and there is at least one member of our board of directors who is an Apollo Board Nominee, then at least one director that is an Apollo Board Nominee must be present for there to be a quorum unless each Apollo Board Nominee waives his or her right to be included in the quorum at such meeting.

Certain Corporate Anti-takeover Provisions

Certain provisions in our certificate of incorporation, bylaws and Investor Rights Agreements summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.
Preferred Stock

Our certificate of incorporation contains provisions that permit our board of directors to issue, without any further vote or action by stockholders, shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series, the powers, preference, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions, of the shares of such series.

Classified Board of Directors

Our certificate of incorporation provides that our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors in each class serving staggered three-year terms. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our certificate of incorporation provides that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by our board of directors, as described above in “—Composition of Board of Directors; Election and Removal of Directors.”

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our certificate of incorporation provides that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, that from and after the time Apollo and its affiliates, including the Apollo Funds, cease to beneficially own, in the aggregate, at least 50.1% of the voting power of our outstanding common stock, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. For so long as at least 5% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Funds, any vacancy on our board of directors in respect of an Apollo Board Nominee will only be filled by individuals designated by Apollo and its affiliates, including the Apollo Funds. For so long as Searchlight and its affiliates continue to hold at least 6,000,000 shares of our common stock (subject to any equitable adjustments), which is an amount equal to 50% of the shares of our common stock that Searchlight originally received in connection with the Rackspace Acquisition (after giving effect to the Stock Split), any vacancy on our board of directors in respect of the Searchlight Board Nominee will only be filled by an individual designated by Searchlight. Any other vacancy on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, as described above in “—Composition of Board of Directors; Election and Removal of Directors.”

No Cumulative Voting

Under our certificate of incorporation, stockholders do not have the right to cumulative votes in the election of directors.
Special Meetings of Stockholders

Our certificate of incorporation provides that if less than 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Funds, special meetings of the stockholders may be called only by the chairman of the board of directors or by the secretary at the direction of a majority of the directors then in office. For so long as at least 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Funds, special meetings may also be called by the secretary at the written request of the holders of a majority of the voting power of the then outstanding common stock. The business transacted at any special meeting will be limited to the proposal or proposals included in the notice of the meeting.

Stockholder Action by Written Consent

Subject to the rights of the holders of one or more series of our preferred stock then outstanding, any action required or permitted to be taken by stockholders must be effected at a duly called annual or special meeting of our stockholders; provided, that prior to the time at which Apollo and its affiliates, including the Apollo Funds, cease to beneficially own at least 50.1% of the voting power our outstanding common stock, any action required or permitted to be taken at any annual or special meeting of our stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, is signed by or on behalf of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and are delivered in accordance with applicable Delaware law.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our bylaws provide that stockholders who are seeking to bring business before an annual meeting of stockholders and stockholders (other than Apollo and its affiliates, including the Apollo Funds, Searchlight and ABRY) who are seeking to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder’s notice generally must be delivered to and received at our principal executive offices not earlier than the close of business on the 120th day and not later than the close of business of the 90th day prior to the first anniversary of the preceding year’s annual meeting of our stockholders; provided, that in the event that the date of such meeting is advanced by more than 30 days prior to, or delayed by more than 60 days after, the anniversary of the preceding year’s annual meeting of our stockholders, a stockholder’s notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the 90th day prior to such meeting or, if the first public announcement of the date of such meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. Our bylaws specify certain requirements as to the form and content of a stockholder’s notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

All of the foregoing provisions of our certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change in control. These same provisions may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest. In addition, such provisions could have the effect of discouraging others from making tender offers for our stockholders.
shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

**Delaware Takeover Statute**

Our certificate of incorporation provides that we are not governed by Section 203 of the DGCL which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations.

However, our certificate of incorporation will include a provision that restricts us from engaging in any business combination with an interested stockholder for three years following the date that person becomes an interested stockholder. Such restrictions will not apply to any business combination between Apollo and any affiliate thereof, including the Apollo Funds, or their direct and indirect transferees, on the one hand, and us, on the other. In addition, such restrictions will not apply if:

- a stockholder becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that it ceases to be an interested stockholder and (ii) within the three-year period immediately prior to the business combination between the Company and such stockholder, would not have been an interested stockholder but for the inadvertent acquisition of ownership; or

- the business combination is proposed prior to the consummation or abandonment of, and subsequent to the earlier of the public announcement or the notice required under the certificate of incorporation of, a proposed transaction that (i) constitutes one of the transactions described in the proviso of this sentence, (ii) is with or by a person who either was not an interested stockholder during the previous three years or who became an interested stockholder with the approval of our board of directors and (iii) is approved or not opposed by a majority of the directors then in office (but not less than one) who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors; provided that the proposed transactions are limited to (x) a merger or consolidation of the Company (except for a merger in respect of which, pursuant to Section 251(f) of the DGCL, no vote of the stockholders of the Company is required), (y) a sale, lease, exchange, mortgage, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company (other than to any wholly owned subsidiary or to the Company) having an aggregate market value equal to 50% or more of either that aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Company or (z) a proposed tender or exchange offer for 50% or more of the outstanding voting stock of the Company; provided further that the Company will give not less than 20 days’ notice to all interested stockholders prior to the consummation of any of the transactions described in clause (x) or (y) above.

Additionally, we would be able to enter into a business combination with an interested stockholder if:

- before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;

- upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the
voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) stock held by directors who are also officers of our Company and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or

• following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least 66 2/3% of the voting power of our outstanding voting stock not owned by the interested stockholder.

In general, a “business combination” is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” is any person who, together with affiliates and associates, is the owner of 15% or more of our outstanding voting stock or is our affiliate or associate and was the owner of 15% or more of our outstanding voting stock at any time within the three-year period immediately before the date of determination. Under our certificate of incorporation, an “interested stockholder” generally does not include Apollo and any affiliate thereof or their direct and indirect transferees.

This provision of our certificate of incorporation could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Amendment of Our Certificate of Incorporation

Under Delaware law, our certificate of incorporation may be amended only with the affirmative vote of holders of at least a majority of the outstanding stock entitled to vote thereon.

Notwithstanding the foregoing, our certificate of incorporation provides that, from and after the time Apollo and its affiliates, including the Apollo Funds, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, in addition to any vote required by applicable law, our certificate of incorporation or bylaws, the affirmative vote of holders of at least 66 2/3% of the voting power of our outstanding shares of our capital stock entitled to vote thereon, voting together as a single class, is required to alter, amend or repeal the following provisions of our certificate of incorporation:

• the provision authorizing the board of directors to designate one or more series of preferred stock and, by resolution, to provide the rights, powers and preferences, and the qualifications, limitations and restrictions thereof, of any series of preferred stock;

• the provisions providing for a classified board of directors and the number of the directors, establishing the term of office of directors, setting forth the quorum of any meeting of the board of directors, relating to the removal of directors, specifying the manner in which vacancies on the board of directors and newly created directorships may be filled and relating to any voting rights of preferred stock;

• the provisions authorizing our board of directors to make, alter, amend or repeal our bylaws;

• the provisions regarding the calling of special meetings and stockholder action by written consent in lieu of a meeting;

• the provisions eliminating monetary damages for breaches of fiduciary duty by a director;

• the provisions providing for indemnification and advance of expenses of our directors and officers;

• the provisions regarding competition and corporate opportunities;
the provision specifying that, unless we consent in writing to the selection of an alternative forum, the Chancery Court of the State of Delaware will be the sole and exclusive forum for intra-corporate disputes and the federal district courts of the United States will be the exclusive forum for causes of actions arising under the Securities Act;

• the provisions regarding entering into business combinations with interested stockholders;

• the provision requiring that, from and after the time Apollo and its affiliates, including the Apollo Funds, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, amendments to specified provisions of our certificate of incorporation require the affirmative vote of 66 2/3% in voting power of our outstanding stock, voting as a single class; and

• the provision requiring that, from and after the time Apollo and its affiliates, including the Apollo Funds, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, amendments by the stockholders to our bylaws require the affirmative vote of 66 2/3% in voting power of our outstanding stock, voting as a single class.

Amendment of Our Bylaws
Our bylaws provide that they can be amended by the vote of the holders of shares constituting a majority of the voting power or by the vote of a majority of the board of directors. However, our certificate of incorporation provides that, from and after the time Apollo and its affiliates, including the Apollo Funds, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, in addition to any vote required under our certificate of incorporation, the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding shares of stock entitled to vote thereon, voting as a single class, is required for the stockholders to alter, amend or repeal any provision of our bylaws or to adopt any provision inconsistent therewith.

Certain Matters that Require Consent of Our Stockholders
The Investor Rights Agreements provide that until Apollo and its affiliates, including the Apollo Funds, no longer beneficially own at least 33% of our issued and outstanding common stock, we will not take certain significant actions specified therein without the prior consent of Apollo and its affiliates, including, but not limited to:

• other than in the ordinary course of business with vendors, customers and suppliers, acquisition of equity interests or assets of any other entity, or any business, properties, assets or entities, exceeding $50 million in any single transaction or $100 million in the aggregate in any series of transactions during a calendar year;

• other than in the ordinary course of business with vendors, customers and suppliers, disposition of any of our or our subsidiaries' assets or equity interests, exceeding $50 million in any single transaction or $100 million in the aggregate in any series of transactions during a calendar year; and

• merging or consolidating with or into any other entity, or transferring all or substantially all of the Company's or our subsidiaries' assets, taken as a whole, to another entity, or undertaking any transaction that would constitute a “change of control” as defined in our or our subsidiaries' credit facilities or note indentures (other than transactions among us and our wholly-owned subsidiaries). See “Certain Relationships and Related Party Transactions—Investor Rights Agreements.”

The provisions of the DGCL, our certificate of incorporation, our bylaws and our Investor Rights Agreements could have the effect of discouraging others from attempting hostile takeovers and, as a
consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Corporate Opportunity

Under Delaware law, officers and directors generally have an obligation to present to the corporation they serve business opportunities which the corporation is financially able to undertake and which falls within the corporation's business line and are of practical advantage to the corporation, or in which the corporation has an actual or expectant interest. A corollary of this general rule is that when a business opportunity comes to an officer or director that is not one in which the corporation has an actual or expectant interest, the officer is generally not obligated to present it to the corporation. Certain of our officers and directors may serve as officers, directors or fiduciaries of other entities and, therefore, may have legal obligations relating to presenting available business opportunities to us and to other entities. Potential conflicts of interest may arise when our officers and directors learn of business opportunities (e.g., the opportunity to acquire an asset or portfolio of assets, to make a specific investment, to effect a sale transaction, etc.) that would be of material advantage to us and to one or more other entities of which they serve as officers, directors or other fiduciaries.

Section 122(17) of the DGCL permits a corporation to renounce, in advance, in its certificate of incorporation or by action of its board of directors, any interest or expectancy of a corporation in certain classes or categories of business opportunities. Where business opportunities are so renounced, certain of our officers and directors will not be obligated to present any such business opportunities to us. Our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, principal, partner, member, manager, employee, agent, or other representative of Apollo, Searchlight or ABRY or their respective affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to Apollo, Searchlight or ABRY or their respective affiliates and representatives, as applicable, instead of us, or does not communicate information regarding a corporate opportunity to us that such individual has directed to Apollo, Searchlight or ABRY or their respective affiliates and representatives, as applicable. As of the date of this prospectus, this provision of our certificate of incorporation relates only to the directors nominated by the Apollo Funds, Searchlight or ABRY.

Exclusive Forum Selection

Unless we consent in writing to the selection of an alternative forum, the Chancery Court of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or of our certificate of incorporation or our bylaws; or
- any action asserting a claim against us or any of our directors or officers governed by the internal affairs doctrine,

in each such case subject to the Delaware Court of Chancery having personal jurisdiction over the indispensable parties named as defendants.
Notwithstanding the foregoing, the provisions of the foregoing paragraph will not apply to suits brought to enforce any liability or duty created by the Securities Act, the Exchange Act or any other claim for which the federal district courts of the United States have exclusive jurisdiction. For instance, the provision would not apply to actions arising under federal securities laws, including suits brought to enforce any liability or duty created by the Securities Act, Exchange Act or the rules and regulations thereunder. Our certificate of incorporation further provides that the federal district courts of the United States shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any action, suit or proceeding asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the foregoing forum selection provisions. However, the enforceability of similar exclusive forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies’ organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether other courts would enforce the exclusive forum provisions in our certificate of incorporation. Additionally, our stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

We recognize that the forum selection clause in our certificate of incorporation may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clause in our certificate of incorporation may limit our stockholders’ ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

Limitation of Liability and Indemnification

Our certificate of incorporation limits the liability of our directors to the maximum extent permitted by the DGCL. The DGCL provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability:

- for any breach of their duty of loyalty to the corporation or its stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of laws;
- under Section 174 of the DGCL (governing distributions to stockholders); or
- for any transaction from which the director derived an improper personal benefit.

However, if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The modification or repeal of this provision of our certificate of incorporation will not adversely affect any right or protection of a director existing at the time of such modification or repeal.

Our certificate of incorporation provides that we will, to the fullest extent from time to time permitted by law, indemnify our directors and officers against all liabilities and expenses in any suit or
proceeding, arising out of their status as an officer or director or their activities in these capacities. We will also indemnify any person who, at
our request, is or was serving as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise. We
may, by action of our board of directors, provide indemnification to our employees and agents within the same scope and effect as the foregoing
indemnification of directors and officers.

The right to be indemnified will include the right of an officer or a director to be paid expenses in advance of the final disposition of any
proceeding, provided that, if required by law, we receive an undertaking to repay such amount if it will be determined that he or she is not
entitled to be indemnified.

Our board of directors may take such action as it deems necessary to carry out these indemnification provisions, including adopting
procedures for determining and enforcing indemnification rights and purchasing insurance policies. Our board of directors may also adopt
bylaws, resolutions or contracts implementing indemnification arrangements as may be permitted by law. Neither the amendment nor the repeal
of these indemnification provisions, nor any provision of our certificate of incorporation that is inconsistent with these indemnification provisions,
will eliminate or reduce any rights to indemnification relating to their status or any activities prior to such amendment, repeal or adoption.

We believe these provisions will assist in attracting and retaining qualified individuals to serve as directors.

Listing

We have applied to list our shares of common stock on Nasdaq under the symbol "RXT."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.
SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate. See “Risk Factors—Risks Related to this Offering and Ownership of our Common Stock—Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.”

Sale of Restricted Shares

Upon the completion of this offering, we will have an aggregate of 199,057,382 shares of common stock (or 204,082,382 shares if the underwriters exercise their option to purchase additional shares in full) outstanding, excluding (i) 25,178,352 shares of common stock underlying outstanding options and RSUs granted under the 2017 Incentive Plan, (ii) shares of common stock underlying the CEO Performance RSU Grant and the CFO IPO Grant and up to 700,000 shares of common stock underlying RSUs that we expect to grant to our employees on the date of this prospectus under the 2020 Incentive Plan and (iii) up to 10,663,741 shares of our common stock that may be issuable to an affiliate of ABRY pursuant to the Datapipe Merger Agreement as described further in “Certain Relationships and Related Party Transactions—Datapipe Merger Agreement.” Of these shares, all of the shares of common stock sold in this offering, including any shares sold if the underwriters exercise their option to purchase additional shares, will be freely tradable without restriction unless the shares are held by any of our “affiliates,” as such term is defined in Rule 144 under the Securities Act. All remaining shares of common stock will be deemed “restricted securities,” as such term is defined under Rule 144.

Restricted securities may be sold in the public market only if they qualify for an exemption from registration under Rule 144 under the Securities Act, which is summarized below, or any other applicable exemption under the Securities Act, or pursuant to a registration statement that is effective under the Securities Act. Immediately following the consummation of this offering, the holders of approximately 164,886,006 shares of our common stock will be entitled to dispose of their shares following the expiration of an initial 180-day underwriter “lock-up” period, subject to the holding period, volume and other restrictions of Rule 144. Goldman Sachs & Co. LLC is entitled to waive these lock-up provisions in its discretion prior to the expiration date of such lock-up agreements.

Lock-up Agreements

We, the Apollo Funds, Searchlight, affiliates of ABRY and all of our directors and executive officers, who collectively hold substantially all of our issued and outstanding common stock, have agreed not to sell any common stock or securities convertible into or exercisable or exchangeable for shares of common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions. Please see “Underwriting (Conflict of Interest)” for a description of these lock-up provisions. Goldman Sachs & Co. LLC, in its sole discretion, may at any time release all or any portion of the shares from the restrictions in such agreements, subject to applicable notice requirements.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the six months preceding a sale, and who has beneficially owned restricted securities within the
meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our common stock or the average weekly trading volume of our common stock reported by Nasdaq during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Stock Options

Upon the completion of this offering, options to purchase an aggregate of 24,725,004 shares of our common stock will be outstanding, of which options to purchase 6,037,416 shares will be currently exercisable. During the period the options are outstanding, we will reserve from our authorized and unissued common stock a sufficient number of shares to provide for the issuance of shares of common stock underlying the options upon the exercise of the options.

Restricted Stock Units

Upon the completion of this offering, there will be 453,348 shares of our common stock issuable upon the vesting of outstanding RSUs (excluding the shares of our common stock issuable under the CEO Performance RSU Grant and the CFO IPO Grant and up to 700,000 shares of common stock underlying RSUs that we expect to grant to our employees on the date of this prospectus under the 2020 Incentive Plan). During the period the RSUs are outstanding, we will reserve from our authorized and unissued common stock a sufficient number of shares to provide for the issuance of shares of common stock underlying the RSUs.

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register our common stock issuable under the 2017 Incentive Plan, the 2020 Incentive Plan and the ESPP. This registration statement on Form S-8 is expected to be filed following the effectiveness of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described above. For the avoidance of doubt, unless such shares held by the Apollo Funds, Searchlight, affiliates of ABRY or our directors and executive officers, such shares are not subject to the lock-up restrictions described above.
Registration Rights

Following this offering and subject to the lock-up agreements, the Apollo Funds, Searchlight and affiliates of ABRY will be entitled to certain rights with respect to the registration of the sale of their shares of common stock under the Securities Act. For more information, see “Certain Relationships and Related Party Transactions—Registration Rights Agreement.” After such registration, these shares of common stock will become freely tradable without restriction under the Securities Act, except for shares purchased by affiliates.
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income tax considerations applicable to Non-U.S. Holders (as defined herein) with respect to the ownership and disposition of our common stock issued pursuant to this offering. The following discussion is based upon current provisions of the Code, U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change at any time, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling from the IRS with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein.

This discussion only addresses beneficial owners of our common stock that hold such common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to a Non-U.S. Holder in light of such Non-U.S. Holder’s particular circumstances or that may be applicable to Non-U.S. Holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, regulated investment companies, real estate investment trusts, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, Non-U.S. Holders who acquire our common stock pursuant to the exercise of employee stock options or otherwise as compensation for their services, Non-U.S. Holders liable for the alternative minimum tax, controlled foreign corporations, passive foreign investment companies, former citizens or former long-term residents of the United States, and Non-U.S. Holders that hold our common stock as part of a hedge, straddle, constructive sale or conversion transaction). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax or the Medicare contribution tax on certain net investment income), nor does it address any aspects of U.S. state, local or non-U.S. taxes. Non-U.S. Holders are urged to consult with their own tax advisors regarding the possible application of these taxes.

For purposes of this discussion, the term “Non-U.S. Holder” means a beneficial owner of our common stock that is an individual, corporation, estate or trust, other than:

- an individual who is a citizen or resident of the United States, as determined for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if: (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of a person treated as a partner of such partnership generally will depend on the status of the partner and the activities of the partnership. Persons that, for U.S. federal income tax purposes, are treated as partners in a partnership holding shares of our common stock are urged to consult their own tax advisors.
Prospective purchasers are urged to consult their tax advisors as to the particular consequences to them under U.S. federal, state and local, and applicable foreign tax laws of the acquisition, ownership and disposition of our common stock.

**Distributions**

Distributions of cash or property that we pay in respect of our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will be subject to U.S. federal withholding tax at a 30% rate, or at a reduced rate prescribed by an applicable income tax treaty, on any dividends received in respect of our common stock. If the amount of the distribution exceeds our current and accumulated earnings and profits, such excess first will be treated as a return of capital to the extent of your tax basis in our common stock, and thereafter will be treated as capital gain. However, except to the extent that we elect (or the paying agent or other intermediary through which you hold your common stock elects) otherwise, we (or the intermediary) must generally withhold at the applicable rate on the entire distribution, in which case you would be entitled to a refund from the IRS for the withholding tax on the portion, if any, of the distribution that exceeded our current and accumulated earnings and profits.

In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, you will be required to provide a properly executed IRS Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) certifying your entitlement to benefits under the treaty. Special certifications and other requirements apply to certain Non-U.S. Holders that are pass-through entities rather than corporations or individuals for U.S. federal income tax purposes. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. You are urged to consult your own tax advisor regarding your possible entitlement to benefits under an applicable income tax treaty.

**Sale, Exchange or Other Taxable Disposition of Common Stock**

Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale, exchange or other taxable disposition of our common stock unless:

- the gain is U.S. trade or business income, in which case, such gain will be taxed as described in “—U.S. Trade or Business Income” below;
- you are an individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case you will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on the amount by which certain capital gains allocable to U.S. sources exceed certain capital losses allocable to U.S. sources; or
- we are or have been a “United States real property holding corporation” (a “USRPHC”) under Section 897 of the Code at any time during the shorter of the five-year period ending on the date of the disposition and your holding period for the common stock, in which case, subject to the exception set forth in the second sentence of the next paragraph, such gain will be subject to U.S. federal income tax as described in “—U.S. Trade or Business Income” below.

In general, a corporation is a USRPHC if the fair market value of its “United States real property interests” equals or exceeds 50% of the sum of the fair market value of its worldwide real property.
U.S. Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale, exchange or other taxable disposition of our common stock will be considered to be “U.S. trade or business income” if (A)(i) such income or gain is effectively connected with your conduct of a trade or business within the United States and (ii) if you are eligible for the benefits of an income tax treaty with the United States and such treaty requires, such income or gain is attributable to a permanent establishment (or, if you are an individual, a fixed base) that you maintain in the United States or (B) with respect to gain, we are or have been a USRPHC at any time during the shorter of the five-year period ending on the date of the disposition of our common stock and your holding period for our common stock (subject to the exception set forth above in the second paragraph of “—Sale, Exchange or Other Taxable Disposition of Common Stock”). Generally, U.S. trade or business income is not subject to U.S. federal withholding tax (provided that you comply with applicable certification and disclosure requirements, including providing a properly executed IRS Form W-8ECI (or successor form)); instead, you are subject to U.S. federal income tax on a net basis at regular U.S. federal income tax rates (generally in the same manner as a U.S. person) on your U.S. trade or business income. If you are a corporation, any U.S. trade or business income that you receive may also be subject to a “branch profits tax” at a 30% rate, or at a lower rate prescribed by an applicable income tax treaty.

Information Reporting and Backup Withholding

We must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax or that is exempt from such withholding pursuant to an income tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation on certain reportable payments. Dividends paid to you will generally be exempt from backup withholding if you provide a properly executed IRS Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) or otherwise establish an exemption and the applicable withholding agent does not have actual knowledge or reason to know that you are a U.S. person or that the conditions of such other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of our common stock to or through the U.S. office of any broker (U.S. or non-U.S.) will be subject to information reporting and possible backup withholding unless you certify as to your non-U.S. status under penalties of perjury or otherwise establish an exemption and the broker does not have actual knowledge or reason to know that you are a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of proceeds from the disposition of our common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related financial intermediary, the Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has
documentary evidence in its files that the owner is not a U.S. person and the broker has no knowledge to the contrary. You are urged to consult your tax advisor on the application of information reporting and backup withholding in light of your particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to you will be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

FATCA

Pursuant to Section 1471 through 1474 of the Code, commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions (which include most foreign hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities that do not otherwise qualify for an exemption must comply with information reporting rules with respect to their U.S. account holders and investors or be subject to a withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party).

More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements or otherwise qualify for an exemption will generally be subject to a 30% withholding tax with respect to any "withholdable payments." For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (e.g., U.S.-source dividends). The FATCA withholding tax will apply even if the payment would otherwise not be subject to U.S. nonresident withholding tax (e.g., because it is capital gain). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

FATCA currently applies to dividends made in respect of our common stock. Proposed Treasury regulations, the preamble to which states that they can be relied upon until final regulations are issued, exempt from FATCA proceeds on dispositions of stock. To avoid withholding on dividends, Non-U.S. Holders may be required to provide the Company (or its withholding agents) with applicable tax forms or other information. Non-U.S. Holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.
UNDERWRITING (CONFLICT OF INTEREST)

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Goldman Sachs & Co. LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

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<tr>
<th>Name</th>
<th>Number of Shares</th>
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<tr>
<td>Goldman Sachs &amp; Co. LLC</td>
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<tr>
<td>Citigroup Global Markets Inc.</td>
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<td>J.P. Morgan Securities LLC</td>
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<td>RBC Capital Markets, LLC</td>
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<td>Evercore Group L.L.C.</td>
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<td>Barclays Capital Inc.</td>
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<td>BMO Capital Markets Corp.</td>
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<td>Credit Suisse Securities (USA) LLC</td>
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<td>Deutsche Bank Securities Inc.</td>
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<td>HSBC Securities (USA) Inc.</td>
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<td>LionTree Advisors LLC</td>
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<td>Siebert Williams Shank &amp; Co., LLC</td>
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<td>Drexel Hamilton, LLC</td>
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<tr>
<td>Apollo Global Securities, LLC</td>
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<td><strong>Total</strong></td>
<td><strong>33,500,000</strong></td>
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The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at the public offering price less a concession not to exceed $ per share. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters’ right to reject any order in whole or in part.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 5,025,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.
We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of our common stock offered by them.

Commissions and Discounts

The following table shows the per share and total public offering price, underwriting discounts and commissions and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 5,025,000 shares of common stock.

<table>
<thead>
<tr>
<th></th>
<th>Per Share</th>
<th>No Exercise</th>
<th>Full Exercise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public offering price</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Underwriting discounts and commissions to be paid by us</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<tr>
<td>Proceeds, before expenses, to us</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $8.4 million. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority, Inc. (“FINRA”) up to $45,000.

Listing

We have applied to list our common stock on Nasdaq under the trading symbol “RXT.”

Lock-Up Agreements

We, the Apollo Funds, Searchlight, affiliates of ABRY and all of our directors and executive officers, who collectively hold substantially all of our issued and outstanding common stock, have agreed that, without the prior written consent of Goldman Sachs & Co. LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock, or any options or warrants to purchase any shares of common stock or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock;
- file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

or publicly disclose the intention to do any of the foregoing, whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.
The lock-up agreement applicable to the Company is subject to certain specified exceptions, including: (i) shares of common stock to be sold in this offering, (ii) issuances of common stock by the Company upon the conversion or exchange of convertible or exchangeable securities existing on the date of such agreement, (iii) any issuance of common stock, options by the Company to purchase shares of common stock, including nonqualified stock options and incentive stock options, and other equity incentive compensation, including restricted stock or restricted stock units stock appreciation rights, dividend equivalents and stock-based awards, pursuant to equity plans or similar plans described herein, (iv) any issuances of common stock upon the exercise of options or the settlement of restricted stock units or other equity compensation described in clause (iii) above granted under such equity plans or similar plans described herein, or under equity plans or similar plans of companies acquired by the Company in effect on the date of acquisition, (v) the filing by the Company of any registration statement on Form S-8 relating to the offering of securities pursuant to the terms of such equity plans or similar plans, (vi) issuances of common stock by the Company or securities convertible into shares of common stock in connection with an acquisition or business combination, provided that the aggregate number of shares of common stock issued pursuant to this clause (vi) during the lock-up period shall not exceed 5% of the total number of shares of common stock issued and outstanding on the closing date of this offering and (vii) the issuance of shares of common stock pursuant to the Datapipe Merger Agreement, provided that, in the case of any issuance pursuant to (vi) and (vii), the transferee or distribute agrees in writing to be bound by the lock-up restrictions.

The lock-up agreement applicable to the Apollo Funds, Searchlight, affiliates of ABRY and all of our directors and executive officers is subject to certain specified exceptions, including: (i) bona fide gifts; (ii) transfers to any trust for the direct or indirect benefit of the lock-up signatory or the immediate family of the lock-up signatory; (iii) transfers by will or intestacy; (iv) transfers to a partnership, limited liability company or other entity in which the lock-up party and the immediate family of the lock-up party are the legal and beneficial owner of all the outstanding equity securities or similar interests; (v) transfers by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement; (vi) open market transactions after the completion of the offering or transfers to the underwriters of this offering; (vii) (A) the exercise of stock options solely with cash granted pursuant to equity incentive plans described herein, and the receipt by the lock-up signatory from the Company of shares of common stock upon such exercise; (B) transfers to the Company upon the “net” or “cashless” exercise of stock options or other equity awards granted pursuant to equity incentive plans described herein; (C) transfers for the primary purpose of satisfying any tax or other governmental withholding obligation with respect to any award of equity-based compensation granted pursuant to our equity incentive plans; or (D) forfeitures to the Company to satisfy tax withholding requirements of the lock-up party or the Company upon the vesting, during the lock-up period, of equity based awards granted under equity incentive plans or pursuant to other stock purchase arrangements, in each case as described herein; (viii) a bona fide third-party tender offer, merger, consolidation or other similar transaction transaction to all holders of our common stock; (ix) transfers to the Company in connection with the repurchase by the Company of shares of common stock or other securities pursuant to a repurchase right arising upon the termination of a lock-up signatory’s employment with the Company; (x) the establishment of a trading plan pursuant to Rule 10b5-1 of the Exchange Act; (xi) if the holder is a corporation, partnership or limited liability company, (A) distributions to partners, limited liability company members, stockholders or holders of similar interests or (B) transfers to affiliates (as defined in Rule 405 of the Securities Act); (xii) transfers to any third-party pledgee in a bona fide transaction as collateral to secure obligations pursuant to lending or other similar arrangement relating to a financing arrangement between such third parties (or their affiliates or designees) and the lock-up party and/or its affiliates; (xiii) transfers pursuant to a bona fide lien or pledge and as a grant or maintenance of a bona fide lien, security interest, pledge or other similar encumbrance in connection with a loan to the lock-up party, including those that are in effect on the date of such agreement and has been disclosed to Goldman Sachs & Co. LLC, subject to certain restrictions; and (xiv) transfers to the lock-up party’s employer or any affiliate of the lock-up party’s employer as compensation in his or her capacity as a
member of the Company's board of directors; provided that, in the case of any transfer or distribution pursuant to (i) through (v), (vii), (xi) and 
(xiv), the transferee or distribute agrees in writing to be bound by the lock-up restrictions.

Goldman Sachs & Co. LLC, in its sole discretion, may release our common stock and other securities subject to the lock-up agreements 
described above in whole or in part at any time, subject to applicable notice requirements.

**Price Stabilization, Short Positions and Penalty Bids**

In order to facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise 
affect the price of our common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the 
underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available 
for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-
allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the 
underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. 
The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out 
any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are 
concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect 
investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of 
our common stock in the open market to stabilize the price of our common stock. These activities may raise or maintain the market price of our 
common stock above independent market levels or prevent or retard a decline in the market price of our common stock. The underwriters are 
not required to engage in these activities and may end any of these activities at any time.

**Electronic Distribution**

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group 
members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters 
for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make 
Internet distributions on the same basis as other allocations.

**Other Relationships**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include 
securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, 
hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and 
may in the future perform, various financial advisory and investment banking services for us and the Apollo Funds, for which they received or 
will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a 
broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including 
bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities 
and instruments. Such investment and securities activities may involve our securities.
Conflict of Interest

Apollo Global Securities, LLC, an affiliate of Apollo, is an underwriter in this offering. Affiliates of Apollo beneficially own in excess of 10% of our issued and outstanding common stock. As a result, Apollo Global Securities, LLC is deemed to have a “conflict of interest” under FINRA Rule 5121, and this offering will be conducted in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a “qualified independent underwriter” is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. Apollo Global Securities, LLC will not confirm sales of the securities to any account over which it exercises discretionary authority without the specific written approval of the account holder.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

European Economic Area and United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each, a “Relevant State”), no offer of shares may be made to the public in that Relevant State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the representatives and us that it is a “qualified investor” as defined in the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Relevant State means the communication in any form and by means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

**United Kingdom**

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

**Switzerland**

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the shares of common stock. The shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares may be publicly distributed or otherwise made publicly available in Switzerland.

**Canada**

The shares of common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106

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Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Shares of our common stock may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to shares of our common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our common stock may not be circulated or distributed, nor may the shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our common stock are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable within six months after that corporation or that trust has acquired shares of our common stock under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person, or to any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA;
2. where no consideration is given for the transfer; or
3. where the transfer is by operation of law.

Solely for purposes of the notification requirements under Section 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons, that the shares are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”) has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors (“QII”)

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a “small number private placement” or a “small number private secondary distribution” (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred en bloc without subdivision to a single investor.
This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.
LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York. The validity of the shares of common stock offered hereby will be passed upon for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The financial statements of Rackspace Technology, Inc. (formerly known as Rackspace Corp.) as of December 31, 2019 and December 31, 2018 and for each of the three years in the period ended December 31, 2019 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

In connection with this offering, PricewaterhouseCoopers LLP (“PwC”) completed an independence assessment to evaluate the services and relationships with the Company and its affiliates that may bear on PwC’s independence under the SEC and the PCAOB (United States) independence rules for the audit period commencing January 1, 2017.

PwC informed the Company’s Audit Committee that from January 2017 to March 2020 its U.S. member firm and certain member firms within PricewaterhouseCoopers International Limited, each of which is a separate legal entity, had performed non-audit services for Apollo and for certain foreign subsidiaries of companies owned by funds affiliated with Apollo ("Apollo PortCo Subs"). PwC identified independence violations as follows, relating to certain activities undertaken in connection with: (i) non-audit services provided to Apollo and four Apollo PortCo Subs deemed to be prohibited management functions pursuant to Rule 2-01(c)(4)(vi) of Regulation S-X under the SEC’s auditor independence rules, (ii) non-audit services provided to two Apollo PortCo Subs deemed to be prohibited expert services for the purpose of advocating an audit client’s interest in an administrative proceeding in violation of Rule 2-01(c)(4)(x) of Regulation S-X, and (iii) non-audit services provided to one Apollo PortCo Sub deemed to be prohibited legal services in violation of Rule 2-01(c)(4)(ix) of Regulation S-X.

PwC informed the Audit Committee that PwC maintained objectivity and impartiality on all issues encompassed within its audits of the Company’s consolidated financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2017, 2018 and 2019 in consideration of the mitigating factors, including:

- the non-audit services provided to Apollo and the applicable Apollo PortCo Subs are immaterial to Apollo (considering both qualitative and quantitative factors) and unrelated to the Company (other than being owned by funds affiliated with Apollo);
- the non-audit services had no impact on the Company’s consolidated financial statements and were not subject to PwC’s audits;
- PwC’s audit team for the Company had not been previously aware of the non-audit services and was not involved in the provision of such services;
- the non-audit services were all terminated prior to the commencement of the PCAOB professional engagement period of March 10, 2020; and
- the fees associated with the non-audit services were not material to Apollo, the Company or PwC.
After considering the facts and circumstances, the Audit Committee concurred with PwC’s conclusion that, for the reasons described above, the impermissible services did not impair PwC’s objectivity and impartiality with respect to the planning and execution of the audits of the Company’s consolidated financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2017, 2018 and 2019 and that no reasonable investor would conclude otherwise.
WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to the common stock being sold in this offering. This prospectus constitutes a part of that registration statement. This prospectus does not contain all the information set forth in the registration statement and the exhibits and schedules to the registration statement, because some parts have been omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and our common stock being sold in this offering, you should refer to the registration statement and the exhibits and schedules filed as part of the registration statement. Statements contained in this prospectus regarding the contents of any agreement, contract or other document referred to herein are not necessarily complete; reference is made in each instance to the copy of the contract or document filed as an exhibit to the registration statement. Each statement is qualified by reference to the exhibit.

The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The SEC’s website address is www.sec.gov.

After we have completed this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file annual, quarterly and current reports, proxy statements and other information with the SEC. We intend to make these filings available on our website (www.rackspace.com) once this offering is completed. Our website will not be deemed to be incorporated by reference in, and are not considered part of, this prospectus. You can also request copies of these documents, for a copying fee, by writing to the SEC, or you can review these documents on the SEC’s website, as described above. In addition, we will provide electronic or paper copies of our filings free of charge upon request.
## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

### Audited Consolidated Financial Statements
- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2018 and December 31, 2019
- Consolidated Statements of Comprehensive Loss for the years ended December 31, 2017, December 31, 2018 and December 31, 2019
- Consolidated Statements of Cash Flows for the years ended December 31, 2017, December 31, 2018 and December 31, 2019
- Consolidated Statements of Stockholders’ Equity for the years ended December 31, 2017, December 31, 2018 and December 31, 2019
- Notes to Consolidated Financial Statements

### Unaudited Consolidated Financial Statements
- Consolidated Balance Sheets as of December 31, 2019 and March 31, 2020
- Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2019 and March 31, 2020
- Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and March 31, 2020
- Consolidated Statements of Stockholders’ Equity for the three months ended March 31, 2019 and March 31, 2020
- Notes to Unaudited Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Rackspace Technology, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Rackspace Technology, Inc. (formerly known as Rackspace Corp.) and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive loss, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers and the manner in which it accounts for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Austin, Texas
May 6, 2020, except for the effects of the stock split discussed in Note 1 to the consolidated financial statements, as to which the date is July 20, 2020

We have served as the Company’s auditor since 2017.
## RACKSPACE TECHNOLOGY, INC. (formerly known as Rackspace Corp.)
### CONSOLIDATED BALANCE SHEETS

(In millions, except per share data)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$254.3</td>
<td>$83.8</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts and accrued customer credits of $10.5 and $17.0, respectively</td>
<td>260.5</td>
<td>350.3</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>55.0</td>
<td>76.2</td>
</tr>
<tr>
<td>Other current assets</td>
<td>44.5</td>
<td>33.4</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>614.3</td>
<td>543.7</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>927.0</td>
<td>727.8</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>2,474.7</td>
<td>2,745.8</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>1,930.9</td>
<td>1,817.4</td>
</tr>
<tr>
<td>Operating right-of-use assets</td>
<td>—</td>
<td>306.3</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>164.5</td>
<td>129.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$6,111.4</td>
<td>$6,272.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND STOCKHOLDERS’ EQUITY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$233.5</td>
<td>$260.4</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>129.3</td>
<td>128.5</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>57.4</td>
<td>66.6</td>
</tr>
<tr>
<td>Debt</td>
<td>34.0</td>
<td>29.0</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>40.0</td>
<td>36.0</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>—</td>
<td>58.3</td>
</tr>
<tr>
<td>Financing obligations</td>
<td>26.0</td>
<td>42.9</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>17.0</td>
<td>—</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>28.3</td>
<td>50.2</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>565.5</td>
<td>671.9</td>
</tr>
<tr>
<td><strong>Non-current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>3,927.6</td>
<td>3,844.3</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>—</td>
<td>256.5</td>
</tr>
<tr>
<td>Financing obligations</td>
<td>290.0</td>
<td>86.4</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>4.3</td>
<td>—</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>362.4</td>
<td>326.9</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>53.8</td>
<td>187.6</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>5,203.6</td>
<td>5,373.6</td>
</tr>
<tr>
<td><strong>Commitments and contingencies (Note 11)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, $0.01 par value per share: 5.0 shares authorized, no shares issued or outstanding</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common stock, $0.01 par value per share: 1,495.0 shares authorized; 165.2 and 165.4 shares issued and outstanding, respectively</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>1,577.3</td>
<td>1,602.7</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>12.0</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(671.1)</td>
<td>(717.5)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td>907.8</td>
<td>898.8</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td>$6,111.4</td>
<td>$6,272.4</td>
</tr>
</tbody>
</table>

See accompanying notes to the consolidated financial statements.  
F-3
## RACKSPACE TECHNOLOGY, INC. (formerly known as Rackspace Corp.)

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$2,144.7</td>
<td>$2,452.8</td>
<td>$2,438.1</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>(1,354.1)</td>
<td>(1,445.7)</td>
<td>(1,426.9)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>790.6</td>
<td>1,007.1</td>
<td>1,011.2</td>
</tr>
<tr>
<td><strong>Selling, general and administrative</strong></td>
<td>(942.2)</td>
<td>(949.3)</td>
<td>(911.7)</td>
</tr>
<tr>
<td><strong>Impairment of goodwill</strong></td>
<td>—</td>
<td>(295.0)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Gain on sales, net</strong></td>
<td>5.2</td>
<td>—</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Gain on settlement of contract</strong></td>
<td>28.8</td>
<td>—</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>(117.6)</td>
<td>(237.2)</td>
<td>101.6</td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(223.4)</td>
<td>(281.1)</td>
<td>(329.9)</td>
</tr>
<tr>
<td><strong>Gain on investments, net</strong></td>
<td>4.6</td>
<td>4.6</td>
<td>99.5</td>
</tr>
<tr>
<td><strong>Gain (loss) on extinguishment of debt</strong></td>
<td>(16.9)</td>
<td>0.5</td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Other income (expense)</strong></td>
<td>(7.4)</td>
<td>12.7</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td>(243.1)</td>
<td>(263.3)</td>
<td>(223.9)</td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>(360.7)</td>
<td>(500.5)</td>
<td>(122.3)</td>
</tr>
<tr>
<td><strong>Benefit for income taxes</strong></td>
<td>300.8</td>
<td>29.9</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (59.9)</td>
<td>$(470.6)</td>
<td>$(102.3)</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss), net of tax</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustments</strong></td>
<td>$17.8</td>
<td>$(17.8)</td>
<td>$12.0</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss)</strong></td>
<td>17.8</td>
<td>(17.8)</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Comprehensive loss</strong></td>
<td>$(42.1)</td>
<td>$(488.4)</td>
<td>$(90.3)</td>
</tr>
<tr>
<td><strong>Net loss per share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>$(0.39)</td>
<td>$(2.85)</td>
<td>$(0.62)</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>153.7</td>
<td>165.2</td>
<td>165.3</td>
</tr>
</tbody>
</table>

See accompanying notes to the consolidated financial statements.

F-4
## RACKSPACE TECHNOLOGY, INC. (formerly known as Rackspace Corp.)

### CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (59.9)</td>
<td>$ (470.6)</td>
<td>$ (102.3)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>757.9</td>
<td>611.0</td>
<td>496.0</td>
</tr>
<tr>
<td>Amortization of operating right-of-use assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(306.9)</td>
<td>(24.6)</td>
<td>(40.7)</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>10.2</td>
<td>20.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>—</td>
<td>295.0</td>
<td>—</td>
</tr>
<tr>
<td>Gain on sales, net</td>
<td>(5.2)</td>
<td>—</td>
<td>(2.1)</td>
</tr>
<tr>
<td>(Gain) loss on extinguishment of debt</td>
<td>16.9</td>
<td>(0.5)</td>
<td>(9.8)</td>
</tr>
<tr>
<td>(Gain) loss on derivative contracts</td>
<td>(5.6)</td>
<td>(4.6)</td>
<td>54.0</td>
</tr>
<tr>
<td>Gain on investments, net</td>
<td>(4.5)</td>
<td>(4.6)</td>
<td>(99.5)</td>
</tr>
<tr>
<td>Provision for bad debts and accrued customer credits</td>
<td>13.8</td>
<td>12.6</td>
<td>17.8</td>
</tr>
<tr>
<td>Amortization of debt issuance costs and debt discount</td>
<td>16.4</td>
<td>18.0</td>
<td>18.3</td>
</tr>
<tr>
<td>Other operating activities</td>
<td>0.4</td>
<td>0.3</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities, net of effects of acquisitions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(42.9)</td>
<td>(32.3)</td>
<td>(42.2)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(13.8)</td>
<td>(1.4)</td>
<td>(10.2)</td>
</tr>
<tr>
<td>Accounts payable, accrued expenses, and other current liabilities</td>
<td>(20.1)</td>
<td>51.2</td>
<td>(32.7)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(13.0)</td>
<td>9.8</td>
<td>11.6</td>
</tr>
<tr>
<td>Other non-current assets and liabilities</td>
<td>(51.9)</td>
<td>(49.5)</td>
<td>(65.6)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>291.7</td>
<td>429.8</td>
<td>292.9</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property, equipment and software</td>
<td>(189.5)</td>
<td>(294.3)</td>
<td>(198.0)</td>
</tr>
<tr>
<td>Acquisitions, net of cash and restricted cash acquired</td>
<td>(1,087.2)</td>
<td>(65.3)</td>
<td>(316.1)</td>
</tr>
<tr>
<td>Proceeds from sales</td>
<td>28.0</td>
<td>0.1</td>
<td>16.8</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>18.0</td>
<td>8.8</td>
<td>109.5</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>4.5</td>
<td>2.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,226.2)</td>
<td>(348.3)</td>
<td>(386.5)</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of common stock</td>
<td>9.7</td>
<td>3.2</td>
<td>—</td>
</tr>
<tr>
<td>Shares of common stock withheld for employee taxes</td>
<td>—</td>
<td>—</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>—</td>
<td>—</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Cash settlement of share-based awards</td>
<td>—</td>
<td>—</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Proceeds from issuance of debt, net of discount</td>
<td>948.0</td>
<td>—</td>
<td>225.0</td>
</tr>
<tr>
<td>Repayments of debt</td>
<td>(67.5)</td>
<td>(30.9)</td>
<td>(320.0)</td>
</tr>
<tr>
<td>Payments for debt issuance costs</td>
<td>(19.9)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Principal payments of capital leases</td>
<td>(2.6)</td>
<td>(21.0)</td>
<td>—</td>
</tr>
<tr>
<td>Principal payments of finance lease liabilities</td>
<td>—</td>
<td>—</td>
<td>(19.9)</td>
</tr>
<tr>
<td>Proceeds from financing obligations</td>
<td>—</td>
<td>—</td>
<td>62.6</td>
</tr>
<tr>
<td>Principal payments of financing obligations</td>
<td>(0.2)</td>
<td>(5.0)</td>
<td>(22.1)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>867.5</td>
<td>(53.7)</td>
<td>(79.2)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash, cash equivalents, and restricted cash</td>
<td>3.7</td>
<td>(4.5)</td>
<td>1.7</td>
</tr>
<tr>
<td>Increase (decrease) in cash, cash equivalents, and restricted cash</td>
<td>(63.3)</td>
<td>23.3</td>
<td>(171.1)</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash at beginning of period</td>
<td>298.2</td>
<td>234.9</td>
<td>258.2</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash at end of period</td>
<td>$ 234.9</td>
<td>$ 258.2</td>
<td>$ 87.1</td>
</tr>
</tbody>
</table>

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### Table of Contents

#### Supplemental Cash Flow Information

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash payments for interest, net of amount capitalized</td>
<td>$201.3</td>
<td>$262.5</td>
<td>$265.3</td>
</tr>
<tr>
<td>Cash payments for income taxes, net of refunds</td>
<td>$0.1</td>
<td>$13.9</td>
<td>$7.2</td>
</tr>
</tbody>
</table>

#### Non-cash Investing and Financing Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of property and equipment by capital leases</td>
<td>—</td>
<td>$0.3</td>
<td>—</td>
</tr>
<tr>
<td>Acquisition of property and equipment by finance leases</td>
<td>—</td>
<td>—</td>
<td>12.6</td>
</tr>
<tr>
<td>Increase (decrease) in property, equipment and software accrued in liabilities</td>
<td>3.3</td>
<td>53.5</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Non-cash purchases of property, equipment and software</td>
<td>$3.3</td>
<td>$53.8</td>
<td>$11.7</td>
</tr>
<tr>
<td>Non-cash consideration from sale of Mailgun</td>
<td>$19.7</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Non-cash consideration for Datapipe acquisition</td>
<td>$274.4</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Additional finance obligations for build-to-suit leases and other(1)</td>
<td>$6.8</td>
<td>$2.5</td>
<td>$1.2</td>
</tr>
</tbody>
</table>

(1) Represents additional finance obligations for build-to-suit arrangements for the years ended December 31, 2017 and 2018 only, and other non-cash investing and financing activities for all years presented.

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

#### Total Cash, Cash Equivalents, and Restricted Cash

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$230.9</td>
<td>$254.3</td>
<td>$83.0</td>
</tr>
<tr>
<td>Restricted cash included in other non-current assets</td>
<td>4.0</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Total cash, cash equivalents, and restricted cash shown in the statement of cash flows</td>
<td><strong>$234.9</strong></td>
<td><strong>$258.2</strong></td>
<td><strong>$87.1</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to the consolidated financial statements.
## Consolidated Statements of Stockholders’ Equity

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Accumulated Deficit</th>
<th>Total Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at December 31, 2016</strong></td>
<td>151.4</td>
<td>$ 1.5</td>
<td>$ 1,259.9</td>
<td>$ —</td>
<td>$(147.9)</td>
</tr>
<tr>
<td>Cumulative effect of adopting ASC 606</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7.3</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>13.6</td>
<td>0.1</td>
<td>183.4</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Contingent consideration for Datapipe acquisition</td>
<td>—</td>
<td>—</td>
<td>100.6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>—</td>
<td>—</td>
<td>10.2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(671.1)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>165.0</td>
<td>$ 1.6</td>
<td>$ 1,554.1</td>
<td>$ 17.8</td>
<td>$(200.5)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2017</strong></td>
<td>165.0</td>
<td>$ 1.6</td>
<td>$ 1,577.3</td>
<td>$ —</td>
<td>$(671.1)</td>
</tr>
<tr>
<td>Cumulative effect of adopting ASC 842</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>55.9</td>
</tr>
<tr>
<td>Exercise of stock options and release of stock awards, net of shares withheld for employee taxes</td>
<td>0.4</td>
<td>—</td>
<td>(1.1)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(0.2)</td>
<td>—</td>
<td>(2.2)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash settlement of share-based awards</td>
<td>—</td>
<td>—</td>
<td>(1.5)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>—</td>
<td>—</td>
<td>30.2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(102.3)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12.0</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2018</strong></td>
<td>165.2</td>
<td>$ 1.6</td>
<td>$ 1,602.7</td>
<td>$ —</td>
<td>$(717.5)</td>
</tr>
</tbody>
</table>

See accompanying notes to the 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. (formerly known as Rackspace Corp. until its legal name change on June 11, 2020 and formerly known as Inception Topco, Inc. until its legal name change on March 31, 2020), is a Delaware corporation controlled by investment funds affiliated with Apollo Global Management, Inc. and its subsidiaries (“Apollo”) and certain co-investors, including Searchlight Capital Partners L.P (“Searchlight”), ABRY Partners, LLC and ABRY Partners II, LLC (collectively, “ABRY”), and current and former employees. Rackspace Technology, Inc. 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, Inc. (the “Rackspace Acquisition”).

Rackspace Technology Global commenced operations in 1998 as a limited partnership, and was incorporated in Delaware in March 2000. Rackspace Technology, Inc. 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, Inc. and its subsidiaries.

On June 19, 2017, we acquired 100% of TriCore Solutions, LLC (“TriCore”) and on November 15, 2017, we acquired 100% of Datapipe Parent, Inc. (“Datapipe”). TriCore and Datapipe’s results of operations subsequent to the respective acquisition dates are included in the accompanying consolidated financial statements.

On May 14, 2018, we acquired 100% of RelationEdge, LLC (“RelationEdge”). RelationEdge’s results of operations subsequent to the May 14, 2018 acquisition date are included in the accompanying consolidated financial statements.

On November 15, 2019, we acquired 100% of Onica Holdings LLC (“Onica”). The preliminary estimate of fair values of Onica’s assets acquired and liabilities assumed, together with Onica’s results of operations subsequent to the November 15, 2019 acquisition date, are included in the accompanying consolidated financial statements.

See Note 4, “Acquisitions,” for more information regarding the above acquisitions.

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“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.

**Cash, Cash Equivalents, and Restricted Cash**

Our cash is comprised of bank deposits, overnight sweep accounts and money market funds and is held with high-credit quality U.S. and foreign financial institutions. We consider all highly liquid investments, such as money market funds, with original maturities of three months or less when acquired to be cash equivalents.

Restricted cash, included in “Other non-current assets” in our Consolidated Balance Sheets, represents collateral for letters of credit. Restricted cash was $3.9 million and $3.3 million as of December 31, 2018 and 2019, respectively.

**Property, Equipment and Software and Definite-Lived Intangible Assets**

Property, equipment and software is stated at cost, net of accumulated depreciation and amortization. Included in property, equipment and software are capitalized costs related to computer software developed or acquired for internal use. Capitalized computer software costs consist of purchased software licenses, implementation costs, and salaries and related compensation costs of employees and consultants for certain projects that qualify for capitalization. For cloud computing arrangements that include a software license, the software license element of the arrangement is accounted for in a manner consistent with the acquisition of other software licenses. For cloud computing arrangements that do not include a software license, the arrangement is accounted for as a service contract and is expensed as the services are provided.

Replacements and major improvements to property, equipment and software are capitalized, while maintenance and repairs are charged to expense as incurred. We also capitalize interest costs incurred during the acquisition, development and construction of certain assets until the asset is ready for its intended use. We capitalized interest of $2.1 million, $1.0 million and $1.2 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Property, equipment and software is depreciated on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the remaining lease term. Depreciation expense is recorded within “Cost of revenue” and “Selling, general and administrative” expenses on our Consolidated Statements of Comprehensive Loss.

The following table shows the estimated useful lives used for property, equipment and software:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and equipment</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Software</td>
<td>3 years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>7 years</td>
</tr>
<tr>
<td>Buildings and leasehold improvements</td>
<td>2 to 39 years</td>
</tr>
</tbody>
</table>

The cost of assets and related accumulated depreciation and amortization are written off upon retirement or disposal and any resulting gain or loss is credited or charged to income or expense.

F-9
Definite-lived intangible assets are primarily comprised of customer relationships and are stated at their acquisition date fair value less accumulated amortization. Definite-lived intangible assets are amortized using the straight-line method over their estimated useful lives as this method best approximates the economic benefit derived from such assets. Amortization expense is recorded within “Selling, general and administrative” expense on our Consolidated Statements of Comprehensive Loss. See Note 4, “Acquisitions” for information on the useful lives of recently acquired definite-lived intangible assets.

Long-lived assets, including operating and finance lease assets (see “Leases” below for more information) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured at the asset group level. If the carrying amount of an asset group exceeds its estimated undiscounted future cash flows, then an impairment charge is recognized in the amount that an asset group’s carrying amount exceeds its fair value.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Our indefinite-lived intangible asset consists of our Rackspace trade name, which was recorded at fair value on our balance sheet at the date of the Rackspace Acquisition. Goodwill and indefinite-lived intangible assets are not amortized but are subject to impairment testing on an annual basis on October 1st or more frequently if events or circumstances indicate a potential impairment. These events or circumstances could include a significant change in the business climate, regulatory environment, established business plans, operating performance indicators or competition.

Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a component). We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. Assets and liabilities are assigned to each of our reporting units if they are employed by a reporting unit and are considered in the determination of the reporting unit fair value. Certain assets and liabilities are shared by multiple reporting units, and thus, are allocated to each reporting unit based on the relative size of a reporting unit, primarily based on revenue. We have four reporting units: Private Cloud Services, Managed Public Cloud Services, Apps & Cross Platform and OpenStack Public Cloud.

For the year ended December 31, 2017, we performed our goodwill impairment tests using a two-step process. The first step compared the fair values of each of our reporting units to their respective carrying amounts to determine any potential impairment. The fair values of each of our reporting units were derived using the income approach, specifically the discounted cash flow method. If the carrying amount of a reporting unit had exceeded its respective fair value, then the second step of the goodwill impairment test would have been performed. The second step compared the implied fair value of a reporting unit's goodwill to its respective carrying amount and the excess of the carrying amount over the implied fair value, if any, would have been recognized as an impairment charge.

Beginning in 2018, we early adopted new accounting guidance that eliminated the second step from the goodwill impairment test. For the goodwill impairment tests completed during the years ended December 31, 2018 and 2019, we compared the fair values of each of our reporting units to their respective carrying amounts. The fair values of each of our reporting units were derived using the income approach, specifically the discounted cash flow method. Under the new guidance, goodwill impairment is measured as the excess of a reporting unit’s carrying amount over its fair value, not to exceed the carrying amount of goodwill for that reporting unit.

The results of our goodwill impairment test for the year ended December 31, 2017, did not indicate any impairments of goodwill. The results of our goodwill impairment test for the year ended
December 31, 2018, indicated an impairment of goodwill within our Private Cloud Services reporting unit, and we recorded a charge of $295.0 million within “Impairment of goodwill” in our Consolidated Statements of Comprehensive Loss. See Note 6, “Goodwill and Intangible Assets” for more information. The results of our goodwill impairment test for the year ended December 31, 2019 did not indicate any impairments of goodwill.

In evaluating the recoverability of the Rackspace trade name, we compare the fair value of the asset to its carrying amount to determine potential impairment. Our estimate of the fair value of the Rackspace trade name is derived using the income approach, specifically the relief-from-royalty method. The results of our indefinite-lived asset impairment tests for the years ended December 31, 2017, 2018 and 2019 did not indicate any impairments of the Rackspace trade name.

The evaluation of goodwill and other indefinite-lived intangible assets for impairment is judgmental in nature and requires the use of significant estimates and assumptions, including estimation of the royalty rate, estimation of future cash flows, which is dependent on internal cash flow forecasts, estimation of the terminal growth rate, capital spending, and determination of our discount rate. The discount rate used is based on our weighted average cost of capital and may be adjusted for risks and uncertainties inherent in our business and in our estimation of future cash flows. The estimates and assumptions used to calculate the fair value of our reporting units and the Rackspace trade name from year to year are based on operating results, market conditions, and other factors. Changes in these estimates and assumptions could produce materially different results.

**Business Combinations**

Mergers and acquisitions are accounted for using the acquisition method, in accordance with accounting guidance for business combinations. Under the acquisition method, we allocate the fair value of purchase consideration to the tangible and intangible assets (“identifiable assets”) acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. When determining the fair values of identifiable assets acquired and liabilities assumed, including contingent consideration when applicable, we make significant estimates and assumptions based on historical data, estimated discounted future cash flows, expected royalty rates for trade names, as well as certain other information. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the fair value of identifiable assets acquired and liabilities assumed, with the corresponding offset to goodwill.

**Investments**

We have equity investments in entities in which we do not exercise significant influence. Investments in equity securities with readily determinable fair values are measured at fair value with changes in fair value recognized in net loss. Investments in equity securities that do not have readily determinable fair values are measured at cost less any impairments, adjusted for observable pricing changes in orderly transactions for identical or similar investments of the same issuer. We perform a qualitative assessment on these investments at each reporting period to determine whether any indicators of impairment exist. If an impairment exists, we recognize an impairment charge equal to the amount in which the carrying value exceeds the fair value of the investment.

**Leases**

We determine if an arrangement is or contains a lease at inception. This determination depends on whether the arrangement conveys to us the right to control the use of an explicitly or implicitly identified asset for a period of time in exchange for consideration. Control of an underlying asset is
We classify leases with contractual terms greater than 12 months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize an asset over its estimated life. Our finance leases primarily consist of equipment and a certain data center facility. All other leases are categorized as operating leases, which primarily consist of certain data centers and office space. Our leases generally have terms ranging from 1 to 21 years for data centers, 2 to 5 years for equipment and 1 to 10 years for office space.

Lease liabilities are recognized based on the present value of lease payments, reduced by lease incentives, at the lease commencement date. We use an incremental borrowing rate to determine the present value of lease payments as the interest rate implicit in most of our leases is not readily determinable. Our incremental borrowing rate is the rate of interest that we would have to pay to borrow an amount equal to the lease payments, on a collateralized basis and in a similar economic environment over a similar term. The rate is dependent on several factors, including the lease term, currency of the lease payments and the company's credit rating. Operating and finance lease liabilities are recorded in our Consolidated Balance Sheets as current and non-current liabilities.

Lease assets are recognized based on the related lease liabilities, plus any prepaid lease payments and initial direct costs from executing the leasing arrangement. Our lease terms include the base, non-cancelable lease term, and any options to extend or terminate the lease when it is reasonably certain at commencement that we will exercise such options. Some of our data center and office space leases contain such extension and termination options. Operating and finance lease assets are included in “Operating right-of-use assets” and “Property, equipment and software, net,” respectively, in our Consolidated Balance Sheets.

Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in “Interest expense” and recognized using the effective interest method over the lease term. Leases with terms of less than 12 months at commencement are expensed on a straight-line basis over the lease term in accordance with the short-term lease practical expedient under Accounting Standards Codification No. 842, Leases (“ASC 842”). We have also elected the practical expedient under ASC 842 to not separate lease and non-lease components within a leasing arrangement. Non-lease components primarily include payments for maintenance and utilities. We have elected to apply both of these practical expedients to all classes of underlying assets.

Variable payments related to a lease are expensed as incurred. These costs often relate to payments for a proportionate share of real estate taxes, insurance, common area maintenance, and other operating costs in addition to base rent.

We lease certain data center facilities that are build-to-suit arrangements, for which construction had been completed prior to or was in process upon the adoption of ASC 842, effective January 1, 2019. For purposes of applying ASC 842’s transition provisions, we elected to first assess lease classification for each applicable build-to-suit lease arrangement at lease inception under previous lease accounting guidance (“ASC 840”), and then apply ASC 842’s transition provisions based on those assessments. We derecognized the assets and liabilities associated with these arrangements for transitional purposes and recognized lease assets and lease liabilities for either operating or finance leases corresponding to the operating or capital lease classification designations determined in our ASC 840 reassessments. In addition, we lease certain properties that were deemed failed sale-
leasebacks under ASC 840. We continue to account for these arrangements as failed sale-leasebacks under ASC 842. Refer to the “Financing Obligations” section below for further discussion.

We are the intermediate lessor in certain sublease arrangements and account for both the head lease and the associated sublease as separate operating leases. We offset rental income against head lease operating costs within “Cost of revenue” or “Selling, general and administrative” expenses, depending on whether the head lease is a data center or office space lease.

We are deemed a lessor in certain hosting arrangements where our equipment is located in a customer's data center. We account for these arrangements as either sales-type or direct finance leases.

Debt Issuance Costs

Debt issuance costs such as underwriting, financial advisory, professional fees and other similar fees are deferred and recognized in interest expense over the estimated life of the related debt instrument using the effective interest method or the straight-line method, as applicable. Debt issuance costs related to our debt instruments are classified as a direct deduction from the carrying value of the long-term debt liability or as an asset within “Other non-current assets” on the Consolidated Balance Sheets.

Financing Obligations

From time to time, we enter into installment payment arrangements with certain equipment and software vendors. These arrangements are generally non-interest bearing, and require the calculation of an imputed interest rate.

We also may enter into sale-leaseback arrangements for certain equipment in which we sell the assets to a third party and concurrently lease the assets back for a specified term. These arrangements generally do not qualify as asset sales because they include a purchase option that we are reasonably certain to exercise and therefore they are accounted for as failed sale-leasebacks. In addition, we lease properties that were deemed failed sale-leasebacks upon the adoption of ASC 842 due to options to purchase the underlying assets at an exercise price that is not at fair value or due to the present value of the future minimum lease payments exceeding the fair value of the underlying assets.

See Note 10, “Financing Obligations” for disclosure of future minimum payments under vendor financing and failed sale-leaseback arrangements.

Revenue Recognition

All our revenue is from contracts with customers. We account for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectibility of consideration is probable. We provide cloud computing to customers, which is broadly defined as the delivery of computing, storage and applications over the Internet. Cloud computing is a service transaction under which the services we provide vary on a daily basis. The totality of services provided represent a single integrated solution tailored to the customer’s specific needs. As such, our performance obligations to our customers consist of a single integrated solution delivered as a series of distinct daily services. We 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 the services. Our usage-based arrangements generally include variable consideration components consisting of monthly utility fees with a defined price and undefined quantity. Additionally, our contracts contain service level guarantees that provide discounts
when we fail to meet specific obligations and certain services may include 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 this consideration as services are provided and earned. In accordance with the series guidance within Accounting Standards Codification No. 606, *Revenue from Contracts with Customers* (“ASC 606”), regarding modification to a single performance obligation, when contracts are modified to add, remove or change existing services, the modification will only affect the accounting for the remaining distinct goods and services provided. As such, our contract modifications are accounted for prospectively.

Our largest source of revenue relates to fees associated with certain arrangements within our Multicloud Services offerings that generally have a fixed term usually not exceeding 36 months with a monthly recurring fee based on the computing resources utilized and provided to the customer, the complexity of the underlying infrastructure, and the level of support we provide. Customers generally have the right to cancel their contracts by providing prior written notice to us of their intent to cancel the remainder of the contract term. Many of our contracts require our customers to pay early termination fees in the event they cancel a contract prior to the end of its term, typically amounting to the outstanding value of the contract. These fees are recognized as revenue in the period of contract termination as we have no further obligation to perform.

Our other primary sources of revenue are for public cloud services within our Multicloud Services offering, and our OpenStack Public Cloud and Apps & Cross Platform offerings. Customers are generally invoiced monthly based on usage. Contracts for these arrangements typically operate on a month-to-month basis and can be canceled at any time without penalty. We also provide customers with professional services for the design and implementation of application, security and data services. Professional service contracts are either fixed-fee or time-and-materials based. We typically consider these services to be a separate performance obligation from other integrated solutions being provided to the same customer. Our performance obligations under these arrangements are typically to provide the services on a daily basis over a period of time and recognize revenue as the services are performed.

We also offer customers the flexibility to select the best combination of offerings in order to meet the requirements of their unique applications and provide the technology to seamlessly operate and manage multiple cloud computing environments. Judgment is required in assessing whether a service is distinct, including determination of whether the customer could benefit from the service on its own or in conjunction with other readily available resources and whether certain services are highly integrated into a bundle of services that represent the combined output specified by the customer. Arrangements can contain multiple performance obligations that are distinct, which are accounted for separately. Each performance obligation is recognized as services are provided based on their standalone selling price (“SSP”). Judgment is required to determine the SSP for each of our distinct performance obligations. We utilize a range of prices when developing our estimates of SSP.

Revenue recognition for revenue generated from arrangements in which we resell third party infrastructure bundled with our managed services, requires judgment to determine whether revenue can be recorded at the gross sales price or net of third party fees. Typically, revenue is recognized on a gross basis when it is determined that we are the principal in the relationship. We are considered the principal in the relationship when we are primarily responsible for fulfilling the contract and obtain control of the third party infrastructure before transferring it as an integral part of our performance obligation to provide services to the customer. Revenue is recognized net of third party fees when we determine that our obligation is only to facilitate the customers’ purchase of third party infrastructure.

Revenue is reported net of customer credits and sales and use tax.
Cost Incurred to Obtain and Fulfill a Contract

We recognize assets for the incremental costs to obtain and fulfill a contract with a customer. Costs to obtain a contract include sales commissions on the initial contract while costs to fulfill a contract include implementation and set-up related expenses. These costs are capitalized within the Consolidated Balance Sheets and are recognized as expense over the period the related services are expected to be delivered to the customer, which is approximately thirty months including expected renewals. If such period is less than 12 months, we have elected to apply the practical expedient under ASC 606 and expense costs as incurred. Sales commissions paid on renewals are not material and not commensurate with sales commissions paid on the initial contract. Sales commissions expense is recorded within “Selling, general and administrative” expenses and implementation and set-up costs are recorded within “Cost of revenue” in the Consolidated Statements of Comprehensive Loss. These capitalized costs are included in “Other non-current assets” in the Consolidated Balance Sheets.

Cost of Revenue

Cost of revenue primarily consists of expenses related to personnel, software licenses, the costs to operate our data center facilities, including depreciation expense, and infrastructure expense related to our service offerings bundled with third party clouds. Personnel expenses include the salaries, non-equity incentive compensation and related expenses of our support teams and data center employees. Data center facility costs include rent, utility costs, maintenance fees, and bandwidth.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of: (i) employee-related costs for functions such as executive management, sales and marketing, research and development, finance and accounting, human resources, information technology, and legal; (ii) costs for advertising and promoting our services and to generate customer demand; (iii) general costs such as professional fees, office facilities, software, and equipment expenses, including the related depreciation, and other overhead costs; and (iv) definite-lived intangibles amortization expense.
Advertising costs are expensed in the period incurred. Advertising expense was $59.5 million, $41.9 million and $39.9 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Research and development expense was $92.9 million, $74.7 million, and $56.0 million, for the years ended December 31, 2017, 2018 and 2019, respectively.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense, and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to the difference between the tax bases of assets and liabilities and their financial reporting amounts. Deferred tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which deferred tax assets or liabilities are expected to be settled or realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

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 have considered all relevant facts and circumstances and believe that we have made adequate provision for all uncertain tax positions.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy below prioritizes the inputs used in measuring fair value into three categories:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity, which require management judgment or estimation. The fair values are therefore determined using model-based techniques, including discounted cash flow models.

Financial instruments measured at fair value on a recurring basis primarily consist of money market funds, a certain equity investment, and derivative instruments. The fair values of money market funds and a certain equity investment are measured using Level 1 inputs, which are based on a market approach using prices and other relevant information generated by market transactions involving identical or comparable assets. Money market funds, which are included within “Cash and cash equivalents” in our Consolidated Balance Sheets, were $32.8 million and $4.5 million as of December 31, 2018 and 2019, respectively. Gains and losses attributable to money market funds were immaterial for all periods presented. See Note 7, “Investments” for more information on the inputs used to fair value a certain equity investment. The fair values of derivative instruments are measured using Level 2 inputs. See “Derivative Instruments” below for more information on the inputs used to fair value our derivative instruments.
The fair values of our long-term debt instruments are measured using Level 2 inputs. See Note 8, “Debt” for more information on the inputs used to fair value our long-term debt instruments.

The fair values of acquired identifiable assets and liabilities assumed in acquisitions accounted for as business combinations are measured using Level 3 inputs. Refer to “Business Combinations” above for more information on the inputs used to fair value our identifiable assets and liabilities assumed in acquisitions.

The fair values of our reporting units and indefinite-lived intangible assets are measured using Level 3 inputs. As a result of our annual goodwill impairment test, during the year ended December 31, 2018, we reduced the carrying value of one of our reporting units by $295.0 million to its implied fair value. See “Goodwill and Indefinite-lived Intangible Assets” above for more information on the inputs used to fair value our reporting units and indefinite-lived intangible assets.

Foreign Currency

We have assessed the functional currency of each of our international subsidiaries and have generally designated the local currency to be their respective functional currencies. The assets and liabilities of our international subsidiaries are translated to the U.S. dollar at the end-of-period exchange rates. Capital accounts are determined to be of a permanent nature and are therefore translated using historical exchange rates. Revenue and expenses are translated using average exchange rates.

Foreign currency translation adjustments arising from differences in exchange rates from period to period are the only components recorded within “Accumulated other comprehensive income” in the Consolidated Balance Sheets. There were no income taxes allocated to foreign currency translation during the year ended December 31, 2017. The income tax expense allocated to foreign currency translation adjustments was $0.1 million for the year ended December 31, 2018. The income tax benefit allocated to foreign currency translation was $0.2 million for the year ended December 31, 2019.

Transaction gains or losses in currencies other than the functional currency are included as a component of “Other income (expense)” in the Consolidated Statements of Comprehensive Loss.

Derivative Instruments

We utilize derivative instruments, including interest rate swap agreements, fixed price power contracts and foreign currency hedging contracts, to manage our exposure to interest rate risk, commodity price risk and foreign currency fluctuations. We currently 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.

Our interest rate swaps 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. We have not designated any of our swap agreements as a hedge.
agreements as cash flow hedges of interest rate risk for accounting purposes, therefore, all changes in fair value of the swaps are recorded to “Interest expense” on the Consolidated Statements of Comprehensive Loss.

**Fixed Price Power Contracts**

We consume a large quantity of power to operate our data centers and as such are exposed to risk associated with fluctuations in the price of power. The objective of our fixed price power contracts is to manage our exposure to the price of power. The fixed price power contracts, which we enter into from time to time to manage the risk related to the uncertainty of future power prices, allow for the purchase of a set volume of power at a fixed rate.

We evaluate every fixed price power contract to determine if the contract meets the definition of a derivative, which requires recognizing the contract at fair value on the Consolidated Balance Sheets with changes in the fair value recorded in the Consolidated Statements of Comprehensive Loss. Power contracts accounted for as derivatives are valued using pricing models that rely on market observable inputs such as current power prices, which are classified as Level 2 inputs within the fair value hierarchy. We have not designated any contract as a cash flow hedge for accounting purposes, therefore, any changes in fair value are recorded in “Cost of revenue.” If a contract is deemed to be a derivative, we also determine if it qualifies for the normal purchases normal sales scope exception to derivative accounting, which would result in expensing electricity usage as incurred.

**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, specifically related to the operations of British pound sterling denominated entities that are translated to the U.S dollar. 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.

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 hedges for accounting purposes, therefore, all changes in the fair value are recorded in “Other income (expense).”

**Subsequent Events**

We have evaluated subsequent events through May 6, 2020, the date the consolidated financial statements were issued, and through July 20, 2020 with respect to the stock split discussed below, and determined that there were no subsequent events which required recognition or disclosure except for the following.

On March 19, 2020, the company entered into an accounts receivable financing agreement (the “Financing”). Pursuant to the agreements evidencing the Financing, Rackspace Receivables, LLC, a wholly owned bankruptcy-remote special purpose vehicle (“SPV”), 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 $100.0 million. 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 Financing is otherwise accelerated. Advances bear interest based on an index rate plus a margin. The SPV is also required to pay a monthly commitment fee based on the unused amount of the facility. The agreements evidencing the Financing contain customary representations and warranties, affirmative and negative covenants, and events of default.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The effects of COVID-19 are rapidly evolving, 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 spread of the outbreak and 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.

During the period from January 1, 2020 through May 6, 2020, we granted 7.9 million stock options under the Rackspace Technology, Inc. Equity Incentive Plan with a weighted-average grant date fair value of $7.48. The majority of the options were granted as part of our annual compensation award process. Total future compensation cost related to these options is $59.1 million, of which $11.0 million is related to options that will vest based on performance, market, and service conditions all tied to a change in control for which expense will not be recorded until a change in control event is consummated.

On July 20, 2020, the board of directors of the company approved and effected a twelve-for-one stock split of the company's common stock. All common stock share and per-share data, excluding par value per share, included in these consolidated financial statements give effect to the stock split and have been adjusted retroactively for all periods presented.

Events Subsequent to Original Issuance of Financial Statements (unaudited)

We have evaluated subsequent events from the original issuance date through July 27, 2020, the date the consolidated financial statements were available to be reissued, and determined that there were no subsequent events which required recognition or disclosure, except with respect to the stock split described above and the following.

On July 20, 2020, we entered into an amendment to the First Lien Credit Agreement that will modify the terms of our revolving credit facility (“Revolving Credit Facility”) effective upon the closing of the contemplated initial public offering (“IPO”) of the company. The amendment will (i) increase the amount of the commitments available under the Revolving Credit Facility from $225.0 million to $375.0 million, (ii) reduce the applicable margin with respect to the Revolving Credit Facility to 3.00% for LIBOR loans and 2.00% for base rate loans, but include a 1.00% LIBOR “floor” applicable to LIBOR loans, and (iii) extend the maturity date with respect to the Revolving Credit Facility from November 3, 2021 to the date that is five years from the closing date of the contemplated IPO of the company; however, if 91 days prior to the scheduled maturity date of (A) the Term Loan Facility, more than $50.0 million aggregate principal amount of loans remains outstanding under the Term Loan Facility, or (B) the 8.625% Senior Notes, more than $50.0 million aggregate principal amount of the 8.625% Senior Notes remains outstanding, in either such case, the Revolving Credit Facility will mature on such earlier date.

The amendment to the Revolving Credit Facility will also modify the financial maintenance covenant applicable to the Revolving Credit Facility that limits the borrower’s net first lien leverage ratio to be a maximum of 5.00 to 1.00 (as compared to 3.50 to 1.00 prior to giving effect to the amendment). 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 $25.0 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. Other than described in this and the previous paragraph, the terms and conditions of the Revolving Credit Facility will remain the same, and the amendment will not amend or otherwise modify the terms of the Term Loan Facility.

On July 24, 2020, the board of directors of the company approved amendments to the Rackspace Technology, Inc. Equity Incentive Plan (the “2017 Incentive Plan”), which amendments will take effect as of the consummation of the contemplated IPO of the company. Among other things, as of the consummation of the IPO, and contingent upon stockholder approval of a new equity incentive plan, the 2017 Incentive Plan will terminate, except as it relates to outstanding awards, and any remaining shares reserved for future grants under the 2017 Incentive Plan will be released.

In connection with the Rackspace Acquisition, we entered into a management consulting agreement with affiliates of Apollo and 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 (the “ABRY Management Consulting Agreement”). 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 agreements will terminate effective as of the pricing of the contemplated IPO of the company, and therefore no management or transaction fees will accrue or be payable under any of these agreements for periods subsequent to that date.

Recent Accounting Pronouncements

Recently Adopted

Revenue from Contracts with Customers

On January 1, 2019, we adopted ASC 606 using the full retrospective method, which required us to restate each prior period presented. As the consolidated financial statements prior to the Rackspace Acquisition date were presented on a different accounting basis than the consolidated financial statements subsequent to the Rackspace Acquisition date, ASC 606 was only applied to the periods subsequent to the Rackspace Acquisition date.

The adoption of this standard impacted the timing of revenue recognition related to certain private cloud arrangements. Under ASC 606, we recognize revenue earlier for certain fixed term contracts in which services are provided in advance of invoicing. This also results in the recognition of a contract asset on our Consolidated Balance Sheets. Additionally, the standard impacted the reclassification of balances representing receivables, from unbilled accounts receivable to accounts receivable, net.

The adoption of this standard also impacted the way we account for costs incurred to obtain and fulfill a contract, such as sales commissions and implementation and set-up costs. Previously, these costs were expensed as incurred. Under ASC 606, these costs are capitalized on our Consolidated Balance Sheets and amortized over the period that the related services are delivered to the customer, resulting in a change in the timing of expense recognition.

The adoption of ASC 606 resulted in a $7.3 million increase to the opening balance of retained earnings as of January 1, 2017, the earliest period presented in our consolidated financial statements.

Leases

On January 1, 2019, we adopted ASC 842, which requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for most leases, and requires lessees to classify
leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. ASC 842 also requires additional disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. We adopted ASC 842 using the modified retrospective method, with the cumulative-effect adjustment recorded to the opening balance of retained earnings as of the January 1, 2019 adoption date. We also elected the transition option under ASC 842 whereby prior periods have not been retrospectively adjusted in the consolidated financial statements.

We elected the package of practical expedients permitted under the transition guidance within ASC 842, which allowed us to not reassess prior conclusions related to: (i) historical lease classifications, (ii) determination of initial direct costs of existing leases, or (iii) whether any expired or existing contracts were or contain leases. In addition, for all underlying classes of assets, we elected to apply practical expedients as a lessee that allow us to (i) combine lease and non-lease components and treat them as a single component and (ii) not recognize lease assets and liabilities for leasing arrangements with lease terms of 12 months or less.

The adoption of ASC 842 primarily resulted in the recognition of operating lease right-of-use assets and liabilities and finance lease assets and liabilities. In addition, assets and liabilities related to certain build-to-suit arrangements were derecognized upon adoption, resulting in a credit adjustment to accumulated deficit. Following derecognition of these assets and liabilities, we recognized respective operating lease right-of-use assets and liabilities and finance lease assets and liabilities.

Subsequent to adoption of ASC 842, for certain hosting arrangements where our equipment is located in a customer’s data center, we are deemed a lessor. This resulted in a change in the pattern of revenue recognition for these arrangements in accordance with sales-type or direct finance lease guidance, as applicable. These arrangements are not material to our consolidated financial statements.

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See below for more information on the impact of the adoption of ASC 842 on our Consolidated Balance Sheet as of the January 1, 2019 adoption date.

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2018</th>
<th>ASC 842 Adjustments</th>
<th>January 1, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 254.3</td>
<td>$ —</td>
<td>$ 254.3</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>260.5</td>
<td>—</td>
<td>260.5</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>55.0</td>
<td>(0.8)(a)</td>
<td>54.2</td>
</tr>
<tr>
<td>Other current assets</td>
<td>44.5</td>
<td>—</td>
<td>44.5</td>
</tr>
<tr>
<td>Total current assets</td>
<td>614.3</td>
<td>(0.8)</td>
<td>613.5</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>927.0</td>
<td>(81.4)(b)</td>
<td>845.6</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>2,474.7</td>
<td>—</td>
<td>2,474.7</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>1,930.9</td>
<td>(11.2)(c)</td>
<td>1,919.7</td>
</tr>
<tr>
<td>Operating right-of-use assets</td>
<td>—</td>
<td>351.8(d)</td>
<td>351.8</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>164.5</td>
<td>(11.5)(e)</td>
<td>153.0</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 6,111.4</td>
<td>$ 246.9</td>
<td>$ 6,358.3</td>
</tr>
<tr>
<td><strong>LIABILITIES AND STOCKHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 233.5</td>
<td>$ (0.7)(f)</td>
<td>$ 232.8</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
<td>129.3</td>
<td>—</td>
<td>129.3</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>57.4</td>
<td>—</td>
<td>57.4</td>
</tr>
<tr>
<td>Debt</td>
<td>34.0</td>
<td>—</td>
<td>34.0</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>40.0</td>
<td>—</td>
<td>40.0</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>—</td>
<td>64.6(g)</td>
<td>64.6</td>
</tr>
<tr>
<td>Financing obligations</td>
<td>26.0</td>
<td>(3.8)(h)</td>
<td>22.2</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>17.0</td>
<td>(17.0)(i)</td>
<td>—</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>28.3</td>
<td>19.4(j)</td>
<td>47.7</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>565.5</td>
<td>62.5</td>
<td>628.0</td>
</tr>
<tr>
<td>Non-current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>3,927.6</td>
<td>—</td>
<td>3,927.6</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>—</td>
<td>290.7(k)</td>
<td>290.7</td>
</tr>
<tr>
<td>Financing obligations</td>
<td>290.0</td>
<td>(228.1)(l)</td>
<td>61.9</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>4.3</td>
<td>(4.3)(m)</td>
<td>—</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>362.4</td>
<td>(0.1)(e)</td>
<td>362.3</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>53.8</td>
<td>70.3(o)</td>
<td>124.1</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>5,203.6</td>
<td>191.0</td>
<td>5,394.6</td>
</tr>
<tr>
<td>Commitments and Contingencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common stock</td>
<td>1.6</td>
<td>—</td>
<td>1.6</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>1,577.3</td>
<td>—</td>
<td>1,577.3</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(671.1)</td>
<td>55.9(o)</td>
<td>(615.2)</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>907.8</td>
<td>55.9</td>
<td>963.7</td>
</tr>
<tr>
<td>Total liabilities and stockholders’ equity</td>
<td>$ 6,111.4</td>
<td>$ 246.9</td>
<td>$ 6,358.3</td>
</tr>
</tbody>
</table>

(a) Represents reclassification of prepaid rent balances to Operating right-of-use assets.
(b) Represents the derecognition of the net book value of properties that were accounted for under previously existing build-to-suit accounting rules, partially offset by the remeasurement of certain of those properties that are accounted for as finance leases under ASC 842.

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(c) Represents reclassification of the net book value of favorable lease assets to Operating right-of-use assets.
(d) Represents recognition of operating lease assets and reclassification of prepaid rent, deferred rent, favorable lease assets, and unfavorable lease liabilities.
(e) Represents the tax impact of adoption.
(f) Represents the reclassification of accrued rent to Other current liabilities.
(g) Represents recognition of the current portion of operating lease liabilities.
(h) Represents the derecognition of the current portion of finance obligations for build-to-suit leases.
(i) Represents reclassification of the current portion of capital lease obligations to current portion of finance lease liabilities within Other current liabilities.
(j) Represents reclassification of deferred rent balances to Operating right-of-use assets and derecognition of the current portion of finance obligations for build-to-suit leases, partially offset by the recognition of the current portion of finance lease liabilities under ASC 842.
(k) Represents recognition of the non-current portion of operating lease liabilities.
(l) Represents derecognition of the non-current portion of finance obligations for build-to-suit leases.
(m) Represents reclassification of the non-current portion of capital lease obligations to the non-current portion of finance lease liabilities included in Other non-current liabilities.
(n) Represents reclassification of the non-current deferred rent and unfavorable lease liability balances to Operating right-of-use assets, partially offset by the recognition of the current portion of finance lease liabilities under ASC 842.
(o) Represents the difference between the net book value and the carrying value of fixed assets and liability balances, respectively, derecognized at the transition date, related to properties that were accounted for under previously existing build-to-suit accounting rules, partially offset by the tax impact of adoption.

Financial Instruments—Recognition, Measurement, Presentation and Disclosure

In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-01, Financial Instruments - Overall (Subtopic 825-10) - Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”), which requires an entity to measure equity investments, except those accounted for under the equity method or those that result in consolidation of an investee, at fair value and recognize changes in fair value in net income. For investments that do not have readily determinable fair values, the guidance allows an entity to elect a practicability exception and measure an equity investment at cost less impairment, adjusted for observable price changes. Under prior guidance, we accounted for equity investments in entities in which we do not exercise significant influence under the cost method.

We adopted ASU 2016-01 on January 1, 2019 and elected the measurement alternative for equity investments that do not have readily determinable fair values and now include the identification of observable price changes in our quarterly impairment assessments for these investments. We did not record a cumulative effect adjustment as of January 1, 2018 in connection with the adoption of this guidance as our equity investments in entities in which we do not exercise significant influence continued to be measured at cost due to the election of the measurement alternative.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU No. 2018-02, Income Statement-Reporting Comprehensive Income (Topic 220) - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows an entity to make reclassifications from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The guidance became effective for us on January 1, 2019 and we have not elected to make this reclassification.

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Financial Instruments-Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected using an allowance for expected credit losses, to be estimated by management based on historical experience, current conditions, and reasonable and supportable forecasts. We will adopt this guidance on January 1, 2020, using the modified retrospective approach. The movement from an incurred loss model to an expected credit loss model will result in earlier recording of expected credit losses for our accounts receivable. However, due to the relatively short term nature of our accounts receivable, the impact of this guidance to our consolidated financial statements is expected to be immaterial.

Derivatives and Hedging-Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, to improve the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements and to simplify the application of the hedge accounting guidance. The guidance expands and refines hedge accounting for both nonfinancial and financial risk components and aligns the recognition and presentation of the effects of hedging instruments and hedged items in the financial statements. The guidance also amends the presentation and disclosure requirements and changes how entities assess hedge effectiveness.

We will adopt this guidance on January 1, 2020. We have historically not designated our existing interest rate swaps, foreign currency hedging contracts or fixed price power contracts as hedges for derivative accounting purposes. However, this guidance will apply to any existing or new derivative instruments that are designated as hedges for derivative accounting purposes in future periods. As such, the adoption of this guidance is not expected to have a material impact to our consolidated financial statements.

Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement

In August 2018, the FASB issued ASU No. 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. These costs would be recognized as prepaid assets on the balance sheet and expensed ratably over the term of the hosting arrangement, which includes periods covered by renewal options that are reasonably certain to be exercised. Additionally, the expense related to the capitalized implementation costs would be presented in the same line item in the income statement as the fees associated with the hosting arrangement. We will adopt this guidance on January 1, 2020 on a prospective basis. The adoption will primarily result in changes to the presentation of certain implementation costs within our consolidated financial statements. Currently, these costs are capitalized as part of “Property, equipment and software, net” and amortized over the useful life of the related software or hosting arrangement. Subsequent to adoption, eligible costs incurred will be recorded within “Prepaid expenses” and “Other non-current assets”. In addition, the cash flow presentation of these costs will change from investing cash flows under previous guidance to operating cash flows under the new guidance.
**Fair Value Measurement Disclosures**

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”), which removes, modifies or adds certain disclosure requirements for fair value measurement disclosures. Any new disclosure requirements must be applied on a prospective basis in the interim and annual periods of initial adoption, and all removed or modified requirements must be applied retrospectively to all periods presented. We will adopt this guidance as of January 1, 2020 on a prospective basis and do not expect any material impact to our consolidated financial statements as a result of this adoption.

**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. The guidance is effective for us on January 1, 2021, with early adoption permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

**Reference Rate Reform**

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. This guidance applies only when LIBOR or another reference rate is expected to be discontinued because of reference rate reform. The guidance is effective for all entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the guidance as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020. Once elected, the guidance must be applied prospectively for all eligible contract modifications. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

## 2. Customer Contracts

### Contract Balances

The following table presents the balances related to customer contracts as of December 31, 2018 and 2019:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable, net</td>
<td>$260.5</td>
<td>$350.3</td>
</tr>
<tr>
<td>Current portion of non-current</td>
<td>7.4</td>
<td>7.8</td>
</tr>
<tr>
<td>Non-current portion of contract</td>
<td>5.7</td>
<td>7.2</td>
</tr>
<tr>
<td>Current portion of deferred</td>
<td>57.4</td>
<td>66.6</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Allowance for doubtful accounts and accrued customer credits was $10.5 million and $17.0 million as of December 31, 2018 and 2019, respectively.
The following table sets forth the changes in the allowance for doubtful accounts during the years ended December 31, 2017, 2018, and 2019:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Beginning Balance</th>
<th>Additions(1)</th>
<th>Write-offs of Accounts Receivable, Net of Recoveries</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the years ending December 31,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$ 2.1</td>
<td>$ 11.7</td>
<td>$ (8.2)</td>
<td>$ 5.6</td>
</tr>
<tr>
<td>2018</td>
<td>$ 5.6</td>
<td>$ 12.7</td>
<td>$ (10.8)</td>
<td>$ 7.5</td>
</tr>
<tr>
<td>2019</td>
<td>$ 7.5</td>
<td>$ 13.3</td>
<td>$ (11.3)</td>
<td>$ 9.5</td>
</tr>
</tbody>
</table>

(1) Additions to the allowance for doubtful accounts are charged to bad debt within selling, general and administrative expense.

Amounts recognized in revenue for the years ended December 31, 2018 and December 31, 2019, which were included in deferred revenue as of the beginning of the period, totaled $35.1 million and $47.6 million, respectively.

Cost Incurred to Obtain and Fulfill a Contract

As of December 31, 2018 and 2019, the balances of capitalized costs to obtain a contract were $52.2 million and $55.1 million, respectively, and the balances of capitalized costs to fulfill a contract were $18.4 million and $21.7 million, respectively.

Amortization of capitalized sales commissions was $10.1 million, $27.2 million and $40.9 million for the years ended December 31, 2017, 2018 and 2019, respectively, and amortization of capitalized implementation and set-up costs were $3.4 million, $9.5 million and $14.8 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Remaining Performance Obligations

As of December 31, 2019, the aggregate amount of transaction price allocated to remaining performance obligations was $838.2 million, of which 59% is expected to be recognized as revenue in 2020 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 revenues based on the right to invoice for the services performed.

3. Net Loss Per Share

Basic loss per share is based on the weighted-average effect of all common shares issued and outstanding and 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:

<table>
<thead>
<tr>
<th>(In millions, except per share data)</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Basic and diluted net loss per share:</td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to common stockholders</td>
<td>$(59.9)</td>
</tr>
<tr>
<td>Weighted average shares outstanding.</td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>153.7</td>
</tr>
<tr>
<td>Number of shares used in per share computations</td>
<td>153.7</td>
</tr>
<tr>
<td>Net loss per share</td>
<td>$(0.39)</td>
</tr>
</tbody>
</table>

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Since we were in a net loss position for all periods presented, basic net loss per share is the same as diluted net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. In addition, we excluded 17.4 million, 21.3 million and 20.1 million potential common shares from the computation of dilutive net loss per share for the years ended December 31, 2017, 2018, and 2019, respectively, because the effect would have been anti-dilutive.

4. Acquisitions

**TriCore**

On June 19, 2017, we acquired 100% of TriCore, a leading cross platform application services provider for enterprise applications for total consideration of $347.6 million, net of cash acquired of $13.1 million, for a net cash purchase price of $334.5 million. This acquisition was funded through a combination of cash on hand and borrowings under the Term Loan Facility. This acquisition allows us to provide expertise and support for enterprise applications that companies use to manage core functions such as manufacturing, logistics, procurement, supply chain management, customer service, HR, and financial operations.

Goodwill primarily consisted of assembled workforce and certain synergies expected to arise after the acquisition. The total amount of goodwill deductible for tax purposes associated with this acquisition is $210.9 million. Goodwill was allocated to the Apps & Cross Platform reportable segment.

The allocation of the purchase price as of the June 19, 2017 closing date was as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>June 19, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TriCore Acquisition Consideration</td>
<td>$ 347.6</td>
</tr>
<tr>
<td>Allocated to:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 13.1</td>
</tr>
<tr>
<td>Property, equipment and software</td>
<td>7.4</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>112.4</td>
</tr>
<tr>
<td>Liabilities assumed, net of other assets acquired</td>
<td>(8.2)</td>
</tr>
<tr>
<td>Net assets acquired</td>
<td>$ 124.7</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$ 222.9</td>
</tr>
</tbody>
</table>

Identifiable intangible assets acquired consisted entirely of customer relationships with a weighted average amortization period of approximately 11.8 years as of the date of the acquisition.

During the year ended December 31, 2017, we recorded $6.8 million of costs, including legal, professional, and other fees, related to the TriCore acquisition, within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

TriCore’s results of operations from the June 19, 2017 acquisition date through December 31, 2017 were not material to our consolidated financial statements. Additionally, pro forma impacts of the TriCore acquisition were not material to our consolidated revenue or results of operations for the year ended December 31, 2017.

**Datapipe**

On November 15, 2017, we acquired 100% of Datapipe, a provider of managed services across public and private clouds, managed hosting and colocation. We acquired Datapipe for $764.4 million in
cash as well as shares equal to approximately 7% of our common stock (the “Equity Consideration”), with the right to receive up to an additional 6% of our common stock subject to the satisfaction of certain market-based metrics on certain measurement dates (the “Contingent Consideration”). Payment of the Contingent Consideration may be triggered upon a change of control event or initial public offering. To fund this acquisition, we borrowed an incremental $800.0 million under the existing Term Loan Facility as further described in Note 8, “Debt,” with the proceeds from this borrowing used to (i) pay the cash consideration for the acquisition, (ii) pay certain fees and expenses, and (iii) satisfy and discharge Datapipe’s existing indebtedness under Datapipe’s existing credit facilities (the “Datapipe Credit Facilities”) as of the acquisition date.

This acquisition brought new capabilities to us and has enabled us to better serve customers, globally and at scale. More specifically, Datapipe’s capabilities include experience in the public sector, data centers and offices in markets where we had little or no presence, more robust professional services for customers and colocation services.

Goodwill primarily consisted of assembled workforce and certain synergies expected to arise after the acquisition. None of the goodwill recorded as part of the Datapipe acquisition is deductible for tax purposes except for an immaterial amount assumed as a result of historical acquisitions made by Datapipe. Goodwill was allocated to the Multicloud Services reportable segment.

Total consideration for the Datapipe acquisition was $1,038.8 million, comprised of the following components:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash consideration(1)</td>
<td>$22.5</td>
</tr>
<tr>
<td>Redemption of seller’s preferred equity(2)</td>
<td>$174.8</td>
</tr>
<tr>
<td>Cash to repay Datapipe Credit Facilities, including accrued interest</td>
<td>$567.1</td>
</tr>
<tr>
<td>Fair value of Equity Consideration(3)</td>
<td>$173.8</td>
</tr>
<tr>
<td>Fair value of Contingent Consideration(4)</td>
<td>$100.6</td>
</tr>
<tr>
<td>Datapipe acquisition consideration</td>
<td>$1,038.8</td>
</tr>
</tbody>
</table>

(1) Represents cash consideration paid to the seller to complete the acquisition, including the seller’s closing date selling expenses.

(2) The seller’s preferred equity was redeemed by issuing promissory notes, which were issued in place of direct cash payments as the amount needed for redemption of the seller’s preferred equity could not be calculated definitively until the closing of the acquisition. Note that all common stock held by the seller was redeemed for our equity. Substantially all the promissory notes were repaid two days after the closing date and the remainder of less than $0.1 million was repaid in January 2018.

(3) Comprised of approximately 12.5 million common shares of the company issued in relation to this acquisition. The fair value of the shares of common stock issued was valued using the income approach to determine the total invested capital of the company divided by shares of common stock outstanding as of the date of the acquisition.

(4) The fair value of the Contingent Consideration at the acquisition date was determined based on a Monte Carlo simulation model, utilizing a weighted average probability of the future equity value of the company, and a discounted payout analysis based on probabilities and timing of achieving prescribed targets. The Contingent Consideration is recorded as equity and is not subject to remeasurement.
The allocation of the purchase price as of the November 15, 2017 closing date was as follows:

<table>
<thead>
<tr>
<th>Allocated to:</th>
<th>November 15, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datapipe acquisition consideration</td>
<td>$ 1,038.8</td>
</tr>
<tr>
<td><strong>Allocated to:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 10.3</td>
</tr>
<tr>
<td>Property, equipment and software</td>
<td>181.0</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>270.2</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(47.9)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(23.0)</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>(44.1)</td>
</tr>
<tr>
<td>Finance obligations for build-to-suit arrangements</td>
<td>(40.6)</td>
</tr>
<tr>
<td>Other assets acquired, net of other liabilities assumed</td>
<td>31.1</td>
</tr>
<tr>
<td><strong>Net assets acquired</strong></td>
<td>$ 337.0</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$ 701.8</td>
</tr>
</tbody>
</table>

The following provides the fair value of property, equipment and software acquired:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>November 15, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and equipment</td>
<td>$ 102.2</td>
</tr>
<tr>
<td>Software</td>
<td>18.5</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>3.0</td>
</tr>
<tr>
<td>Buildings and leasehold improvements</td>
<td>55.5</td>
</tr>
<tr>
<td>Work in process</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total property, equipment and software</strong></td>
<td>$ 181.0</td>
</tr>
</tbody>
</table>

The following provides the fair value of identifiable intangible assets acquired:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>November 15, 2017</th>
<th>Weighted Average Amortization Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationships</td>
<td>$ 269.1</td>
<td>7.7 years</td>
</tr>
<tr>
<td>Favorable lease agreements(1)</td>
<td>1.1</td>
<td>4.3 years</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>$ 270.2</td>
<td></td>
</tr>
</tbody>
</table>

(1) See discussion in Note 6, “Goodwill and Intangible Assets” regarding the adoption of ASC 842, effective January 1, 2019, and the resulting impact on favorable and unfavorable lease agreements.

In addition to the acquired intangible assets above, we assumed unfavorable lease liabilities with a fair value of $4.7 million. The weighted-average amortization period for these liabilities is approximately 5.7 years as of the date of the acquisition.

We recorded $10.9 million and $3.0 million for the years ended December 31, 2017 and 2018, respectively, of costs, including legal, professional, and other fees, related to the Datapipe acquisition, within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

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The amount of Datapipe’s revenue and loss from operations included in our Consolidated Statements of Comprehensive Loss for the year ended December 31, 2017 was $43.0 million and $11.5 million, respectively.

**Pro Forma Results**

The following unaudited pro forma summary presents consolidated financial information for the year ended December 31, 2017 as if the Datapipe acquisition had been completed as of January 1, 2017. This pro forma presentation does not include any impact of transaction synergies. The pro forma results are not necessarily indicative of the results of operations that actually would have been achieved had the acquisition of Datapipe been consummated as of January 1, 2017:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2,429.7</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(109.9)</td>
</tr>
</tbody>
</table>

**RelationEdge**

On May 14, 2018, we acquired 100% of RelationEdge, a full-service Salesforce Platinum Consulting Partner and digital agency that helps clients engage with their customers from lead to loyalty by improving business process, leveraging technology and integrating creative digital marketing. The acquisition was completed for total consideration of $65.7 million, net of cash acquired of $0.4 million, for a net cash purchase price of $65.3 million. We funded the acquisition and the related fees and expenses with cash on hand. With this acquisition, we expanded our ability to be a preferred partner for managing a customer’s complete application portfolio through continuous transition to modern technologies, including software-as-a-service (“SaaS”) applications.

The allocation of the purchase price as of the May 14, 2018 closing date was as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>May 14, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RelationEdge Acquisition Consideration</td>
<td>$65.7</td>
</tr>
<tr>
<td>Allocated to:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$0.4</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>22.1</td>
</tr>
<tr>
<td>Liabilities assumed, net of other assets acquired</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Net assets acquired</td>
<td>$21.4</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$44.3</td>
</tr>
</tbody>
</table>

Goodwill primarily consisted of assembled workforce and is deductible for tax purposes. The fair value of identifiable intangible assets acquired includes $18.0 million for the relationship with Salesforce, and is recorded within “Other” in the intangible assets table disclosed in Note 6, “Goodwill and Intangible Assets.” The weighted average amortization period of identifiable intangible assets is approximately 4.6 years as of the date of the acquisition.

We recorded $1.6 million for the year ended December 31, 2018 of costs, including legal, professional, and other fees, related to the RelationEdge acquisition, within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

RelationEdge’s results of operations from the May 14, 2018 acquisition date through December 31, 2018 were not material to our consolidated financial statements. Additionally, pro forma...
impacts of the RelationEdge acquisition were not material to our consolidated revenue or results of operations for the year ended December 31, 2018.

**Onica**

On November 15, 2019, we acquired 100% of Onica, an Amazon Web Services ("AWS") Partner Network ("APN") Premier Consulting Partner and AWS Managed Service Provider providing cloud-native consulting and managed services, including strategic advisory, architecture and engineering and application development services. Total consideration to acquire Onica was $323.6 million, net of cash acquired of $7.5 million, for a net cash purchase price of $316.1 million. The acquisition was funded through a combination of cash on hand and revolving credit facility borrowings, which were repaid by December 31, 2019. This acquisition allows us to expand our portfolio of managed public cloud and professional services solutions and further enhance our existing partnership with AWS.

The purchase price has been preliminarily allocated to the acquired company’s assets and liabilities based upon estimated fair values at the date of the acquisition (pending the final valuation of certain tangible and intangible assets acquired and liabilities assumed, including deferred tax liabilities). Goodwill primarily consisted of assembled workforce. None of the goodwill recorded as part of the Onica acquisition is deductible for tax purposes except for approximately $18 million assumed as a result of historical acquisitions made by Onica.

The preliminary allocation of the purchase price as of the November 15, 2019 closing date is as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>November 15, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onica Acquisition Consideration</td>
<td>$ 323.6</td>
</tr>
<tr>
<td>Allocated to:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 7.5</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>61.8</td>
</tr>
<tr>
<td>Liabilities assumed, net of other assets acquired</td>
<td>(11.0)</td>
</tr>
<tr>
<td>Net assets acquired</td>
<td>$ 58.3</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$ 265.3</td>
</tr>
</tbody>
</table>

Included in the fair value of identifiable intangible assets acquired was $41.3 million of customer relationships and $17.2 million for the relationship with AWS, with an amortization period of seven and four years, respectively. The AWS relationship is recorded within “Other” in the intangible assets table disclosed in Note 6, “Goodwill and Intangible Assets.”

During the year ended December 31, 2019, we recorded $7.7 million of costs, including legal, professional, and other fees, related to the Onica acquisition, within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

Onica’s results of operations from the November 15, 2019 acquisition date through December 31, 2019 were not material to our consolidated financial statements.

**Pro Forma Results**

The following unaudited pro forma summary presents consolidated financial information for the years ended December 31, 2018 and 2019 as if the Onica acquisition had been completed as of
January 1, 2018. This pro forma presentation does not include any impact of transaction synergies. The pro forma results are not necessarily indicative of the results of operations that actually would have been achieved had the acquisition of Onica been consummated as of January 1, 2018:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31, 2018</th>
<th>Year Ended December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2,520.7</td>
<td>$2,551.1</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(493.4)</td>
<td>$(106.3)</td>
</tr>
</tbody>
</table>

5. Property, Equipment and Software, net

Property, equipment and software, net, at December 31, 2018 and 2019 consisted of the following:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and equipment</td>
<td>$1,124.8</td>
<td>$1,155.9</td>
</tr>
<tr>
<td>Software</td>
<td>429.1</td>
<td>441.6</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>34.3</td>
<td>31.3</td>
</tr>
<tr>
<td>Buildings and leasehold improvements</td>
<td>377.4</td>
<td>303.7</td>
</tr>
<tr>
<td>Land</td>
<td>31.8</td>
<td>32.2</td>
</tr>
<tr>
<td>Property, equipment and software, at cost</td>
<td>1,997.4</td>
<td>1,964.7</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(1,091.2)</td>
<td>(1,255.2)</td>
</tr>
<tr>
<td>Work in process</td>
<td>20.8</td>
<td>18.3</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>$927.0</td>
<td>$727.8</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense related to property, equipment and software was $630.3 million, $445.5 million and $328.5 million for the years ended December 31, 2017, 2018 and 2019, respectively. Depreciation and amortization expense for the year ended December 31, 2018 includes $20.9 million of accelerated depreciation resulting from a revision to the useful life of certain equipment assets.

Included in the balance of property, equipment, and software as of December 31, 2019 are assets recorded under finance leases. See Note 9, “Leases” for a discussion of the lease arrangements and the amounts within property, equipment and software as of December 31, 2019.

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The following table sets forth the changes in the carrying amounts of goodwill by reportable segment during the years ended December 31, 2018 and 2019:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Multicloud Services</th>
<th>Apps &amp; Cross Platform</th>
<th>OpenStack Public Cloud</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2017</td>
<td>$2,397.4</td>
<td>$278.5</td>
<td>$52.1</td>
<td>$2,728.0</td>
</tr>
<tr>
<td>RelationEdge acquisition</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>44.3</td>
</tr>
<tr>
<td>Datapipe measurement period adjustments</td>
<td>4.6</td>
<td>—</td>
<td>—</td>
<td>4.6</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>(295.0)</td>
<td>—</td>
<td>—</td>
<td>(295.0)</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(5.9)</td>
<td>(0.8)</td>
<td>(0.5)</td>
<td>(7.2)</td>
</tr>
<tr>
<td>Balance as of December 31, 2018</td>
<td>$2,101.1</td>
<td>$322.0</td>
<td>$51.6</td>
<td>$2,474.7</td>
</tr>
<tr>
<td>Onica acquisition</td>
<td>265.3</td>
<td>—</td>
<td>—</td>
<td>265.3</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>5.2</td>
<td>0.2</td>
<td>0.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Balance as of December 31, 2019</td>
<td>$2,371.6</td>
<td>$322.2</td>
<td>$52.0</td>
<td>$2,745.8</td>
</tr>
<tr>
<td>Gross goodwill</td>
<td>$2,666.6</td>
<td>$322.2</td>
<td>$52.0</td>
<td>$3,040.8</td>
</tr>
<tr>
<td>Less: Accumulated impairment charges</td>
<td>(295.0)</td>
<td>—</td>
<td>—</td>
<td>(295.0)</td>
</tr>
<tr>
<td>Goodwill, net as of December 31, 2019</td>
<td>$2,371.6</td>
<td>$322.2</td>
<td>$52.0</td>
<td>$2,745.8</td>
</tr>
</tbody>
</table>

During the fourth quarter of 2018, we performed our annual goodwill impairment test. We determined that the carrying amount of our Private Cloud Services reporting unit, a component of the Multicloud Services reportable segment, exceeded its fair value and recorded a goodwill impairment charge of $295.0 million. The impairment was driven by a significant decrease in forecasted revenue and cash flows and a lower long-term growth rate, as current and forecasted industry trends reflect lower demand for traditional managed hosting services. Prior to calculating the goodwill impairment loss, we assessed the recoverability of long-lived assets other than goodwill and concluded such assets were not impaired.

The results of our goodwill impairment test for the year ended December 31, 2019 did not indicate any impairments of goodwill. As a result of the annual impairment test, it was determined that the excess of fair value over carrying amount was less than 20% for the Managed Public Cloud Services reporting unit, a component of the Multicloud Services reportable segment, which had an excess of fair value over carrying amount of 10% as of October 1, 2019. Goodwill, net attributed to the Managed Public Cloud Services reporting unit was $811.5 million as of December 31, 2019.

Management exercised significant judgment related to the determination of the fair value of each reporting unit. The fair value of each reporting unit was estimated using the discounted cash flow method. The discounted cash flow methodology requires significant judgment, including estimation of future cash flows, which is dependent on internal forecasts, current and anticipated economic conditions and trends, the estimation of the long-term growth rate of the company's business, and the determination of the company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the fair value of the reporting unit, potentially resulting in a non-cash impairment charge. Management will continue to monitor the Managed Public Cloud Services reporting unit and consider potential impacts to the impairment assessment.
The following tables provide information regarding intangible assets other than goodwill:

### December 31, 2018

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Gross carrying amount</th>
<th>Accumulated amortization</th>
<th>Net carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer relationships</strong></td>
<td>$ 1,940.3</td>
<td>$ (299.3)</td>
<td>$ 1,641.0</td>
</tr>
<tr>
<td><strong>Property tax abatement</strong></td>
<td>16.0</td>
<td>(3.9)</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Favorable lease agreements</strong></td>
<td>13.8</td>
<td>(2.6)</td>
<td>11.2</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>22.9</td>
<td>(6.3)</td>
<td>16.6</td>
</tr>
<tr>
<td><strong>Total definite-lived intangible assets</strong></td>
<td>$ 1,993.0</td>
<td>$ (312.1)</td>
<td>$ 1,680.9</td>
</tr>
<tr>
<td><strong>Trade name (indefinite-lived)</strong></td>
<td>250.0</td>
<td>—</td>
<td>250.0</td>
</tr>
<tr>
<td><strong>Total intangible assets other than goodwill</strong></td>
<td>$ 2,243.0</td>
<td>$ (312.1)</td>
<td>$ 1,930.9</td>
</tr>
</tbody>
</table>

(1) See discussion below regarding the adoption of ASC 842, effective January 1, 2019, and the resulting impact on favorable and unfavorable lease agreements.

### December 31, 2019

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Gross carrying amount</th>
<th>Accumulated amortization</th>
<th>Net carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer relationships</strong></td>
<td>$ 1,983.7</td>
<td>$ (459.9)</td>
<td>$ 1,523.8</td>
</tr>
<tr>
<td><strong>Property tax abatement</strong></td>
<td>16.0</td>
<td>(5.6)</td>
<td>10.4</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>43.8</td>
<td>(10.6)</td>
<td>33.2</td>
</tr>
<tr>
<td><strong>Total definite-lived intangible assets</strong></td>
<td>$ 2,043.5</td>
<td>$ (476.1)</td>
<td>$ 1,567.4</td>
</tr>
<tr>
<td><strong>Trade name (indefinite-lived)</strong></td>
<td>250.0</td>
<td>—</td>
<td>250.0</td>
</tr>
<tr>
<td><strong>Total intangible assets other than goodwill</strong></td>
<td>$ 2,293.5</td>
<td>$ (476.1)</td>
<td>$ 1,817.4</td>
</tr>
</tbody>
</table>

In connection with the adoption of ASC 842 on January 1, 2019, as discussed in Note 1, “Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies,” favorable lease agreements included in “Intangible assets, net” and unfavorable lease agreements included in “Other non-current liabilities” in the Consolidated Balance Sheet as of December 31, 2018 are now recorded within “Operating right-of-use assets” in the Consolidated Balance Sheet as of January 1, 2019.

Amortization expense related to intangibles, not including favorable and unfavorable lease agreements, was $126.6 million, $164.2 million and $167.5 million for the years ended December 31, 2017, 2018 and 2019, respectively.

As of December 31, 2019, amortization of intangible assets for the next five years and thereafter is expected to be as follows:

<table>
<thead>
<tr>
<th>Year ending:</th>
<th>Intangible Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 176.6</td>
</tr>
<tr>
<td>2021</td>
<td>173.1</td>
</tr>
<tr>
<td>2022</td>
<td>171.7</td>
</tr>
<tr>
<td>2023</td>
<td>168.0</td>
</tr>
<tr>
<td>2024</td>
<td>159.7</td>
</tr>
<tr>
<td>Thereafter</td>
<td>718.3</td>
</tr>
<tr>
<td>Total</td>
<td>$ 1,567.4</td>
</tr>
</tbody>
</table>
7. Investments

We hold equity investments that do not have readily determinable fair values. The aggregate carrying value of these equity investments was $10.1 million and $0.1 million as of December 31, 2018 and 2019, respectively.

In June 2019, CrowdStrike Holdings, Inc. (“CrowdStrike”), an entity in which Rackspace US, Inc. held an equity investment, completed an initial public offering (“IPO”) and became a publicly-traded company. Prior to the IPO date, our investment in CrowdStrike had a carrying value of $10.0 million and was accounted for as an equity investment without a readily determinable fair value. With the availability of observable price changes following the completion of the IPO, our investment in CrowdStrike was measured at fair value on a prospective basis using the end of period quoted stock price, which is classified as a Level 1 input within the fair value hierarchy. In December 2019, Rackspace US, Inc. sold the investment in CrowdStrike for $106.9 million in cash proceeds.

For the years ended December 31, 2017 and 2018, we recognized net gains on investment activity of $4.6 million, of which $1.2 million and $3.8 million, respectively, related to the sale of shares in Mailgun Technologies, Inc. (“Mailgun Technologies”). See Note 14, “Divestitures” for more information. For the year ended December 31, 2019, we recognized a net gain on investment activity of $99.5 million, which was primarily comprised of a $96.9 million realized gain related to the sale of the CrowdStrike investment.

8. Debt

Debt consisted of the following:

| (In millions) | December 31, 2018 | | | |
|---------------|-------------------|---------------|---------------|
|               | Term Loan Facility| 8.625% Senior Notes | Total         |
| Principal balance | $2,853.5 | $1,197.5 | $4,051.0 |
| Unamortized debt issuance costs | (60.2) | (23.1) | (83.3) |
| Unamortized debt discount | (6.1) | | (6.1) |
| **Total debt** | 2,787.2 | 1,174.4 | 3,961.6 |
| Less: current portion of debt | (29.0) | (5.0) | (34.0) |
| **Debt, excluding current portion** | $2,758.2 | $1,169.4 | $3,927.6 |

| (In millions) | December 31, 2019 | | | |
|---------------|-------------------|---------------|---------------|
|               | Term Loan Facility| 8.625% Senior Notes | Total         |
| Principal balance | $2,824.6 | $1,120.2 | $3,944.8 |
| Unamortized debt issuance costs | (48.6) | (18.0) | (66.6) |
| Unamortized debt discount | (4.9) | | (4.9) |
| **Total debt** | 2,771.1 | 1,102.2 | 3,873.3 |
| Less: current portion of debt | (29.0) | | (29.0) |
| **Debt, excluding current portion** | $2,742.1 | $1,102.2 | $3,844.3 |

Senior Facilities

On November 3, 2016, in conjunction with the Rackspace Acquisition, Rackspace Technology Global entered into a secured First Lien Credit Agreement with Citibank, N.A. (“Citi”) as the administrative agent. The First Lien Credit Agreement includes the Term Loan Facility originally in the
amount of $2,000.0 million, which was fully drawn at closing of the Rackspace Acquisition, and an undrawn revolving credit facility ("Revolving Credit Facility") of $225.0 million (together, the “Senior Facilities”). Rackspace Technology Global may request additional Term Loan Facility commitments or Revolving Credit Facility commitments up to a specified dollar amount plus additional amounts, subject to compliance with applicable leverage ratios and certain terms and conditions. The proceeds of the Term Loan Facility were used to fund the transactions associated with the Rackspace Acquisition. The Term Loan Facility has a maturity date of November 3, 2023 and the Revolving Credit Facility matures on November 3, 2021.

On June 21, 2017, Rackspace Technology Global amended the terms of the First Lien Credit Agreement to reprice the Term Loan Facility, decreasing the applicable margin to 3.00% for LIBOR loans and 2.00% for base rate loans. Rackspace Technology Global also raised an additional $100.0 million of incremental borrowings under the Term Loan Facility on the same terms as the repriced Term Loan Facility. The proceeds of the $100.0 million incremental term loans were used for general corporate purposes, including permitted acquisitions, capital expenditures and transaction costs.

In connection with this amendment, we recorded a loss on extinguishment of debt of $9.6 million in our Consolidated Statements of Comprehensive Loss for the year ended December 31, 2017. The loss represents a write-off of a portion of unamortized debt issuance costs and debt discount. In addition, we recorded $0.2 million of fees and expenses related to the amendment as debt issuance costs. All other terms under the original First Lien Credit Agreement remained unchanged.

On November 15, 2017, in connection with the Datapipe acquisition, Rackspace Technology Global raised an additional $800.0 million of incremental borrowings under the Term Loan Facility. The proceeds of the $800.0 million incremental term loans were used to finance a portion of the Datapipe acquisition, repay certain of Datapipe’s existing debt obligations and pay related fees and expenses.

In connection with this incremental borrowing, we recorded a loss on extinguishment of debt of $7.3 million in our Consolidated Statements of Comprehensive Loss for the year ended December 31, 2017. The loss represents a write-off of a portion of unamortized debt issuance costs and debt discount, along with a portion of the fees and expenses related to the incremental borrowing. In addition, we recorded $13.7 million of fees and expenses as debt issuance costs. All other terms under the original First Lien Credit Agreement remained unchanged.

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 1.00% floor in the case of term loans, 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 Citi and (iii) the one-month adjusted LIBOR plus 1.00%. 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. Rackspace Technology Global is required to make quarterly amortization payments on the Term Loan Facility in an annual amount equal to 1.0% of the original principal amount, including incremental borrowings since the Rackspace Acquisition, or $7.2 million per quarter, with the balance due at maturity.

As of December 31, 2019, the interest rate on the Term Loan Facility was 4.90%.

The Revolving Credit Facility has an applicable margin of 4.00% for LIBOR loans and 3.00% for base rate loans and is subject to step-downs based on the net first lien leverage ratio. 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 fee is also subject to one step-down based on the net first lien
leverage ratio. We recorded $8.8 million of debt issuance costs when Rackspace Technology Global entered into this debt instrument. As of December 31, 2019, there were no outstanding borrowings under the Revolving Credit Facility.

In addition to the quarterly amortization payments discussed above, the Senior Facilities requires Rackspace Technology Global to make certain mandatory prepayments, including using (i) a portion of annual excess cash flow, as defined in the 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. Rackspace Technology Global can make voluntary prepayments at any time without penalty, subject to customary breakage costs.

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 3.50 to 1.00; however, this covenant is only applicable and tested if the aggregate amount of outstanding borrowings under the Revolving Credit Facility is equal to or greater than 30% 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 December 31, 2019, Rackspace Technology Global was in compliance with all covenants under the Senior Facilities.

The fair value of the Term Loan Facility as of December 31, 2019 was $2,725.7 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.

Interest rate swap agreements are utilized to manage the interest rate risk associated with interest payments on the Term Loan Facility that result from fluctuations in the LIBOR rate. See Note 15, “Derivatives” for more information on the interest rate swap agreements.

8.625% Senior Notes due 2024

On November 3, 2016, in conjunction with the Rackspace Acquisition, Rackspace Technology Global completed the issuance of $1,200.0 million aggregate principal amount of 8.625% Senior Notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. The 8.625% Senior Notes will mature on November 15, 2024 and bear interest at a rate of 8.625% per year, payable semi-annually on May 15 and November 15. The proceeds of the 8.625% Senior Notes were used to fund the transactions associated with the Rackspace Acquisition, including consummation of the Rackspace Acquisition and payment of related fees and expenses.

Rackspace Technology Global is the issuer of the 8.625% Senior Notes, and obligations under the 8.625% Senior Notes are guaranteed on a senior unsecured basis by all of Rackspace Technology Global’s wholly-owned domestic restricted subsidiaries (as subsidiary guarantors) that guarantee the Senior Facilities. The 8.625% Senior Notes are junior to the indebtedness under the Senior Facilities.
and the indenture describes certain terms and conditions under which other current and future domestic subsidiaries are required to become guarantors of the 8.625% Senior Notes.

Rackspace Technology Global may redeem the 8.625% Senior Notes at its option, in whole at any time or in part from time to time, at the following redemption prices: prior to November 15, 2020, at a redemption price equal to 106.469% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; from November 15, 2020 to November 15, 2021, at a redemption price equal to 104.313% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; from November 15, 2021 to November 15, 2022, at a redemption price equal to 102.156% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; and from November 15, 2022 and thereafter, at a redemption price equal to 100.000% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date.

The 8.625% Senior Notes indenture contains covenants that, among other things, limit Rackspace Technology Global's ability to incur additional debt, pay certain dividends or make other restricted payments, make certain asset sales, incur certain liens securing debt, engage in certain transactions with affiliates and make certain investments. As of December 31, 2019, Rackspace Technology Global was in compliance with all covenants under the indenture.

We recorded $31.7 million of debt issuance costs related to the Rackspace Technology Global's issuance of the 8.625% Senior Notes.

In December 2018, Rackspace Technology Global repurchased and surrendered for cancellation $2.5 million of principal amount for $2.0 million, including accrued interest. In connection with this repurchase, we recorded a gain on debt extinguishment of $0.5 million in our Consolidated Statements of Comprehensive Loss for the year ended December 31, 2018.

During the year ended December 31, 2019, Rackspace Technology Global repurchased and surrendered for cancellation $77.3 million of principal amount of 8.625% Senior Notes for $66.9 million, including accrued interest of $0.8 million. In connection with these repurchases, we recorded a gain on debt extinguishment of $9.8 million in our Consolidated Statements of Comprehensive Loss for the year ended December 31, 2019.

The fair value of the 8.625% Senior Notes as of December 31, 2019 was $1,089.4 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 8.625% Senior Notes is classified as Level 2 within the fair value hierarchy.

**Debt Maturities**

The maturities of debt obligations for the next five years at December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>Year ending:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$29.0</td>
</tr>
<tr>
<td>2021</td>
<td>29.0</td>
</tr>
<tr>
<td>2022</td>
<td>29.0</td>
</tr>
<tr>
<td>2023</td>
<td>2,737.6</td>
</tr>
<tr>
<td>2024</td>
<td>1,120.2</td>
</tr>
<tr>
<td>Total</td>
<td>$3,944.8</td>
</tr>
</tbody>
</table>
9. **Leases**

Assets recorded as property and equipment under finance leases, and the related accumulated depreciation balance as of December 31, 2019, were as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and equipment</td>
<td>$ 21.6</td>
</tr>
<tr>
<td>Buildings</td>
<td>105.3</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation</strong></td>
<td><strong>(21.3)</strong></td>
</tr>
<tr>
<td><strong>Net book value of property and equipment under finance leases</strong></td>
<td><strong>$ 105.6</strong></td>
</tr>
</tbody>
</table>

The current and non-current balances of finance lease liabilities as of December 31, 2019, were as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance lease liability balances included in:</td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>$ 9.2</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>88.4</td>
</tr>
<tr>
<td><strong>Total finance lease liability</strong></td>
<td><strong>$ 97.6</strong></td>
</tr>
</tbody>
</table>

The components of operating and finance lease expense for the year ended December 31, 2019, were as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating lease expense:</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed lease expense</td>
<td>$ 107.6</td>
</tr>
<tr>
<td>Variable lease expense</td>
<td>13.9</td>
</tr>
<tr>
<td>Short-term lease expense</td>
<td>4.3</td>
</tr>
<tr>
<td>Sublease income</td>
<td>(2.5)</td>
</tr>
<tr>
<td><strong>Total operating lease expense</strong></td>
<td><strong>$ 123.3</strong></td>
</tr>
<tr>
<td><strong>Finance lease expense:</strong></td>
<td></td>
</tr>
<tr>
<td>Depreciation of finance lease assets</td>
<td>$ 7.9</td>
</tr>
<tr>
<td>Interest expense on finance lease liabilities</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Total finance lease expense</strong></td>
<td><strong>$ 16.1</strong></td>
</tr>
</tbody>
</table>

Supplemental cash flow information related to operating and finance leases for the year ended December 31, 2019, was as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Operating leases</th>
<th>Finance leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash payments for lease liabilities included within:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>$ (101.6)</td>
<td>$ (9.0)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>—</td>
<td>(19.9)</td>
</tr>
<tr>
<td>New lease assets obtained in exchange for lease liabilities</td>
<td>$ 33.7</td>
<td>$ 12.6</td>
</tr>
</tbody>
</table>
As of December 31, 2019, the weighted average remaining lease term and weighted average discount rate of our operating and finance leases, respectively, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Operating leases</th>
<th>Finance leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average remaining lease term (in years)</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Weighted average discount rate</td>
<td>11.5%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Future lease payments under operating and finance leases as of December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Operating leases</th>
<th>Finance leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ending:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$ 89.7</td>
<td>$ 16.8</td>
</tr>
<tr>
<td>2021</td>
<td>72.5</td>
<td>14.5</td>
</tr>
<tr>
<td>2022</td>
<td>57.2</td>
<td>13.8</td>
</tr>
<tr>
<td>2023</td>
<td>46.0</td>
<td>9.2</td>
</tr>
<tr>
<td>2024</td>
<td>39.2</td>
<td>9.4</td>
</tr>
<tr>
<td>Thereafter</td>
<td>195.0</td>
<td>119.1</td>
</tr>
<tr>
<td>Total future lease payments</td>
<td>499.6</td>
<td>182.8</td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td>(184.8)</td>
<td>(85.2)</td>
</tr>
<tr>
<td>Total lease liability</td>
<td>$ 314.8</td>
<td>$ 97.6</td>
</tr>
</tbody>
</table>

As of December 31, 2019, we had additional operating leases that had not yet commenced with aggregate fixed lease payments of $1.9 million. These operating leases will commence in 2020 with lease terms of approximately 3 to 5 years.

Prior period disclosures under previous lease accounting guidance

**Operating and Capital Leases**

Rent expense under non-cancelable operating lease agreements was $91.0 million and $128.0 million for the years ended December 31, 2017 and 2018, respectively.

As of December 31, 2018, future minimum lease payments under operating and capital leases were as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Operating leases</th>
<th>Capital leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ending:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$ 96.8</td>
<td>$ 18.0</td>
</tr>
<tr>
<td>2020</td>
<td>88.4</td>
<td>3.0</td>
</tr>
<tr>
<td>2021</td>
<td>75.8</td>
<td>1.1</td>
</tr>
<tr>
<td>2022</td>
<td>59.2</td>
<td>0.3</td>
</tr>
<tr>
<td>2023</td>
<td>48.6</td>
<td>—</td>
</tr>
<tr>
<td>Thereafter</td>
<td>291.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>$ 660.1</td>
<td>22.5</td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td>(1.2)</td>
<td></td>
</tr>
<tr>
<td>Present value of net minimum lease payments</td>
<td>$ 21.3</td>
<td></td>
</tr>
</tbody>
</table>
### Build-to-Suit Leases

As of December 31, 2018, future minimum lease payments under build-to-suit leases were as follows:

<table>
<thead>
<tr>
<th>Year ending:</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>16.8</td>
</tr>
<tr>
<td>2020</td>
<td>14.9</td>
</tr>
<tr>
<td>2021</td>
<td>16.8</td>
</tr>
<tr>
<td>2022</td>
<td>17.4</td>
</tr>
<tr>
<td>2023</td>
<td>17.7</td>
</tr>
<tr>
<td>Thereafter</td>
<td>188.6</td>
</tr>
</tbody>
</table>

Total minimum build-to-suit lease payments: 272.2 million

Plus amount representing residual asset balance: 129.9 million

Less amount representing executory costs: (0.5) million

Less amount representing interest: (169.7) million

Financing obligations for build-to-suit leases: 231.9 million

Less current portion of financing obligations for build-to-suit leases: (3.8) million

Non-current portion of financing obligations for build-to-suit leases: 228.1 million

### 10. Financing Obligations

We have entered into installment payment arrangements with certain equipment and software vendors. In addition, we have entered into certain sale-leaseback agreements that do not qualify as asset sales and are accounted for as failed sale-leasebacks. These arrangements include the sale and leaseback of equipment with third party financial institutions, which we entered into in 2019, and certain property leases we assumed upon the acquisition of Datapipe.

The weighted average imputed interest rate for our financing obligations was 7.5% as of December 31, 2019.

As of December 31, 2019, future payments under financing obligations were as follows:

<table>
<thead>
<tr>
<th>Year ending:</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>50.9</td>
</tr>
<tr>
<td>2021</td>
<td>32.9</td>
</tr>
<tr>
<td>2022</td>
<td>25.6</td>
</tr>
<tr>
<td>2023</td>
<td>3.6</td>
</tr>
<tr>
<td>2024</td>
<td>3.6</td>
</tr>
<tr>
<td>Thereafter</td>
<td>34.3</td>
</tr>
</tbody>
</table>

Total future payments: 150.9 million

Plus amount representing residual asset balance: 14.3 million

Less amount representing interest: (35.9) million

Total financing obligations: $129.3 million
11. Commitments and Contingencies

Purchase Commitments

Non-cancelable purchase commitments primarily consist of commitments for certain software licenses, hardware purchases, third party infrastructure purchases, and costs associated with our data centers, such as bandwidth and electricity. The agreements provide for either penalties for early termination or may require minimum commitments for the remaining term. The minimum commitments for all of these agreements, as of December 31, 2019, approximated $155.9 million, $120.2 million, $77.4 million, $30.8 million, $24.5 million and $84.2 million, for the years ended December 31, 2020, 2021, 2022, 2023, 2024, and thereafter, respectively.

We also have purchase orders and construction contracts primarily related to data center equipment and facility build-outs. We generally have the right to cancel these open purchase orders prior to delivery or terminate the contracts without cause.

Contingencies

We have contingencies that arise from various litigation, claims and commitments.

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 cannot predict the impact, if any, that any current matter will have on our business, results of operations, financial position, or cash flows. Because of the inherent uncertainties of these matters, including the early stage and lack of specific damage claims in many of them, we cannot estimate a range of possible losses from them at this time.

In July 2017, we reached a settlement agreement with a customer to early terminate a large, multi-year agreement with a contractual term that would have expired in June 2018 in exchange for a cash payment of $28.8 million. The cash payment was received during the three months ended September 30, 2017 and is recorded within “Gain on settlement of contract” in the Consolidated Statements of Comprehensive Loss.

Indemnifications

As permitted under Delaware law, we have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. In addition, from time to time we may enter into indemnification agreements with certain of our employees so that such employees will agree to serve as directors or officers of our foreign subsidiaries. The term of the indemnification period is for the officer’s or director’s lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements
is unlimited; however, we have a director and officer insurance policy that limits our exposure and enables us to recover a portion of any future amounts paid. As a result of the insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal. We had no material liabilities recorded for these agreements as of December 31, 2018 or 2019.

In connection with the Rackspace Acquisition, an affiliate of Apollo and Searchlight (the “Affiliated Service Providers”) each entered into a management consulting agreement with Rackspace Technology, Inc. (the “Apollo/Searchlight Management Consulting Agreement”) relating to the provision of certain management consulting and advisory services following the consummation of the Rackspace Acquisition. In addition, on November 3, 2016, an affiliate of Apollo entered into a transaction fee agreement (the “Transaction Fee Agreement”) with Rackspace Technology, Inc. relating to the provision of certain preparation services in support of the Rackspace Acquisition.

On November 15, 2017, in connection with the Datapipe acquisition, ABRY Partners, LLC and ABRY Partners II, LLC entered into a management consulting agreement (the “ABRY Management Consulting Agreement”) with Rackspace Technology, Inc. relating to the provision of certain management consulting and advisory services.

Under the terms of the Transaction Fee Agreement, the Apollo/Searchlight Management Consulting Agreement and the ABRY Management Consulting Agreement, the company has obligations to indemnify affiliates and representatives of Apollo, Searchlight and ABRY, as applicable, for any losses or liabilities that they may incur as a result of their provision of services under those agreements (unless the losses or liabilities have resulted from the willful misconduct of the person seeking indemnification). We had no liabilities recorded for these agreements as of December 31, 2018 or 2019.

Additionally, in the normal course of business, we indemnify certain parties, including customers, vendors and lessors, with respect to certain matters. We have agreed to hold certain parties harmless against losses arising from a breach of representations or covenants or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. We had no material liabilities recorded for these agreements as of December 31, 2018 or 2019.

12. Share-Based Compensation, Settlement of Share-based Awards, and Employee Benefit Plans

Issuances and Repurchases of Common Stock

During the years ended December 31, 2017 and December 31, 2018, we issued 1.1 million and 0.2 million shares of our common stock, respectively, to certain executives and independent board members and received proceeds of $9.7 million and $3.2 million, respectively. As a result, we recorded a $9.7 million and $3.2 million increase to “Additional paid-in-capital” for the years ended December 31, 2017 and December 31, 2018, respectively.

During the year ended December 31, 2019, we repurchased $2.2 million, or 0.2 million shares, of our common stock. These shares were subsequently retired. As a result, we recorded a $2.2 million decrease to “Additional paid-in-capital” for the year ended December 31, 2019.

Settlement of Share-Based Awards

As a result of the Rackspace Acquisition, Rackspace Technology Global had obligations related to the settlement of restricted stock units that were outstanding at the Closing Date. These obligations
required installment payments that began in November 2016 and ended in the first quarter of 2019. We made cash payments of $117.0 million, $46.3 million and $19.2 million during the years ended December 31, 2017, 2018 and 2019, respectively.

Compensation expense recognized related to these payments for the years ended December 31, 2017, 2018 and 2019 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$13.6</td>
<td>$6.5</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>44.8</td>
<td>19.8</td>
</tr>
<tr>
<td>Total cash settled equity compensation expense</td>
<td>$58.4</td>
<td>$26.3</td>
</tr>
</tbody>
</table>

In addition, in connection with an employee’s departure, we settled options and restricted stock for a one-time cash payment of $1.5 million during the year ended December 31, 2019.

Stock Plan

In April 2017, the Executive Committee of the Board of Directors authorized the company to adopt the Rackspace Technology, Inc. Equity Incentive Plan (the “Incentive Plan”). Under the Incentive Plan, incentive and non-qualified stock options or rights to purchase common stock of the company may be granted to eligible participants. In addition to stock options, we may grant restricted stock awards and restricted stock units, collectively referred to as “restricted stock.” All awards, excluding incentive stock options, may be granted under the plan to persons or entities that are employees or directors of, or consultants to, the company or any of its subsidiaries on the date of grant. Incentive stock options may be granted only to employees of the company or a subsidiary. The exercise price of a stock option granted under the Incentive Plan is determined by the Executive Committee at the time the option is granted and, in the case of incentive stock options, may not be less than 100% of the fair market value of a share of the company’s common stock as of the date of grant.

For the years ended December 31, 2017, 2018 and 2019, the company granted stock options and restricted stock under the Incentive Plan. Collectively, all such grants are referred to as “awards.” The company issues new shares of its common stock to satisfy vesting of restricted stock and exercise of stock options under the Incentive Plan.

All awards deduct one share from the Incentive Plan shares available for issuance for each share granted. To the extent awards granted under the Incentive Plan terminate, expire or lapse, shares subject to such awards generally will again be available for future grant. The Incentive Plan began with 12.2 million shares authorized for grant and contains an evergreen feature whereby shares available increase each grant date based on the quantity of certain types of awards granted. As of December 31, 2019, the total number of shares authorized, outstanding and available for future grants under the Incentive Plan was as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares Authorized</td>
<td>31.0</td>
</tr>
<tr>
<td>Shares Outstanding</td>
<td>20.1</td>
</tr>
<tr>
<td>Shares Available for Future Grants</td>
<td>10.9</td>
</tr>
</tbody>
</table>
The composition of the equity awards outstanding as of December 31, 2018 and 2019 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted stock</td>
<td>2.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Stock options</td>
<td>18.7</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Total outstanding awards</strong></td>
<td><strong>21.3</strong></td>
<td><strong>20.1</strong></td>
</tr>
</tbody>
</table>

**Stock Options**

Stock options have been granted for a term of ten years and generally vest ratably over a three-year period, subject to continued service. Certain executives have received stock options that vest in part subject to continued service ratably over a five-year period and in part based upon the attainment of performance and market conditions.

The following table summarizes the stock option activity for the year ended December 31, 2019:

<table>
<thead>
<tr>
<th></th>
<th>Number of Shares (in millions)</th>
<th>Weighted-Average Exercise Price</th>
<th>Weighted-Average Remaining Contractual Life</th>
<th>Aggregate Intrinsic Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2018</td>
<td>18.7</td>
<td>$10.78</td>
<td>8.55</td>
<td>$83.6</td>
</tr>
<tr>
<td>Granted</td>
<td>13.8</td>
<td>$12.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(0.4)</td>
<td>$8.42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>(10.9)</td>
<td>$11.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired</td>
<td>(1.7)</td>
<td>$10.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2019</td>
<td>19.5</td>
<td>$12.21</td>
<td>8.64</td>
<td>$21.7</td>
</tr>
<tr>
<td>Vested and exercisable at December 31, 2019</td>
<td>3.5</td>
<td>$10.54</td>
<td>6.72</td>
<td>$11.1</td>
</tr>
<tr>
<td>Vested and exercisable at December 31, 2019 and expected to vest thereafter(1)</td>
<td>19.5</td>
<td>$12.21</td>
<td>8.64</td>
<td>$21.7</td>
</tr>
</tbody>
</table>

(1) Forfeitures are recognized as they occur, rather than estimated.

The total pre-tax intrinsic value of the stock options exercised during the years ended December 31, 2018 and 2019 was $0.3 million and $1.8 million, respectively. There were no stock options exercised during the year ended December 31, 2017.

We have granted stock options that include vesting terms dependent upon a service, performance and/or market condition. The fair value of stock options with vesting conditions dependent upon market performance is determined using a Monte Carlo simulation. The fair value of stock options with either solely a service requirement or with the combination of service and performance requirements is determined using the Black-Scholes valuation model, which requires us to make assumptions and judgments about variables related to our common stock and the related awards. The fair value of stock options is based on the fair value of the underlying common stock on the date of grant. The fair value of the underlying common stock includes estimates and judgments related to the discount rates and future discounted cash flows of the company based on management’s internal forecasts. Share-based compensation expense is recognized on a straight-line basis over the service period or over our best estimate of the period over which the performance condition will be met, as

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The following table presents the assumptions used to estimate the fair values of the stock options granted in the periods presented:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Expected stock volatility(1)</td>
<td>63% - 70%</td>
</tr>
<tr>
<td>Expected dividend yield(2)</td>
<td>— %</td>
</tr>
<tr>
<td>Risk-free interest rate(3)</td>
<td>1.64% - 2.25%</td>
</tr>
<tr>
<td>Expected life(4)</td>
<td>5.2 - 6.5 years</td>
</tr>
</tbody>
</table>

(1) Management estimates volatility based on the historical trading volatility of a public company peer group and the implied volatility of our assets and current leverage.

(2) We have not issued dividends to date and do not anticipate issuing dividends.

(3) Based on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent expected term.

(4) Represents the period that our share-based awards are expected to be outstanding. Management uses the simplified method for our estimation of the expected life as we do not have adequate historical data.

The weighted-average grant-date fair value of options granted during the years ended December 31, 2017, 2018 and 2019 was $5.63, $9.69 and $6.81, respectively.

As of December 31, 2019, there was $57.0 million of total unrecognized compensation cost related to stock options, which will be recognized using the straight-line method over a weighted average period of 2.6 years. This does not include $46.3 million fair value related to unvested options that will vest based on performance, market, and service conditions all tied to a change in control. In accordance with accounting guidance for share-based compensation, the associated expense will not be recorded until a change in control event is consummated.

**Restricted Stock**

Certain non-executive board members elected to receive a portion of their annual compensation in the form of restricted stock. The fair value of these service-vesting awards is measured based on the fair value of the underlying common stock on the date of grant, and share-based compensation expense is recognized on a straight-line basis over the one-year service period.

In addition, restricted stock has been granted to certain executives that vest in part subject to continued service ratably over a three or five-year period and in part based upon the attainment of performance and market conditions. The fair value of the service-vesting awards is measured based on the fair value of the underlying common stock on the date of grant, and share-based compensation expense is recognized on a straight-line basis over the three or five-year service period. The fair value of restricted stock with vesting conditions dependent upon market performance is determined using a Monte Carlo simulation.

Additionally, we have granted certain awards with vesting dependent upon the attainment of predetermined financial performance results over the next three years. The fair value of these performance-vesting awards is measured based on the fair value of the underlying common stock on the date of grant, and share-based compensation expense is recognized when it is probable that the performance condition will be achieved.

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The following table summarizes our restricted stock activity for the year ended December 31, 2019:

<table>
<thead>
<tr>
<th>Number of Units or Shares (in millions)</th>
<th>Weighted-Average Grant- Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2018</td>
<td>$ 14.40</td>
</tr>
<tr>
<td>Granted</td>
<td>0.4 $ 12.88</td>
</tr>
<tr>
<td>Released</td>
<td>(0.3) $ 15.09</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(2.1) $ 14.33</td>
</tr>
<tr>
<td>Outstanding at December 31, 2019</td>
<td>0.6 $ 13.26</td>
</tr>
<tr>
<td>Expected to vest after December 31, 2019(1)</td>
<td>0.6 $ 13.26</td>
</tr>
</tbody>
</table>

(1) Forfeitures are recognized as they occur, rather than estimated.

The weighted-average grant-date fair value of restricted stock granted during the years ended December 31, 2017 and 2018 was $8.33 and $14.40, respectively.

The total pre-tax intrinsic value of the restricted stock released during the years ended December 31, 2017 and 2019 was $0.5 million and $3.3 million, respectively. There was no restricted stock released during the year ended December 31, 2018.

As of December 31, 2019, there was $5.4 million of total unrecognized compensation cost related to restricted stock, which will be recognized using the straight-line method over a weighted average period of 2.5 years. This does not include $3.8 million fair value related to restricted stock that will vest based on performance, market, and service conditions all tied to a change in control. In accordance with accounting guidance for share-based compensation, the associated expense will not be recorded until a change in control event is consummated.

Share-Based Compensation Expense
In connection with the departure of certain executives during the year ended December 31, 2019, we accelerated vesting of options and restricted stock for awards with service-only vesting conditions. In addition, the post termination option exercise period was extended. These modifications resulted in $3.5 million of incremental expense during the year ended December 31, 2019.

In addition, during the years ended December 31, 2018 and December 31, 2019, modifications were made to the performance and/or market condition of awards for certain employees. As these awards vest based on a change in control event, these modifications resulted in no incremental expense.

Share-based compensation expense recognized under the Incentive Plan for the years ended December 31, 2017, 2018 and 2019 was as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017        2018        2019</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$ 1.5      $ 4.1       $ 5.7</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>8.7        15.9       24.5</td>
</tr>
<tr>
<td>Pre-tax share-based compensation expense</td>
<td>10.2       20.9       30.2</td>
</tr>
<tr>
<td>Less: Income tax benefit</td>
<td>(3.6)      (4.2)      (6.3)</td>
</tr>
<tr>
<td>Total share-based compensation expense, net of tax</td>
<td>$ 6.6      $ 15.8      $ 23.9</td>
</tr>
</tbody>
</table>
Employee Benefit Plans

We sponsor defined contribution plans whereby employees may elect to contribute a portion of their annual compensation to the plans, after complying with certain limitations. The plans also include a discretionary employer contribution. Contribution expense recognized for these plans was $13.1 million, $14.8 million and $14.3 million for the years ended December 31, 2017, 2018 and 2019, respectively.

13. Taxes

The benefit for income taxes consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$ 3.6</td>
<td>$(6.0)</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>6.5</td>
<td>15.6</td>
<td>12.1</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>1.2</td>
<td>(16.8)</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Total current</td>
<td>11.3</td>
<td>(7.2)</td>
<td>20.7</td>
<td></td>
</tr>
<tr>
<td>Deferred</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>(283.4)</td>
<td>(22.5)</td>
<td>(32.4)</td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>(12.3)</td>
<td>(3.4)</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>(16.4)</td>
<td>3.2</td>
<td>(10.3)</td>
<td></td>
</tr>
<tr>
<td>Total deferred</td>
<td>(312.1)</td>
<td>(22.7)</td>
<td>(40.7)</td>
<td></td>
</tr>
<tr>
<td>Total benefit for income taxes</td>
<td>$(300.8)</td>
<td>$(29.9)</td>
<td>$(20.0)</td>
<td></td>
</tr>
</tbody>
</table>

Loss before income taxes from U.S. and foreign operations were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$(338.9)</td>
<td>$(515.5)</td>
<td>$(143.2)</td>
<td></td>
</tr>
<tr>
<td>Foreign</td>
<td>(21.8)</td>
<td>15.0</td>
<td>20.9</td>
<td></td>
</tr>
<tr>
<td>Total loss before income taxes</td>
<td>$(360.7)</td>
<td>$(500.5)</td>
<td>$(122.3)</td>
<td></td>
</tr>
</tbody>
</table>

A reconciliation of the statutory federal tax rate to the effective tax rate is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Statutory federal tax rate</td>
<td>35.0%</td>
<td>21.0%</td>
<td>21.0%</td>
<td></td>
</tr>
<tr>
<td>State taxes, net of federal benefit</td>
<td>2.7%</td>
<td>2.2%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>Tax rate differentials for international jurisdictions</td>
<td>(10.3)%</td>
<td>(2.7)%</td>
<td>(2.7)%</td>
<td></td>
</tr>
<tr>
<td>Research and development credit</td>
<td>0.8%</td>
<td>0.1%</td>
<td>2.4%</td>
<td></td>
</tr>
<tr>
<td>U.S. Tax Reform</td>
<td>56.0%</td>
<td>(1.9)%</td>
<td>— %</td>
<td></td>
</tr>
<tr>
<td>Tax impact of goodwill impairment</td>
<td>— %</td>
<td>(12.3)%</td>
<td>— %</td>
<td></td>
</tr>
<tr>
<td>Effects of other enacted tax law and rate changes</td>
<td>— %</td>
<td>— %</td>
<td>(3.9)%</td>
<td></td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>— %</td>
<td>(0.3)%</td>
<td>(2.0)%</td>
<td></td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>— %</td>
<td>— %</td>
<td>(2.1)%</td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>(0.8)%</td>
<td>(0.1)%</td>
<td>(2.4)%</td>
<td></td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>83.4%</td>
<td>6.0%</td>
<td>16.4%</td>
<td></td>
</tr>
</tbody>
</table>
Deferred Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes using the enacted tax rates in effect for the year in which the differences are expected to be reversed. Significant components of our deferred tax assets and liabilities are as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>$7.6</td>
<td>$10.9</td>
</tr>
<tr>
<td>Accruals not currently deductible</td>
<td>18.3</td>
<td>30.0</td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>77.1</td>
<td>51.7</td>
</tr>
<tr>
<td>Foreign tax credit</td>
<td>34.6</td>
<td>34.0</td>
</tr>
<tr>
<td>Research and development credits</td>
<td>20.6</td>
<td>23.2</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>20.7</td>
<td>9.5</td>
</tr>
<tr>
<td>Disallowed interest carryforward</td>
<td>28.1</td>
<td>40.2</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>—</td>
<td>74.8</td>
</tr>
<tr>
<td>Other</td>
<td>7.5</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Total gross deferred tax assets</strong></td>
<td>214.5</td>
<td>286.4</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(51.5)</td>
<td>(53.3)</td>
</tr>
<tr>
<td><strong>Total net deferred tax assets</strong></td>
<td>163.0</td>
<td>233.1</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>462.6</td>
<td>448.9</td>
</tr>
<tr>
<td>Prepends</td>
<td>6.6</td>
<td>7.3</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>5.1</td>
<td>—</td>
</tr>
<tr>
<td>Capitalized costs</td>
<td>12.0</td>
<td>12.7</td>
</tr>
<tr>
<td>Unremitted foreign earnings</td>
<td>1.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Debt related</td>
<td>12.0</td>
<td>9.9</td>
</tr>
<tr>
<td>Operating right-of-use assets</td>
<td>—</td>
<td>70.8</td>
</tr>
<tr>
<td>Other</td>
<td>3.6</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total gross deferred tax liabilities</strong></td>
<td>503.6</td>
<td>550.8</td>
</tr>
<tr>
<td><strong>Net deferred tax liabilities</strong></td>
<td>$340.6</td>
<td>$317.7</td>
</tr>
</tbody>
</table>

As of December 31, 2019, we have $129.9 million of federal net operating loss carryforwards, $55.4 million of which expire at various dates through 2036, and $74.5 million of which have an indefinite carryforward period. Additionally, we have $68.7 million of federal tax credit carryforwards expiring at various dates through 2039. We have $105.9 million of foreign net operating losses, $5.8 million of which have carryforward periods ranging from 5 to 10 years, and $100.1 million of which have an indefinite carryforward period. Certain federal and foreign net operating loss carryforwards are subject to various limitations under Section 382 of the Internal Revenue Code and the applicable statutory foreign tax laws. We have disallowed interest expense carryforwards in the U.S. of $167.3 million that can be carried forward indefinitely.

We've recorded a valuation allowance with respect to certain of our deferred tax assets relating primarily to operating losses in certain U.S. state and foreign jurisdictions and federal foreign tax credits that we believe are not likely to be realized. For the rest of the deferred tax assets, valuation allowances were not deemed necessary based upon the determination that future profits are anticipated to utilize deferred tax assets prior to the expiration of any applicable carryforward periods.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was enacted. The Act, among other things, reduced the U.S. federal income tax rate from 35% to 21%, eliminated certain deductions,
imposed a mandatory one-time tax on accumulated earnings of foreign subsidiaries and changed how foreign earnings are subject to U.S. tax. As of December 31, 2017, we had not completed our accounting for the effects of the Act; however, we made a reasonable estimate of those effects. Accordingly, we recognized a provisional income tax benefit of $196.8 million for the year ended December 31, 2017, which was included within “Benefit for income taxes” in the Consolidated Statements of Comprehensive Loss. This amount was primarily comprised of the remeasurement of federal net deferred tax liabilities resulting from the permanent reduction in the U.S. statutory corporate tax rate to 21% from 35%.

In December 2017, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 (“SAB 118”) to provide guidance in situations when a public company does not have the necessary information available, prepared or analyzed in reasonable detail to complete the accounting for certain income tax effects of the Act. As we completed our analysis of the Act during 2018, we adjusted the previously recorded provisional amounts as determined in accordance with SAB 118. In the fourth quarter of 2018, we completed our accounting for the Act with the filing of the 2017 federal income tax return. Our final income tax benefit related to the Act was a net $186.3 million, which was comprised of the recognition of the transition tax imposed on undistributed earnings from non-US subsidiaries and the remeasurement of deferred income taxes using the newly enacted statutory rate of 21%.

The effective tax rate for the year ended December 31, 2017 was primarily impacted by the Act. The effective tax rate for the year ended December 31, 2018 was primarily impacted by new provisions for foreign earnings, specifically global intangible low-taxed income (“GILTI”), as well as the tax impact associated with a goodwill impairment. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations and we have elected to treat any GILTI inclusions as a period cost. The effective tax rate for the year ended December 31, 2019 was impacted by the current year GILTI inclusion, the impact of changes in income tax rates, changes in valuation allowances, R&D credits, changes to income tax reserves and other permanently nondeductible items.

As a result of the Rackspace Acquisition in 2016, we decided not to permanently reinvest our foreign earnings due to the debt service requirements of our new capital structure. As of December 31, 2016, we accrued $10.1 million of deferred tax liabilities related to the tax on undistributed foreign earnings. During the subsequent year, there was a mandatory one-time federal tax on undistributed foreign earnings under the Act and the federal portion of the deferred tax liability was recognized in 2017. During the current year the company has engaged in internal tax restructuring that has led us to recognize the state portion of the deferred tax liability. The remaining deferred tax liability for undistributed foreign earnings generated, subsequent to the restructuring, is $0.1 million of state taxes.

Uncertain Tax Positions

We file income tax returns in each jurisdiction in which we operate, both domestically and internationally. Due to the complexity involved with certain tax matters, we have considered all relevant facts and circumstances for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. We believe that there are no other jurisdictions in which the outcome of uncertain tax matters is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties.
A rollforward of unrecognized tax benefits, excluding accrued interest, for the years ended December 31, 2017, 2018 and 2019 is as follows:

<table>
<thead>
<tr>
<th>Table of Contents</th>
<th>Year Ended December 31, (In millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Balance, beginning of period</td>
<td>$ 45.3</td>
</tr>
<tr>
<td>Additions based on tax positions related to the current year</td>
<td>1.5</td>
</tr>
<tr>
<td>Additions for tax positions assumed in a business combination</td>
<td>22.8</td>
</tr>
<tr>
<td>Additions for tax positions of prior years</td>
<td>0.7</td>
</tr>
<tr>
<td>Reduction for statute expiration</td>
<td>—</td>
</tr>
<tr>
<td>Reductions for tax positions of prior years</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Settlements</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Balance, end of period (1)</td>
<td>$ 67.2</td>
</tr>
</tbody>
</table>

(1) Included within non-current liabilities in the Consolidated Balance Sheets.

Of the total amount of unrecognized tax benefits as of December 31, 2017, 2018 and 2019, $54.8 million, $36.0 million and $47.4 million, respectively, if recognized, would favorably impact our effective tax rate. We do not expect the amount of unrecognized tax benefits disclosed above to change significantly over the next 12 months.

We recognize interest expense and penalties related to income tax matters within “Benefit for income taxes” on our Consolidated Statements of Comprehensive Loss. Accrued interest and penalties as of December 31, 2017 were $4.0 million and were reversed in the year ended December 31, 2018 due to statute expiration. Accrued interest and penalties as of December 31, 2019 were $2.1 million.

We are subject to U.S. federal income tax and various state, local, and international income taxes in numerous jurisdictions. Our domestic and international tax liabilities are subject to the allocation of revenue and expenses in different jurisdictions and the timing of recognizing revenue and expenses. As such, our effective tax rate is impacted by the geographical distribution of income and mix of profits in the various jurisdictions. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file.

We currently file income tax returns in the U.S. and all foreign jurisdictions in which we have entities, which are periodically under audit by federal, state, and foreign tax authorities. These audits can involve complex matters that may require an extended period of time for resolution. We remain subject to U.S. federal and state income tax examinations for the tax years 2009 through 2019 and in the foreign jurisdictions in which we operate for varying periods from 2008 through 2019. In February 2019, the Internal Revenue Service opened a federal tax audit into the pre-Rackspace Acquisition period ended November 2, 2016. We currently have income tax examinations open in Texas for tax years 2014 through 2017 and Oregon for tax years 2016 through 2018. Additionally, we are currently under tax audit in India for the fiscal year ended March 31, 2016.

Although the outcome of open tax audits is uncertain, in management’s opinion, adequate provisions for income taxes have been made. If actual outcomes differ materially from these estimates, they could have a material impact on our financial condition and results of operations. Differences between actual results and assumptions or changes in assumptions in future periods are recorded in the period they become known. To the extent additional information becomes available prior to resolution, such accruals are adjusted to reflect probable outcomes.
On July 27, 2015, the U.S. Tax Court ("Tax Court") issued an opinion in Altera Corp. v. Commissioner ("Tax Court Opinion"), which concluded that related parties in a cost sharing arrangement are not required to share expenses related to share-based compensation. The Tax Court Opinion was appealed by the Commissioner to the Ninth Circuit Court of Appeals ("Ninth Circuit"). On June 7, 2019, a three-judge panel from the Ninth Circuit issued an opinion that reversed the Tax Court Opinion. On July 22, 2019, the taxpayer requested a rehearing before the full Ninth Circuit, which the Ninth Circuit subsequently denied. On February 10, 2020, Altera Corp. submitted a petition for writ of certiorari to the U.S. Supreme Court. Given the status of the case, we continue to treat our share-based compensation expense in accordance with the Tax Court Opinion for the period. We will continue to monitor developments in this case and any impact the final opinion could have on our consolidated financial statements.

In a referendum held on May 19, 2019, Switzerland passed the Federal Act on Tax Reform and AHV Financing ("TRAF"), effective January 1, 2020. On October 25, 2019, the Zurich Canton published the amended cantonal tax law in the official cantonal tax law register. The intent of these tax law changes was to replace certain preferential tax regimes with a new set of internationally accepted measures. Based on these Federal/Cantonal events, our position is the enactment of Swiss tax reform for U.S. GAAP purposes occurred during the fourth quarter of 2019, and we recorded a charge of $4.4 million due to a remeasurement of our deferred tax balances for the year ended December 31, 2019. The future rate impacts of these Swiss tax reform law changes are effective starting January 1, 2020. We will continue to monitor Swiss tax reform for any additional interpretative guidance that could result in changes to the amounts we have recorded.

14. Divestitures

In 2016, we completed the sale of certain assets of our Cloud Sites business, consisting primarily of intellectual property with an immaterial remaining net book value, and entered into a transition services agreement with the buyer. Under the transition services agreement, we provided certain services, mainly hosting and email services, over a transition period and agreed to sell specified data center equipment to the buyer at the conclusion of the transition period. In August 2017, the buyer terminated the transition services agreement approximately six months ahead of the anticipated end date and we received final payments totaling $7.5 million for escrow funds and the sale of data center equipment. We recorded an additional pre-tax gain of $7.2 million within "Gain on sales, net" in the Consolidated Statements of Comprehensive Loss for the year ended December 31, 2017 primarily resulting from the adjustment of the remaining deferred revenue balance.

On February 1, 2017, we completed the sale of assets of our Mailgun business for an initial cash payment of $20.5 million and a promissory note receivable with a principal amount of $20.0 million to be paid in annual installments over four years. We also obtained an 18.99% equity interest in the new entity, Mailgun Technologies. The promissory note had a fair value of $14.8 million, reflecting an imputed interest rate of 10% for interest income that was recognized over the term of the note. The fair value of the equity interest in Mailgun Technologies was $4.9 million and was accounted for at cost. Total consideration, comprised of the initial cash payment and the fair values of the promissory note and the equity interest, was $40.2 million. After adjustments for the net book value of the net assets disposed and transaction costs, we recorded a pre-tax loss of $2.0 million within "Gain on sales, net" in the Consolidated Statements of Comprehensive Loss for the year ended December 31, 2017 primarily due to transaction costs.

In October 2017, Mailgun Technologies exercised call rights to repurchase a portion of shares, which reduced our equity interest to 12.06% and resulted in a gain of $1.2 million. During 2018,
Mailgun Technologies exercised call rights and repurchased additional shares in multiple transactions throughout the year, which resulted in a total gain of $3.8 million. The gains associated with these share repurchases are included within “Gain on investments, net” in the Consolidated Statements of Comprehensive Loss for the years ended December 31, 2017 and 2018. As of December 31, 2018, we no longer had an equity interest in Mailgun Technologies.

In March 2019, we received $18.0 million in cash from Mailgun Technologies as repayment for the promissory note balance of $15.9 million, which included accrued interest of $1.2 million. As such, we recorded a gain of $2.1 million, which is reflected within “Gain on sales, net” in the Consolidated Statements of Comprehensive Loss for the year ended December 31, 2019.

15. Derivatives

Interest Rate Swaps

In December 2016, we entered into seven floating-to-fixed interest rate swap agreements to manage our risk from interest rate fluctuations associated with the floating-rate Term Loan Facility. The swap agreements became effective on February 3, 2017 with an aggregate notional amount of $1.5 billion. Two swap agreements matured in 2018 and one agreement matured in February 2019. The remaining four swap agreements in effect as of December 31, 2019 have an aggregate notional amount of $1.2 billion and mature over the next three years.

On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement, ranging from 1.5975% to 1.9040%, and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.

In December 2018, we entered into four additional floating-to-fixed interest rate swap agreements with an aggregate notional amount of $1.35 billion and a maturity date of November 3, 2023. These swaps are forward-starting, beginning with the first swap agreement, which has a notional amount of $150 million and became effective on February 3, 2019. The remaining agreements become effective each year thereafter to coincide with the maturity dates of the December 2016 swap agreements. On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement, ranging from 2.7350% to 2.7800%, and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.

Fixed Price Power Contracts

We entered into a fixed price power contract for a London data center in September 2015 as part of our price risk management strategy and accounted for it as a derivative that did not qualify for the normal purchases normal sales exception. The contract ended in September 2018 and we executed a new contract with a term of October 2018 through September 2021 that met the normal purchases normal sales exception. Therefore, as of December 31, 2018 and December 31, 2019, we do not have any power contracts recorded at fair value on the Consolidated Balance Sheets.

Foreign Currency Hedging Contracts

In January 2017, we entered into two forward contracts to manage our exposure to British pound sterling exchange rate fluctuations. Under the terms of these contracts, we sold a total of £80 million at a rate of 1.2717 British pound sterling to U.S. dollar and received $101.8 million. Both contracts settled on November 30, 2017 and we made a final net payment of $4.5 million.

In November 2017, we entered into three forward contracts. Under the terms of these contracts, we sold a total of £120 million at an average rate of 1.34378 British pound sterling to U.S. dollar and received $161.3 million. These contracts settled on November 30, 2018 and we received a final net payment of $7.9 million.
In November 2018, we entered into one forward contract. Under the terms of the contract, we sold £75 million at a rate of 1.3002 British pound sterling to U.S. dollar and received $97.5 million. This contract settled on November 29, 2019 and we received a final net payment of $0.8 million.

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.

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, 2018 and 2019 were as follows:

<table>
<thead>
<tr>
<th>Derivatives not designated as hedging instruments</th>
<th>Location</th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other current assets</td>
<td>$ 8.7</td>
<td>$ —</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other non-current assets</td>
<td>13.0</td>
<td>—</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other current liabilities</td>
<td>—</td>
<td>6.7</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other non-current liabilities</td>
<td>—</td>
<td>6.7</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current assets</td>
<td>0.9</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current liabilities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$22.6</td>
<td>$6.7</td>
</tr>
</tbody>
</table>

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.

Effect of Derivatives on the Consolidated Statement of Comprehensive Loss

The effect of our derivatives on the Consolidated Statements of Comprehensive Loss for the years ended December 31, 2017, 2018 and 2019 was as follows:

<table>
<thead>
<tr>
<th>Derivatives not designated as hedging instruments</th>
<th>Location</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Interest expense</td>
<td>$ 9.2</td>
</tr>
<tr>
<td>Power contracts</td>
<td>Cost of revenue</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other income (expense)</td>
<td>(6.9)</td>
</tr>
</tbody>
</table>

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 December 31, 2019, certain of our interest rate swaps with an aggregate fair value of $36.6 million were in a net liability position.

16. Related Party Transactions

On November 3, 2016, we entered into management consulting agreements with affiliates of Apollo and Searchlight and on November 15, 2017, in connection with the Datapipe acquisition, we
entered into a management consulting agreement with ABRY. Under these agreements, we are required to pay them a quarterly, nonrefundable fee for consulting services in areas such as finance, strategy, investment, and acquisitions based on EBITDA, as defined in the First Lien Credit Agreement. For Apollo and Searchlight, the consulting fee is equal to 1.5% of EBITDA, or a minimum annual consulting fee of $10.0 million. Under the ABRY agreement, the consulting fee is equal to a specified percentage of 1.5% of EBITDA. For the years ended December 31, 2017, 2018 and 2019, we recorded $13.2 million, $15.2 million and $12.9 million, respectively, of consulting fees within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

In addition, we are required to pay a fee related to acquisitions. In connection with the 2017 acquisitions of TriCore and Datapipe, we recorded $8.9 million in fees to affiliates of Apollo and Searchlight, including $5.6 million recorded within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss and $3.3 million recorded as debt issuance costs. In connection with the 2018 acquisition of RelationEdge, we recorded $0.7 million in fees to affiliates of Apollo, Searchlight, and ABRY within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss. In connection with the 2019 acquisition of Onica, we recorded $3.3 million in fees to affiliates of Apollo, Searchlight, and ABRY within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

For the year ended December 31, 2017, we recorded $0.9 million in arranger fees to Apollo Global Securities, LLC, an affiliate of Apollo, in connection with the $800.0 million of incremental borrowings under the Term Loan Facility, as debt issuance costs.

Affiliates of ABRY are also Term Loan Facility lenders under the First Lien Credit Agreement. As of December 31, 2019, the outstanding principal amount of the Term Loan Facility was $2,824.6 million, of which $39.1 million, or 1.4%, is due to ABRY affiliates.

We may pay additional fees to affiliates of Apollo, Searchlight, and ABRY associated with future transactions.

17. 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 adjusted gross profit, which is a non-GAAP measure of profitability. For the calculation of adjusted 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.

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The table below presents a reconciliation of revenue by reportable segment to consolidated revenue and a reconciliation of segment adjusted gross profit to total consolidated gross profit for the years ended December 31, 2017, 2018 and 2019.

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Revenue by segment:</td>
<td></td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$1,470.0</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>217.4</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>422.8</td>
</tr>
<tr>
<td>Other(1)</td>
<td>34.5</td>
</tr>
<tr>
<td>Total consolidated revenue</td>
<td>$2,144.7</td>
</tr>
<tr>
<td>Adjusted gross profit by segment:</td>
<td></td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$540.5</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>71.1</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>198.9</td>
</tr>
<tr>
<td>Other(1)</td>
<td>13.8</td>
</tr>
<tr>
<td>Total consolidated gross profit</td>
<td>$790.6</td>
</tr>
</tbody>
</table>

(1) Other includes product lines that we have divested and the impact of a large multi-year agreement that was terminated in April 2017.
(2) Adjustments for expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition, retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax.
(3) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on revenue and expenses.
(4) Adjustment for the impact of business transformation and optimization activities, as well as associated severance, facility closure costs and lease termination expenses.

Management does not use total assets by segment to evaluate segment performance or allocate resources. As such, total assets by segment are not disclosed.
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**Geographic Information**

The tables below present revenue by geographic region and by country for the years ended December 31, 2017, 2018 and 2019, respectively. Revenue amounts are based upon location of the our support function servicing the customer.

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31, 2017</th>
<th>Year Ended December 31, 2018</th>
<th>Year Ended December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>$ 1,595.7</td>
<td>$ 1,785.1</td>
<td>$ 1,787.5</td>
</tr>
<tr>
<td>EMEA</td>
<td>468.7</td>
<td>582.7</td>
<td>564.6</td>
</tr>
<tr>
<td>APJ</td>
<td>80.3</td>
<td>85.0</td>
<td>86.0</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>$ 2,144.7</strong></td>
<td><strong>$ 2,452.8</strong></td>
<td><strong>$ 2,438.1</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Year Ended December 31, 2017</th>
<th>Year Ended December 31, 2018</th>
<th>Year Ended December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$ 1,541.9</td>
<td>$ 1,734.0</td>
<td>$ 1,735.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>468.4</td>
<td>582.0</td>
<td>564.6</td>
</tr>
<tr>
<td>Other foreign countries(1)</td>
<td>134.4</td>
<td>136.8</td>
<td>138.2</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>$ 2,144.7</strong></td>
<td><strong>$ 2,452.8</strong></td>
<td><strong>$ 2,438.1</strong></td>
</tr>
</tbody>
</table>

(1) No other foreign country had revenue that exceeded 10% of total consolidated revenue for the years ended December 31, 2017, 2018 and 2019.

The table below presents property, equipment and software, net by country, based on the physical location of the assets, as of December 31, 2018 and 2019, respectively:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$ 622.1</td>
<td>$ 517.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>275.9</td>
<td>180.0</td>
</tr>
<tr>
<td>Other foreign countries(1)</td>
<td>29.0</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Total property, equipment and software, net</strong></td>
<td><strong>$ 927.0</strong></td>
<td><strong>$ 727.8</strong></td>
</tr>
</tbody>
</table>

(1) No other foreign country had property, equipment and software, net that exceed 10% of total consolidated property, equipment and software, net as of December 31, 2018 and 2019.
### 18. Quarterly Information (Unaudited)

<table>
<thead>
<tr>
<th>Quarters Ended</th>
<th>March 31, 2018</th>
<th>June 30, 2018</th>
<th>September 30, 2018</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$619.2</td>
<td>$619.6</td>
<td>$609.8</td>
<td>$604.2</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$261.4</td>
<td>$262.6</td>
<td>$247.5</td>
<td>$235.6</td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>$(18.9)</td>
<td>$(18.6)</td>
<td>$(26.5)</td>
<td>$(298.9)</td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>$(34.7)</td>
<td>$(38.0)</td>
<td>$(37.5)</td>
<td>$(390.3)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$(27.1)</td>
<td>$(30.8)</td>
<td>$(38.3)</td>
<td>$(374.4)</td>
</tr>
<tr>
<td>Net loss per share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>$(0.16)</td>
<td>$(0.19)</td>
<td>$(0.23)</td>
<td>$(2.27)</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>165.0</td>
<td>165.1</td>
<td>165.2</td>
<td>165.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarters Ended</th>
<th>March 31, 2019</th>
<th>June 30, 2019</th>
<th>September 30, 2019</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$606.9</td>
<td>$602.4</td>
<td>$601.7</td>
<td>$627.1</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$250.9</td>
<td>$252.1</td>
<td>$253.8</td>
<td>$254.4</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>$21.3</td>
<td>$25.6</td>
<td>$32.1</td>
<td>$22.6</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>$(67.1)</td>
<td>$74.8</td>
<td>$(69.7)</td>
<td>$(60.3)</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$(57.5)</td>
<td>$62.5</td>
<td>$(60.5)</td>
<td>$(46.8)</td>
</tr>
<tr>
<td>Net income (loss) per share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$(0.35)</td>
<td>$0.38</td>
<td>$(0.37)</td>
<td>$(0.28)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$(0.35)</td>
<td>$0.38</td>
<td>$(0.37)</td>
<td>$(0.28)</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>165.2</td>
<td>165.2</td>
<td>165.2</td>
<td>165.3</td>
</tr>
<tr>
<td>Diluted</td>
<td>165.2</td>
<td>165.1</td>
<td>165.2</td>
<td>165.3</td>
</tr>
</tbody>
</table>

### 19. Condensed Financial Information of Registrant (Parent Company Only)

#### RACKSPACE TECHNOLOGY, INC. (Parent Company Only)

**CONDENSED BALANCE SHEETS**

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in subsidiaries of Parent</td>
<td>$907.8</td>
<td>$898.8</td>
</tr>
<tr>
<td>Total assets</td>
<td>$907.8</td>
<td>$898.8</td>
</tr>
</tbody>
</table>

**LIABILITIES AND STOCKHOLDERS’ EQUITY**

<table>
<thead>
<tr>
<th>Stockholders’ equity:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred stock, $0.01 par value per share: 5.0 shares authorized, no shares issued or outstanding</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Common stock, $0.01 par value per share: 1,495.0 shares authorized; 165.2 and 165.4 shares issued and outstanding, respectively</td>
<td>$16.0</td>
<td>$16.0</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>$1,577.3</td>
<td>$1,602.7</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>$—</td>
<td>$12.0</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>$(671.1)</td>
<td>$(717.5)</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>$907.8</td>
<td>$898.8</td>
</tr>
<tr>
<td>Total liabilities and stockholders’ equity</td>
<td>$907.8</td>
<td>$898.8</td>
</tr>
</tbody>
</table>

The accompanying note is an integral part of these condensed financial statements.
RACKSPACE TECHNOLOGY, INC. (Parent Company Only)

CONDENSED STATEMENTS OF COMPREHENSIVE LOSS

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Equity in net losses in Parent's subsidiaries</td>
<td>$ (59.9)</td>
<td>$ (470.6)</td>
<td>$ (102.3)</td>
</tr>
<tr>
<td>Net loss and total comprehensive loss</td>
<td>$ (59.9)</td>
<td>$ (470.6)</td>
<td>$ (102.3)</td>
</tr>
<tr>
<td>Net loss per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>$(0.39)</td>
<td>$(2.85)</td>
<td>$(0.62)</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>153.7</td>
<td>165.2</td>
<td>165.3</td>
</tr>
</tbody>
</table>

The accompanying note is an integral part of these condensed financial statements

A condensed statement of cash flows has not been presented as Rackspace Technology, Inc. did not have any cash as of, or at any point in time during, the years ended December 31, 2017, December 31, 2018, and December 31, 2019.

NOTE TO CONDENSED FINANCIAL STATEMENTS OF REGISTRANT (Parent Company Only)

Basis of Presentation

These condensed parent company-only financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X, as the restricted net assets of the subsidiaries of Rackspace Technology, Inc. ("Parent") (as defined in Rule 4-08(e)(3) of Regulation S-X) exceed 25% of the consolidated net assets of the Parent. The ability of Parent's operating subsidiaries to pay dividends may be restricted due to the terms of the subsidiaries’ First Lien Credit Agreement and the Indenture governing the 8.625% Senior Notes, as described in Note 8, "Debt" to the audited consolidated financial statements.

These condensed parent company financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements, with the only exception being that the parent company accounts for its subsidiaries using the equity method. These condensed financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto included elsewhere in this report.

F-59
## RACKSPACE TECHNOLOGY, INC.
(formerly known as Rackspace Corp.)

**CONSOLIDATED BALANCE SHEETS**
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$83.8</td>
<td>$125.2</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts and accrued customer credits of $17.0 and $16.7, respectively</td>
<td>350.3</td>
<td>379.5</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>76.2</td>
<td>73.1</td>
</tr>
<tr>
<td>Other current assets</td>
<td>33.4</td>
<td>36.1</td>
</tr>
<tr>
<td>Total current assets</td>
<td>543.7</td>
<td>613.9</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>727.8</td>
<td>713.6</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>2,745.8</td>
<td>2,732.8</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>1,817.4</td>
<td>1,770.2</td>
</tr>
<tr>
<td>Operating right-of-use assets</td>
<td>308.3</td>
<td>301.0</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>129.4</td>
<td>122.5</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$6,272.4</strong></td>
<td><strong>$6,254.0</strong></td>
</tr>
</tbody>
</table>

|                  |                   |                |
| **LIABILITIES AND STOCKHOLDERS’ EQUITY** |                   |                |
| Current liabilities: |                   |                |
| Accounts payable and accrued expenses | $260.4 | $280.7 |
| Deferred revenue | 128.5 | 74.7 |
| Accounts payable and accrued expenses | 29.0 | 29.0 |
| Accrued interest | 36.0 | 61.7 |
| Operating lease liabilities | 58.3 | 58.6 |
| Financing obligations | 42.9 | 55.7 |
| Other current liabilities | 50.2 | 53.4 |
| Total current liabilities | 671.9 | 687.4 |
| Non-current liabilities: |                   |                |
| Debt | 3,844.3 | 3,891.2 |
| Operating lease liabilities | 256.5 | 250.2 |
| Financing obligations | 86.4 | 100.1 |
| Deferred income taxes | 326.9 | 305.2 |
| Other non-current liabilities | 187.6 | 223.3 |
| **Total liabilities** | **5,373.6** | **5,457.4** |

**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; 165.4 shares issued and outstanding | 1.6 | 1.6 |
| Additional paid-in capital | 1,602.7 | 1,610.2 |
| Accumulated other comprehensive income (loss) | 12.0 | (49.5) |
| Accumulated deficit | (717.5) | (765.7) |
| **Total stockholders’ equity** | **898.8** | **796.6** |
| **Total liabilities and stockholders’ equity** | **$6,272.4** | **$6,254.0** |

See accompanying notes to the unaudited consolidated financial statements.

F-60
### Consolidated Statements of Comprehensive Loss

(For the Three Months Ended March 31, 2019 and 2020)

<table>
<thead>
<tr>
<th>(In millions, except per share data)</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$606.9</td>
<td>$652.7</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(356.0)</td>
<td>(403.4)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>250.9</td>
<td>249.3</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>(231.7)</td>
<td>(227.8)</td>
</tr>
<tr>
<td>Gain on sale</td>
<td>2.1</td>
<td>—</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>21.3</td>
<td>21.5</td>
</tr>
<tr>
<td>Other income (expense):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(89.0)</td>
<td>(72.0)</td>
</tr>
<tr>
<td>Gain (loss) on investments, net</td>
<td>0.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Gain on extinguishment of debt</td>
<td>4.5</td>
<td>—</td>
</tr>
<tr>
<td>Other expense, net</td>
<td>(4.0)</td>
<td>(0.6)</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td>(88.4)</td>
<td>(72.7)</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(67.1)</td>
<td>(51.2)</td>
</tr>
<tr>
<td>Benefit for income taxes</td>
<td>9.6</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (57.5)</td>
<td>$ (48.2)</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>$10.6</td>
<td>$(20.4)</td>
</tr>
<tr>
<td>Unrealized losses on derivative contracts</td>
<td>—</td>
<td>(40.7)</td>
</tr>
<tr>
<td>Amount reclassified from accumulated other comprehensive income (loss) to earnings</td>
<td>—</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td>10.6</td>
<td>(61.5)</td>
</tr>
<tr>
<td><strong>Comprehensive loss</strong></td>
<td>$ (46.9)</td>
<td>$(109.7)</td>
</tr>
<tr>
<td>Net loss per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>$ (0.35)</td>
<td>$ (0.29)</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>165.2</td>
<td>165.4</td>
</tr>
</tbody>
</table>

See accompanying notes to the unaudited consolidated financial statements.
### Cash Flows From Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>$(57.5)</td>
<td>$(48.2)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>133.6</td>
<td>121.3</td>
</tr>
<tr>
<td>Amortization of operating right-of-use assets</td>
<td>19.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(11.1)</td>
<td>(5.8)</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>5.9</td>
<td>7.5</td>
</tr>
<tr>
<td>Gain on sale</td>
<td>(2.1)</td>
<td>—</td>
</tr>
<tr>
<td>Gain on extinguishment of debt</td>
<td>(4.5)</td>
<td>—</td>
</tr>
<tr>
<td>Unrealized loss on derivative contracts</td>
<td>20.9</td>
<td>0.7</td>
</tr>
<tr>
<td>(Gain) loss on investments, net</td>
<td>(0.1)</td>
<td>0.1</td>
</tr>
<tr>
<td>Provision for bad debts and accrued customer credits</td>
<td>5.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Amortization of debt issuance costs and debt discount</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Other operating activities</td>
<td>0.7</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(18.4)</td>
<td>(34.1)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>15.1</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Accounts payable, accrued expenses, and other current liabilities</td>
<td>(56.8)</td>
<td>(32.3)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(2.4)</td>
<td>3.0</td>
</tr>
<tr>
<td>Other non-current assets and liabilities</td>
<td>(30.2)</td>
<td>(9.2)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>23.1</td>
<td>24.8</td>
</tr>
</tbody>
</table>

### Cash Flows From Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property, equipment and software</td>
<td>(61.0)</td>
<td>(34.4)</td>
</tr>
<tr>
<td>Proceeds from sale</td>
<td>16.8</td>
<td>—</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>0.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(43.8)</td>
<td>(32.4)</td>
</tr>
</tbody>
</table>

### Cash Flows From Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from borrowings under long-term debt arrangements</td>
<td>—</td>
<td>295.0</td>
</tr>
<tr>
<td>Repayments of debt</td>
<td>(30.4)</td>
<td>(252.2)</td>
</tr>
<tr>
<td>Payments for debt issuance costs</td>
<td>—</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Principal payments of finance lease liabilities</td>
<td>(9.0)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Proceeds from financing obligations</td>
<td>—</td>
<td>20.9</td>
</tr>
<tr>
<td>Principal payments of financing obligations</td>
<td>(1.9)</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(41.3)</td>
<td>50.6</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash, cash equivalents, and restricted cash</td>
<td>2.6</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Increase (decrease) in cash, cash equivalents, and restricted cash</td>
<td>(59.4)</td>
<td>41.4</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash at beginning of period</td>
<td>258.2</td>
<td>87.1</td>
</tr>
<tr>
<td>Cash, cash equivalents, and restricted cash at end of period</td>
<td>$ 198.8</td>
<td>$ 128.5</td>
</tr>
</tbody>
</table>

### Supplemental Cash Flow Information

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash payments for interest, net of amount capitalized</td>
<td>$ 43.9</td>
<td>$ 39.3</td>
</tr>
<tr>
<td>Cash payments for income taxes, net of refunds</td>
<td>$ 5.6</td>
<td>$ 6.8</td>
</tr>
<tr>
<td>Non-cash Investing and Financing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property, equipment and software by finance leases</td>
<td>—</td>
<td>$ 0.4</td>
</tr>
<tr>
<td>Acquisition of property, equipment and software by financing obligations</td>
<td>1.9</td>
<td>18.0</td>
</tr>
<tr>
<td>Increase (decrease) in property, equipment and software accrued in liabilities</td>
<td>(6.9)</td>
<td>22.6</td>
</tr>
<tr>
<td>Non-cash purchases of property, equipment and software</td>
<td>(5.0)</td>
<td>$ 41.0</td>
</tr>
<tr>
<td>Other non-cash investing and financing activities</td>
<td>$ 0.1</td>
<td>$ 0.1</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 194.3</td>
</tr>
<tr>
<td>Restricted cash included in other non-current assets</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Total cash, cash equivalents, and restricted cash shown in the statement of cash flows</strong></td>
<td><strong>$ 198.8</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to the unaudited consolidated financial statements.

F-63
RACKSPACE TECHNOLOGY, INC.
(formerly known as Rackspace Corp.)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
(Unaudited)

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income</th>
<th>Accumulated Deficit</th>
<th>Total Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2018</td>
<td>165.2</td>
<td>1.6</td>
<td>1,577.3</td>
<td>$</td>
<td>—</td>
</tr>
<tr>
<td>Cumulative effect of adopting ASC 842</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>55.9</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>—</td>
<td>—</td>
<td>5.9</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(57.5)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10.6</td>
<td>—</td>
</tr>
<tr>
<td>Balance at March 31, 2019</td>
<td>165.2</td>
<td>1.6</td>
<td>1,583.2</td>
<td>$</td>
<td>10.6</td>
</tr>
<tr>
<td>(in millions)</td>
<td>Common Stock</td>
<td>Additional Paid-In Capital</td>
<td>Accumulated Other Comprehensive Income (Loss)</td>
<td>Accumulated Deficit</td>
<td>Total Stockholders’ Equity</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------</td>
<td>---------------------------</td>
<td>----------------------------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Balance at December 31, 2019</td>
<td>165.4</td>
<td>1.6</td>
<td>1,602.7</td>
<td>$</td>
<td>12.0</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>—</td>
<td>—</td>
<td>7.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(48.2)</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(61.5)</td>
<td>—</td>
</tr>
<tr>
<td>Balance at March 31, 2020</td>
<td>165.4</td>
<td>1.6</td>
<td>1,610.2</td>
<td>$</td>
<td>(49.5)</td>
</tr>
</tbody>
</table>

See accompanying notes to the unaudited consolidated financial statements.

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RACKSPACE TECHNOLOGY, INC.  
(formerly known as Rackspace Corp.)
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. (formerly known as Rackspace Corp. until its legal name change on June 11, 2020 and formerly known as Inception Topco Inc. until its legal name change on March 31, 2020), is a Delaware corporation controlled by investment funds affiliated with Apollo Global Management, Inc. and its subsidiaries (“Apollo”) and certain co-investors, including Searchlight Capital Partners L.P (“Searchlight”), ABRY Partners, LLC and ABRY Partners II, LLC (collectively, “ABRY”), and current and former employees. Rackspace Technology, Inc. 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, Inc. (the “Rackspace Acquisition”).

Rackspace Technology Global commenced operations in 1998 as a limited partnership, and was incorporated in Delaware in March 2000. Rackspace Technology, Inc. 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, Inc. and its subsidiaries.

On November 15, 2019, we acquired 100% of Onica Holdings LLC (“Onica”). The purchase price has been preliminarily allocated (pending the final valuation of certain tangible and intangible assets acquired and liabilities assumed, including deferred taxes) to the acquired assets and liabilities based upon their estimated fair values at the date of acquisition. The preliminary estimate of fair values of Onica’s assets acquired and liabilities assumed, together with Onica’s results of operations subsequent to the November 15, 2019 acquisition date, are included in the unaudited consolidated financial statements. During the three months ended March 31, 2020, we did not record any measurement period adjustments related to Onica.

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, 2020, and for the three months ended March 31, 2019 and 2020, are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all financial information and disclosures required by GAAP for complete financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of December 31, 2019, included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements included elsewhere in this prospectus and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of our results of operations.
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 are rapidly evolving, 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 spread of the outbreak and 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. In addition, we face a greater degree of uncertainty in making estimates and assumptions needed to prepare our consolidated financial statements and footnotes.

Subsequent Events

We have evaluated subsequent events through June 18, 2020, the date the consolidated financial statements were issued, and determined that there were no subsequent events which required recognition or disclosure.

Events Subsequent to Original Issuance of Financial Statements

We have evaluated subsequent events from the original issuance date through July 27, 2020, the date the consolidated financial statements were available to be reissued.

On July 20, 2020, the board of directors of the company approved and effected a twelve-for-one stock split of the company’s common stock. All common stock share and per-share data, excluding par value per share, included in these consolidated financial statements give effect to the stock split and have been adjusted retroactively for all periods presented.

On July 20, 2020, we entered into an amendment to the First Lien Credit Agreement that will modify the terms of our revolving credit facility ("Revolving Credit Facility") effective upon the closing of the contemplated initial public offering ("IPO") of the company. The amendment will (i) increase the amount of the commitments available under the Revolving Credit Facility from $225.0 million to

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$375.0 million, (ii) reduce the applicable margin with respect to the Revolving Credit Facility to 3.00% for LIBOR loans and 2.00% for base rate loans, but include a 1.00% LIBOR “floor” applicable to LIBOR loans, and (iii) extend the maturity date with respect to the Revolving Credit Facility from November 3, 2021 to the date that is five years from the closing date of the contemplated IPO of the company; however, if 91 days prior to the scheduled maturity date of (A) the Term Loan Facility, more than $50.0 million aggregate principal amount of loans remains outstanding under the Term Loan Facility, or (B) the 8.625% Senior Notes, more than $50.0 million aggregate principal amount of the 8.625% Senior Notes remains outstanding, in either such case, the Revolving Credit Facility will mature on such earlier date.

The amendment to the Revolving Credit Facility will also modify the financial maintenance covenant applicable to the Revolving Credit Facility that limits the borrower’s net first lien leverage ratio to be a maximum of 5.00 to 1.00 (as compared to 3.50 to 1.00 prior to giving effect to the amendment). 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 $25.0 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. Other than described in this and the previous paragraph, the terms and conditions of the Revolving Credit Facility will remain the same, and the amendment will not amend or otherwise modify the terms of the Term Loan Facility.

On July 24, 2020, the board of directors of the company approved amendments to the Rackspace Technology, Inc. Equity Incentive Plan (the “2017 Incentive Plan”), which amendments will take effect as of the consummation of the contemplated IPO of the company. Among other things, as of the consummation of the IPO, and contingent upon stockholder approval of a new equity incentive plan, the 2017 Incentive Plan will terminate, except as it relates to outstanding awards, and any remaining shares reserved for future grants under the 2017 Incentive Plan will be released.

In connection with the Rackspace Acquisition, we entered into a management consulting agreement with affiliates of Apollo and 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 (the “ABRY Management Consulting Agreement”). 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 agreements will terminate effective as of the pricing of the contemplated IPO of the company, and therefore no management or transaction fees will accrue or be payable under any of these agreements for periods subsequent to that date.

Significant Accounting Policies and Estimates

Our audited consolidated financial statements included elsewhere in this prospectus include 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, 2020, except for the adoptions of Accounting Standards Updates (“ASU”) to: (i) Topic 815, *Derivatives and Hedging*; (ii) Topic 326, *Financial Instruments - Credit Losses*; (iii) and Subtopic 350-40, *Intangibles - Goodwill and Other - Internal-Use Software*. Refer to “Recently Adopted Accounting Pronouncements” below for more information.
Recently Adopted Accounting Pronouncements

Financial Instruments-Credit Losses

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected using an allowance for expected credit losses, to be estimated by management based on historical experience, current conditions, and reasonable and supportable forecasts. We adopted this guidance on January 1, 2020, using the modified retrospective approach. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Derivatives and Hedging-Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and to simplify the application of the hedge accounting guidance. The guidance expands and refines hedge accounting for both nonfinancial and financial risk components and aligns the recognition and presentation of the effects of hedging instruments and hedged items in the financial statements. The guidance also amends the presentation and disclosure requirements and changes how entities assess hedge effectiveness.

We adopted this ASU on January 1, 2020. The guidance applies to any existing hedges or new derivative instruments that are designated as hedges for derivative accounting purposes in future periods. We have historically not designated our interest rate swaps or foreign currency hedging contracts as hedges for derivative accounting purposes. However, on January 9, 2020, we designated certain of our interest rate swap agreements as cash flow hedges. Refer to Note 10, “Derivatives,” for the cash flow hedge disclosures required by the provisions of this guidance.

Fair Value Measurement Disclosures

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”), which removes, modifies or adds certain disclosure requirements for fair value measurement disclosures. We adopted this guidance on January 1, 2020 on a prospective basis. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement

In August 2018, the FASB issued ASU No. 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. We adopted this guidance on January 1, 2020 on a prospective basis. The adoption of this guidance primarily resulted in changes to the presentation of certain implementation costs within our consolidated financial statements. Historically, these costs were capitalized as part of “Property, equipment and software, net” and amortized over the useful life of the related software or hosting arrangement. Upon adoption, eligible costs incurred are now recorded within “Prepaid expenses” and “Other non-current assets” and amortized to either “Cost of revenue” or “Selling, general and administrative” expense over the useful life of the related software or hosting arrangement. In addition, the cash flow presentation of these costs changed from investing cash flows under previous guidance.
to operating cash flows under the new guidance. 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 as of December 31, 2019 and March 31, 2020:

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Consolidated Balance Sheets Account</th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable, net(1)</td>
<td>Accounts receivable, net(1)</td>
<td>$ 350.3</td>
<td>$ 379.5</td>
</tr>
<tr>
<td>Current portion of contract asset</td>
<td>Other current assets</td>
<td>7.8</td>
<td>11.7</td>
</tr>
<tr>
<td>Non-current portion of contract asset</td>
<td>Other non-current assets</td>
<td>7.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Current portion of deferred revenue</td>
<td>Current portion of deferred revenue</td>
<td>66.6</td>
<td>73.6</td>
</tr>
<tr>
<td>Non-current portion of deferred revenue</td>
<td>Other non-current liabilities</td>
<td>14.2</td>
<td>9.8</td>
</tr>
</tbody>
</table>

(1) Allowance for doubtful accounts and accrued customer credits was $17.0 million and $16.7 million as of December 31, 2019 and March 31, 2020, respectively.

Amounts recognized in revenue for the three months ended March 31, 2019 and 2020, which were included in deferred revenue as of the beginning of the period, totaled $31.4 million and $35.2 million, respectively.

Cost Incurred to Obtain and Fulfill a Contract

As of December 31, 2019 and March 31, 2020, the balances of capitalized costs to obtain a contract were $55.1 million and $56.2 million, respectively, and the balances of capitalized costs to fulfill a contract were $21.7 million and $22.2 million, respectively. These capitalized costs are included in “Other non-current assets” on the Consolidated Balance Sheets.

Amortization of capitalized sales commissions was $9.4 million and $10.9 million for the three months ended March 31, 2019 and 2020, respectively, and amortization of capitalized implementation and set-up costs was $3.3 million and $4.2 million for the three months ended March 31, 2019 and 2020, respectively.

Remaining Performance Obligations

As of March 31, 2020, the aggregate amount of transaction price allocated to remaining performance obligations was $868.7 million, of which 49% is expected to be recognized as revenue during 2020 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 revenues based on the right to invoice for the services performed.

3. Net Loss Per Share

Basic loss per share is based on the weighted-average effect of all common shares issued and outstanding and 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:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>March 31, 2019</td>
<td>March 31, 2020</td>
</tr>
<tr>
<td>(In millions, except per share data)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic and diluted net loss per share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to common stockholders</td>
<td>$ (57.5)</td>
<td>$ (48.2)</td>
<td></td>
</tr>
<tr>
<td>Weighted average shares outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>165.2</td>
<td>165.4</td>
<td></td>
</tr>
<tr>
<td>Number of shares used in per share computations</td>
<td>165.2</td>
<td>165.4</td>
<td></td>
</tr>
<tr>
<td>Net loss per share</td>
<td>$ (0.35)</td>
<td>$ (0.29)</td>
<td></td>
</tr>
</tbody>
</table>

Since we were in a net loss position for all periods presented, basic net loss per share is the same as diluted net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. In addition, we excluded 19.0 million and 25.0 million potential common shares from the computation of dilutive net loss per share for the three months ended March 31, 2019, and 2020, respectively, because the effect would have been anti-dilutive.

### 4. Property, Equipment and Software, net

Property, equipment and software, net, at December 31, 2019 and March 31, 2020 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and equipment</td>
<td>$ 1,155.9</td>
<td>$ 1,177.4</td>
</tr>
<tr>
<td>Software</td>
<td>441.6</td>
<td>454.9</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>31.3</td>
<td>29.3</td>
</tr>
<tr>
<td>Buildings and leasehold improve</td>
<td>303.7</td>
<td>286.6</td>
</tr>
<tr>
<td>Land</td>
<td>32.2</td>
<td>31.6</td>
</tr>
<tr>
<td>Property, equipment and software, at cost</td>
<td>$ 1,964.7</td>
<td>$ 1,979.8</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(1,255.2)</td>
<td>(1,281.7)</td>
</tr>
<tr>
<td>Work in process</td>
<td>18.3</td>
<td>15.5</td>
</tr>
<tr>
<td>Property, equipment and software, net</td>
<td>$ 727.8</td>
<td>$ 713.6</td>
</tr>
</tbody>
</table>

### 5. Goodwill and Intangible Assets

The following table sets forth the changes in the carrying amounts of goodwill by reportable segment during the three months ended March 31, 2020:

<table>
<thead>
<tr>
<th></th>
<th>Multicloud Services</th>
<th>Apps &amp; Cross Platform</th>
<th>OpenStack Public Cloud</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2019</td>
<td>2,371.6</td>
<td>322.2</td>
<td>52.0</td>
<td>$ 2,745.8</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(11.5)</td>
<td>(0.8)</td>
<td>(0.7)</td>
<td>(13.0)</td>
</tr>
<tr>
<td>Balance as of March 31, 2020</td>
<td>$2,360.1</td>
<td>$ 321.4</td>
<td>$ 51.3</td>
<td>$ 2,732.8</td>
</tr>
<tr>
<td>Gross goodwill</td>
<td>$2,655.1</td>
<td>$ 321.4</td>
<td>$ 51.3</td>
<td>$ 3,027.8</td>
</tr>
<tr>
<td>Less: Accumulated impairment charges</td>
<td>(295.0)</td>
<td>—</td>
<td>—</td>
<td>(295.0)</td>
</tr>
<tr>
<td>Goodwill, net as of March 31, 2020</td>
<td>$2,360.1</td>
<td>$ 321.4</td>
<td>$ 51.3</td>
<td>$ 2,732.8</td>
</tr>
</tbody>
</table>

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The following tables provide information regarding our intangible assets other than goodwill:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Gross carrying amount</th>
<th>Accumulated amortization</th>
<th>Net carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationships</td>
<td>$ 1,983.7</td>
<td>(459.9)</td>
<td>$ 1,523.8</td>
</tr>
<tr>
<td>Property tax abatement</td>
<td>16.0</td>
<td>(6.1)</td>
<td>10.9</td>
</tr>
<tr>
<td>Other</td>
<td>43.8</td>
<td>(10.6)</td>
<td>33.2</td>
</tr>
<tr>
<td><strong>Total definite-lived intangible assets</strong></td>
<td>2,043.5</td>
<td>(476.1)</td>
<td>$ 1,567.4</td>
</tr>
<tr>
<td>Trade name (indefinite-lived)</td>
<td>250.0</td>
<td>—</td>
<td>250.0</td>
</tr>
<tr>
<td><strong>Total intangible assets other than goodwill</strong></td>
<td>$ 2,293.5</td>
<td>(476.1)</td>
<td>$ 1,817.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Gross carrying amount</th>
<th>Accumulated amortization</th>
<th>Net carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationships</td>
<td>$ 1,979.7</td>
<td>(499.6)</td>
<td>$ 1,480.1</td>
</tr>
<tr>
<td>Property tax abatement</td>
<td>16.0</td>
<td>(6.1)</td>
<td>9.9</td>
</tr>
<tr>
<td>Other</td>
<td>43.6</td>
<td>(13.4)</td>
<td>30.2</td>
</tr>
<tr>
<td><strong>Total definite-lived intangible assets</strong></td>
<td>2,039.3</td>
<td>(519.1)</td>
<td>$ 1,520.2</td>
</tr>
<tr>
<td>Trade name (indefinite-lived)</td>
<td>250.0</td>
<td>—</td>
<td>250.0</td>
</tr>
<tr>
<td><strong>Total intangible assets other than goodwill</strong></td>
<td>$ 2,289.3</td>
<td>(519.1)</td>
<td>$ 1,770.2</td>
</tr>
</tbody>
</table>

6. Debt

Debt consisted of the following:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Term Loan Facility</th>
<th>8.625% Senior Notes due 2024</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal balance</td>
<td>$2,824.6</td>
<td>1,120.2</td>
<td>$3,944.8</td>
</tr>
<tr>
<td>Unamortized debt issuance costs</td>
<td>(48.6)</td>
<td>(18.0)</td>
<td>(66.6)</td>
</tr>
<tr>
<td>Unamortized debt discount</td>
<td>(4.9)</td>
<td></td>
<td>(4.9)</td>
</tr>
<tr>
<td><strong>Total debt</strong></td>
<td>2,771.1</td>
<td>1,102.2</td>
<td>3,873.3</td>
</tr>
<tr>
<td>Less: current portion of debt</td>
<td>(29.0)</td>
<td></td>
<td>(29.0)</td>
</tr>
<tr>
<td><strong>Debt, excluding current portion</strong></td>
<td>$2,742.1</td>
<td>1,102.2</td>
<td>$3,844.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Term Loan Facility</th>
<th>8.625% Senior Notes due 2024</th>
<th>Accounts Receivable Financing Agreement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal balance</td>
<td>$2,817.3</td>
<td>1,120.2</td>
<td>50.0</td>
<td>$3,987.5</td>
</tr>
<tr>
<td>Unamortized debt issuance costs</td>
<td>(45.7)</td>
<td>(17.0)</td>
<td>—</td>
<td>(62.7)</td>
</tr>
<tr>
<td>Unamortized debt discount</td>
<td>(4.6)</td>
<td></td>
<td>—</td>
<td>(4.6)</td>
</tr>
<tr>
<td><strong>Total debt</strong></td>
<td>2,767.0</td>
<td>1,103.2</td>
<td>50.0</td>
<td>3,920.2</td>
</tr>
<tr>
<td>Less: current portion of debt</td>
<td>(29.0)</td>
<td></td>
<td>—</td>
<td>(29.0)</td>
</tr>
<tr>
<td><strong>Debt, excluding current portion</strong></td>
<td>$2,738.0</td>
<td>1,103.2</td>
<td>50.0</td>
<td>$3,891.2</td>
</tr>
</tbody>
</table>
Senior Facilities

The First Lien Credit Agreement includes a first lien term loan facility ("Term Loan Facility") and a revolving credit facility ("Revolving Credit Facility") (together, the "Senior Facilities").

The Revolving Credit Facility has a total commitment of $225.0 million and matures on November 3, 2021. Over the course of the three months ended March 31, 2020, Rackspace Technology Global borrowed and repaid an aggregate $245.0 million. As of March 31, 2020, there were no outstanding borrowings under the Revolving Credit Facility.

The Term Loan Facility matures on November 3, 2023 and, as of March 31, 2020, the interest rate on the Term Loan Facility was 4.76%. Rackspace Technology Global makes quarterly principal payments of $7.2 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.

The fair value of the Term Loan Facility as of March 31, 2020 was $2,225.7 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.

As of March 31, 2020, Rackspace Technology Global was in compliance with all covenants under the Senior Facilities.

8.625% Senior Notes due 2024

The 8.625% Senior Notes mature on November 15, 2024 ("8.625% Senior Notes") and, as of March 31, 2020, Rackspace Technology Global was in compliance with all covenants under the indenture governing the 8.625% Senior Notes.

During the three months ended March 31, 2019, Rackspace Technology Global repurchased and surrendered for cancellation $28.3 million of principal amount of 8.625% Senior Notes for $23.7 million, including accrued interest of $0.5 million. In connection with these repurchases, we recorded a gain on debt extinguishment of $4.5 million in our Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2019.

The fair value of the 8.625% Senior Notes as of March 31, 2020 was $980.2 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 8.625% Senior Notes is classified as Level 2 within the fair value hierarchy.

Accounts Receivable Financing Agreement

On March 19, 2020, a wholly owned subsidiary of the company entered into an accounts receivable financing agreement (the "Receivables Financing Facility"). Pursuant to the agreements evidencing the Receivables Financing Facility, Rackspace Receivables, LLC, a bankruptcy-remote special purpose vehicle ("SPV") 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 $100.0 million from time to time. Such borrowings are used by the SPV to finance purchases of accounts receivable. We recorded $1.0 million of fees and expenses related to the Receivables Financing Facility as debt issuance costs, which are included in "Other non-current assets" in the Consolidated Balance Sheets.
The amount of advances available will be determined based on advance rates relating to the eligibility of the receivables held by the SPV at that time. Advances bear interest based on LIBOR plus a margin. The last date on which advances may be made is March 21, 2022, unless the maturity of the Receivables Financing Facility is otherwise accelerated. In addition to other customary fees associated with financings of this type, the SPV is required to pay a monthly commitment fee based on the unused amount of the facility.

As of March 31, 2020, the total borrowing capacity under the Receivables Financing Facility was $80.3 million and $50.0 million was borrowed and outstanding. The interest rate on the Receivables Financing Facility was 3.74% as of March 31, 2020.

The agreements evidencing the Receivables Financing Facility contain customary representations and warranties, affirmative and negative covenants, and events of default. As of March 31, 2020, the company was in compliance with all covenants under the Receivables Financing Facility.

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 cannot predict the impact, if any, that any current matter will have on our business, results of operations, financial position, or cash flows. Because of the inherent uncertainties of these matters, including the early stage and lack of specific damage claims in many of them, we cannot estimate a range of possible losses from them at this time.

8. Share-Based Compensation and Settlement of Share-Based Awards

Settlement of Share-Based Awards

As a result of the Rackspace Acquisition, Rackspace Technology Global had obligations related to the settlement of restricted stock units that were outstanding at the Closing Date. These obligations required installment payments that began in November 2016 and ended in the first quarter of 2019. We made cash payments of $19.2 million during the three months ended March 31, 2019 and recognized compensation expense of $2.7 million within “Selling, general and administrative” in the Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2019.

Share-Based Compensation Expense

During the three months ended March 31, 2020, we granted 6.1 million stock options under the Rackspace Technology, Inc. Equity Incentive Plan (the “Incentive Plan”) with a weighted-average grant
date fair value of $7.28. The majority of the options were granted as part of our annual compensation award process and vest ratably over a three-year period, subject to continued service. Also included in the 6.1 million stock options granted were 0.4 million stock options granted to certain executives that vest in part subject to continued service ratably over a five-year period and in part based upon the attainment of performance and market conditions.

Share-based compensation expense recognized under the Rackspace Technology, Inc. Equity Incentive Plan for the three months ended March 31, 2019 and 2020 was as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Three Months Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$1.0</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>4.9</td>
</tr>
<tr>
<td>Pre-tax share-based compensation expense</td>
<td>5.9</td>
</tr>
<tr>
<td>Less: Income tax benefit</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Total share-based compensation expense, net of tax</td>
<td>$4.7</td>
</tr>
</tbody>
</table>

As of March 31, 2020, there was $86.5 million and $5.1 million of total unrecognized compensation cost related to stock options and restricted stock units, respectively, which will be recognized using the straight-line method over a weighted average period of 2.6 years and 2.2 years, respectively. This does not include $45.1 million and $3.2 million fair value related to unvested options and restricted stock units, respectively, that will vest based on performance, market, and service conditions all tied to a change in control. In accordance with accounting guidance for share-based compensation, the associated expense will not be recorded until a change in control event is consummated.

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, 2020, our effective tax rate has been impacted by 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. The Act also introduced a new Base Erosion Anti-Abuse Tax (the “BEAT”) that targeted payments made to related foreign parties. The BEAT is not expected to apply to Rackspace Technology, Inc. in 2020.

On July 27, 2015, the U.S. Tax Court issued an opinion in Altera Corp. v. Commissioner (“Tax Court Opinion”), which concluded that related parties in a cost sharing arrangement are not required to share expenses related to share-based compensation. The Tax Court Opinion was appealed by the Commissioner to the Ninth Circuit Court of Appeals (“Ninth Circuit”). On June 7, 2019, a three-judge panel from the Ninth Circuit issued an opinion that reversed the Tax Court Opinion. On July 22, 2019, the taxpayer requested a rehearing before the full Ninth Circuit, which the Ninth Circuit subsequently denied. On February 10, 2020, Altera Corp. submitted a petition for writ of certiorari to the U.S. Supreme Court. Given the status of the case, we continue to treat our share-based compensation expense in accordance with the Tax Court Opinion for the period. We will continue to monitor developments in this case and any impact the final opinion could have on our consolidated financial statements.
On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (“CARES”) Act was enacted and signed into law in response to the COVID-19 pandemic. The CARES Act contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020. The modifications to Section 163(j) of the Internal Revenue Code increase the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income. This modification significantly increases our allowable interest expense deduction resulting in less utilization of prior year net operating losses in that year. The change in the interest expense limitation pursuant to the CARES Act did not have an impact on the three months ended March 31, 2020 as it is not expected to impact our net deferred tax liability for 2020. As a result of the CARES Act, it is anticipated that we will fully deduct interest expense incurred in 2020 and may be able to deduct previously disallowed interest expense carrying forward from 2018.

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.

In December 2016, we entered into seven floating-to-fixed interest rate swap agreements to manage our risk from interest rate fluctuations associated with the floating-rate Term Loan Facility. The swap agreements became effective on February 3, 2017 with an aggregate notional amount of $1.5 billion. Two swap agreements matured in 2018, one agreement matured during the three months ended March 31, 2019, and another agreement matured during the three months ended March 31, 2020. The remaining three swap agreements in effect as of March 31, 2020 have an aggregate notional amount of $1.05 billion and mature over the next two years. On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement, ranging from 1.7625% to 1.9040%, and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.

In December 2018, we entered into four additional floating-to-fixed interest rate swap agreements with an aggregate notional amount of $1.35 billion and a maturity date of November 3, 2023. These swap agreements are forward-starting, and as of March 31, 2020, two swap agreements, with a notional amount of $300 million, were effective. The remaining swap agreements become effective each year thereafter to coincide with the maturity dates of the December 2016 swap agreements. On a quarterly basis, we net settle with the counterparty for the difference between the fixed rate specified in each swap agreement, ranging from 2.7350% to 2.7490%, and the variable rate based upon the three-month LIBOR as applied to the notional amount of the swap.
As of December 31, 2019, none of our interest rate swap agreements were designated as cash flow hedges of interest rate risk for accounting purposes, therefore, all changes in the fair value of the swaps were recorded to “Interest expense” in the Consolidated Statements of Comprehensive Loss. 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 (“off-market swap value”). The cash flow hedges were expected to be highly effective on the designation date and, on a quarterly basis, we perform retrospective and prospective assessments to determine whether the cash flow hedges continue to be highly effective, which we have deemed to be a dollar-offset ratio between 80% to 125%. 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 off-market swap value will be amortized as a reduction to “Interest expense” on a straight-line basis over the remaining term of each cash flow hedge. 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 “Provision (benefit) for income taxes” under the portfolio approach. As of March 31, 2020, all of our cash flow hedges were highly effective.

Our interest rate swap agreements 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 2018, we entered into a foreign currency forward contract. Under the terms of the contract, we sold £75 million at a rate of 1.3002 British pound sterling to U.S. dollar and received $97.5 million. This contract settled on November 29, 2019 and we received a final net payment of $0.8 million.

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.

In March 2020, we entered into three foreign currency forward contracts to manage our exposure to movements in the British pound sterling, Euro, and Mexican peso. All three contracts have a maturity date of June 30, 2020. On the maturity date, the following will occur:

- We will sell £32 million at a rate of 1.1902 British pound to U.S. dollar and receive $38.1 million.
• We will sell €6 million at a rate of 1.0921 Euro to U.S. dollar and receive $6.6 million.
• We will sell $2.1 million at a rate of 24.2040 U.S. dollar to Mexican peso and receive MXN$50 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 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, 2019 and March 31, 2020 were as follows:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Derivatives not designated as hedging instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other current liabilities</td>
<td>$—$</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other non-current liabilities</td>
<td>$36.6$</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current assets</td>
<td>$—$</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other current liabilities</td>
<td>$1.4$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$1.4$</td>
</tr>
<tr>
<td><strong>Derivatives designated as hedging instruments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other current liabilities</td>
<td>$—$</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Other non-current liabilities</td>
<td>$—$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$—$</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>December 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Gross Amounts on Balance Sheet</td>
<td>$1.4$</td>
</tr>
<tr>
<td></td>
<td>Effect of Counter-Party Netting</td>
<td>$(1.4)$</td>
</tr>
<tr>
<td></td>
<td>Net Amounts</td>
<td>$—$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$1.4$</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>Gross Amounts on Balance Sheet</td>
<td>$36.6$</td>
</tr>
<tr>
<td></td>
<td>Effect of Counter-Party Netting</td>
<td>$(—)$</td>
</tr>
<tr>
<td></td>
<td>Net Amounts</td>
<td>$36.6$</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Gross Amounts on Balance Sheet</td>
<td>$2.9$</td>
</tr>
<tr>
<td></td>
<td>Effect of Counter-Party Netting</td>
<td>$(1.4)$</td>
</tr>
<tr>
<td></td>
<td>Net Amounts</td>
<td>$1.5$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$39.5$</td>
</tr>
</tbody>
</table>
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, 2019 and 2020 was as follows:

<table>
<thead>
<tr>
<th>Derivatives not designated as hedging instruments</th>
<th>Location</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swaps</td>
<td>Interest expense</td>
<td>$(18.8)</td>
<td>$(3.2)</td>
</tr>
<tr>
<td>Foreign currency contracts</td>
<td>Other expense, net</td>
<td>(2.1)</td>
<td>3.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Derivatives designated as hedging instruments</th>
<th>Location</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swaps(1)</td>
<td>Interest expense</td>
<td>$—</td>
<td>$0.5</td>
</tr>
</tbody>
</table>

(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.

Interest expense was $89.0 million and $72.0 million for the three months ended March 31, 2019 and 2020, respectively. As of March 31, 2020, 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 $13.1 million. See Note 12, “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, 2020, certain of our interest rate swap agreements with an aggregate fair value of $93.8 million were in a net liability position.

11. Divestitures

On February 1, 2017, we completed the sale of assets of our Mailgun business for total consideration of $40.2 million, which was comprised of an initial cash payment of $20.5 million, a promissory note with a fair value of $14.8 million, and an equity interest in the new entity, Mailgun Technologies, Inc. (“Mailgun Technologies”) with a fair value of $4.9 million.

In March 2019, we received $18.0 million in cash from Mailgun Technologies as repayment for the promissory note balance of $15.9 million, which included accrued interest of $1.2 million. As such, we recorded a gain of $2.1 million, which is reflected within “Gain on sale” in the Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2019.

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12. Accumulated Other Comprehensive Income (Loss)

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

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Foreign Currency Translation Adjustments</th>
<th>Accumulated Gains (Losses) on Derivative Contracts</th>
<th>Accumulated Other Comprehensive Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at December 31, 2018</strong></td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
</tr>
<tr>
<td>Foreign currency translation adjustments, net of tax expense of $0.7</td>
<td></td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at March 31, 2019</strong></td>
<td>$10.6</td>
<td>$—</td>
<td>$10.6</td>
</tr>
</tbody>
</table>

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

(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.

13. Related Party Transactions

On November 3, 2016, we entered into management consulting agreements with affiliates of Apollo and Searchlight and on November 15, 2017, in connection with the Datapipe acquisition, we entered into a management consulting agreement with ABRY. For the three months ended March 31, 2019 and 2020, we recorded $2.9 million and $3.6 million, respectively, of consulting fees within “Selling, general and administrative” expenses in the Consolidated Statements of Comprehensive Loss.

Affiliates of ABRY are also Term Loan Facility lenders under the First Lien Credit Agreement. As of March 31, 2020, the outstanding principal amount of the Term Loan Facility was $2,817.3 million, of which $53.0 million, or 1.9%, is due to ABRY affiliates.

We may pay additional fees to affiliates of Apollo, Searchlight, and ABRY associated with future transactions.

14. 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 adjusted gross profit, which is a non-GAAP measure of profitability. For the calculation of adjusted 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 adjusted gross profit to total consolidated gross profit for the three months ended March 31, 2019 and 2020.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Three Months Ended March 31, 2019</th>
<th>Three Months Ended March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue by segment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$452.8</td>
<td>$507.9</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>78.1</td>
<td>81.5</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>76.0</td>
<td>63.3</td>
</tr>
<tr>
<td><strong>Total consolidated revenue</strong></td>
<td>$606.9</td>
<td>$652.7</td>
</tr>
<tr>
<td><strong>Adjusted gross profit by segment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multicloud Services</td>
<td>$189.4</td>
<td>$196.8</td>
</tr>
<tr>
<td>Apps &amp; Cross Platform</td>
<td>28.9</td>
<td>30.1</td>
</tr>
<tr>
<td>OpenStack Public Cloud</td>
<td>39.8</td>
<td>29.3</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>(1.0)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Other compensation expense(1)</td>
<td>(0.5)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Purchase accounting impact on revenue(2)</td>
<td>0.1</td>
<td>—</td>
</tr>
<tr>
<td>Purchase accounting impact on expense(2)</td>
<td>(2.4)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Restructuring and transformation expenses(3)</td>
<td>(3.4)</td>
<td>(1.3)</td>
</tr>
<tr>
<td><strong>Total consolidated gross profit</strong></td>
<td>$250.9</td>
<td>$249.3</td>
</tr>
</tbody>
</table>

(1) Adjustments for expense related to the cash settlement of unvested equity awards that were outstanding at the consummation of the Rackspace Acquisition, retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax.

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

(3) Adjustment for the impact of business transformation and optimization activities, as well as associated severance, facility closure costs and lease termination expenses.
Table of Contents
PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Set forth below is a table of the registration fee for the Securities and Exchange Commission (the “SEC”), the stock exchange listing fee, the filing fee for the Financial Industry Regulatory Authority (“FINRA”) and estimates of all other expenses to be paid by the registrant in connection with the issuance and distribution of the securities described in the registration statement:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC registration fee</td>
<td>$120,014</td>
</tr>
<tr>
<td>Stock exchange listing fee</td>
<td>295,000</td>
</tr>
<tr>
<td>FINRA filing fee</td>
<td>139,190</td>
</tr>
<tr>
<td>Printing expenses</td>
<td>850,000</td>
</tr>
<tr>
<td>Legal fees and expenses</td>
<td>4,300,000</td>
</tr>
<tr>
<td>Accounting fees and expenses</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Transfer agent and registrar fees</td>
<td>3,500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>732,296</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,440,000</strong></td>
</tr>
</tbody>
</table>

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the “DGCL”) provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the registrant. The DGCL provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise. The registrant’s certificate of incorporation provide for indemnification by the registrant of its directors, officers and employees to the fullest extent permitted by the DGCL.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions or (iv) for any transaction from which the director derived an improper personal benefit. The registrant’s certificate of incorporation provides for such limitation of liability.

The registrant maintains standard policies of insurance under which coverage is provided (a) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (b) to the registrant with respect to payments which may be made by the registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

The proposed form of underwriting agreement we enter into in connection with the sale of common stock being registered will provide for indemnification of directors and officers of the registrant by the underwriters against certain liabilities.
We expect to enter into customary indemnification agreements with our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

Item 15. Recent Sales of Unregistered Securities

Set forth below is information regarding securities sold or granted by us within the past three years that were not registered under the Securities Act of 1933, as amended (the “Securities Act”). Also included is the consideration, if any, received by us for such securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed for such sales and grants. Such information is rounded to the nearest whole number.

Common Stock

- On April 10, 2017, we issued an aggregate of 726,000 shares of our common stock to board members and employees for total proceeds of $6.1 million.
- On April 11, 2017, we issued 30,000 shares of our common stock to AP Inception Co-invest, L.P. for total proceeds of $0.3 million.
- On April 12, 2017, we issued an aggregate of 36,000 shares of our common stock to employees for total proceeds of $0.3 million.
- On April 14, 2017, we issued 24,000 shares of our common stock to an employee for total proceeds of $0.2 million.
- On April 18, 2017, we issued 12,000 shares of our common stock to an employee for total proceeds of $0.1 million.
- On April 20, 2017, we issued 12,000 shares of our common stock to an employee for total proceeds of $0.1 million.
- On May 1, 2017, we issued 30,000 shares of our common stock to an employee for total proceeds of $0.3 million.
- On May 3, 2017, we issued 12,000 shares of our common stock to an employee for total proceeds of $0.1 million.
- On May 9, 2017, we issued 12,000 shares of our common stock to an employee for total proceeds of $0.1 million.
- On May 23, 2017, we issued 120,000 shares of our common stock to an employee for total proceeds of $1.0 million.
- On May 31, 2017, we issued 9,000 shares of our common stock to an employee for total proceeds of $0.1 million.
- On June 25 and June 26, 2017, in connection with the acquisition of TriCore, we issued an aggregate of 117,684 shares of our common stock to employees for total proceeds of $1.1 million.
- On November 17, 2017, in connection with the acquisition of Datapipe, we issued 12,453,029 shares of our common stock to an ABRY affiliate in exchange for its equity interest in Datapipe.
- On May 15, 2018, in connection with the acquisition of RelationEdge, we issued an aggregate of 200,737 shares of our common stock to employees for total proceeds of $3.1 million.

The offers, sales and issuances of the securities described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (“Section 4(a)(2)”).
or Rule 506 of Regulation D (“Rule 506”) promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act.

2017 Incentive Plan-Related Issuances

- From January 1, 2017 through the date of the prospectus, we granted to our directors, employees, consultants and other service providers options to purchase 46,633,512 shares of our common stock with per share exercise prices ranging from $8.33 to $15.57 under the Rackspace Technology, Inc. Equity Incentive Plan (the “2017 Incentive Plan”).
- From January 1, 2017 through the date of the prospectus, we issued to our directors, employees, consultants and other service providers an aggregate of 236,148 shares of our common stock at a per share purchase price ranging from $8.33 to $15.54 pursuant to exercises of options granted under the 2017 Incentive Plan.
- From January 1, 2017 through the date of the prospectus, we granted to our directors and employees restricted stock units (“RSUs”) for an aggregate of 3,052,740 shares of our common stock under the 2017 Incentive Plan.
- From January 1, 2017 through the date of the prospectus, our directors and employees received an aggregate of 263,940 shares of our common stock upon the vesting of RSUs under the 2017 Incentive Plan.
- From January 1, 2017 through the date of the prospectus, we granted to our directors restricted stock awards (“RSAs”) for an aggregate of 65,844 shares of our common stock under the 2017 Incentive Plan.
- From January 1, 2017 through the date of the prospectus, our directors received an aggregate of 38,352 shares of our common stock upon the vesting of RSAs under the 2017 Incentive Plan.

The offers, sales and issuances of the securities described in the immediately preceding section were deemed to be exempt from registration either under Rule 701 promulgated under the Securities Act, in that the transactions were under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) in that the transactions were by an issuer and did not involve any public offering within the meaning of Section 4(a)(2). The recipients of such securities were our employees, directors, consultants or other service providers and received the securities under the 2017 Incentive Plan.

In connection with the Stock Split, the Company issued approximately 151,760,933 shares of common stock.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions or any public offering. All recipients had adequate access, through their relationships with us, to information about us. The offers, sales and issuances of these securities were made without any general solicitation or advertising.
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</tr>
<tr>
<td>4.5#</td>
<td>Supplemental Indenture No. 4, dated as of July 30, 2018, among Rackspace Technology Global, Inc. (f.k.a. Rackspace Hosting, Inc.), the subsidiary guarantor named therein, and Wells Fargo Bank, National Association, as trustee</td>
</tr>
<tr>
<td>4.6#</td>
<td>Supplemental Indenture No. 5, dated as of October 3, 2019, among Rackspace Technology Global, Inc. (f.k.a. Rackspace Hosting, Inc.), the subsidiary guarantors named therein, and Wells Fargo Bank, National Association, as trustee</td>
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<td>Supplemental Indenture No. 6, dated as of December 13, 2019, among Rackspace Technology Global, Inc. (f.k.a. Rackspace Hosting, Inc.), the subsidiary guarantors named therein, and Wells Fargo Bank, National Association, as trustee</td>
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<tr>
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<tr>
<td>10.10#</td>
<td>Receivables Financing Agreement, dated as of March 19, 2020, among Rackspace Receivables LLC, as borrower, the persons from time to time party thereto, as lenders and as group agents, BMO Capital Markets, as administrative agent and as arranger, and Rackspace US, Inc. as initial servicer</td>
</tr>
<tr>
<td>10.11†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Kevin Jones, effective as of March 13, 2019</td>
</tr>
<tr>
<td>10.12†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Dustin Semach, effective as of July 22, 2019, as amended</td>
</tr>
<tr>
<td>10.13†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Sid Nair, effective as of July 29, 2019</td>
</tr>
<tr>
<td>10.14†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Subroto Mukerji, effective as of July 1, 2019</td>
</tr>
<tr>
<td>10.15†#</td>
<td>First Amendment to the Employment Agreement, between Rackspace US, Inc. and Subroto Mukerji, dated as of September 11, 2019</td>
</tr>
<tr>
<td>10.16†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Vikas Gurugunti, effective as of July 2, 2019</td>
</tr>
<tr>
<td>10.17†#</td>
<td>Separation Agreement, between Rackspace US, Inc. and Joseph F. Eazor, effective as of April 23, 2019</td>
</tr>
<tr>
<td>10.18†#</td>
<td>Separation Agreement and Release, between Rackspace US, Inc. and Louis Alterman, dated as of August 30, 2019</td>
</tr>
</tbody>
</table>
## Table of Contents

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Exhibit Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.19†#</td>
<td>Separation Agreement and Release, between Rackspace US, Inc. and Sandy Hogan, dated as of August 2, 2019</td>
</tr>
<tr>
<td>10.20†</td>
<td>Form of Non-Qualified Stock Option Agreement between Rackspace Technology, Inc. and each of the named executive officers (other than the Chief Executive Officer) under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.21†</td>
<td>Form of Non-Qualified Stock Option Agreement between Rackspace Technology, Inc. and the Chief Executive Officer under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.22†</td>
<td>Form of Service-Based RSU Award Agreement between Rackspace Technology, Inc. and the Chief Executive Officer under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.23†</td>
<td>Form of Performance-Based RSU Award Agreement between Rackspace Technology, Inc. and the Chief Executive Officer under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.24†</td>
<td>Form of Non-Qualified Stock Option Agreement between Rackspace Technology, Inc. and certain of the Directors under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.25†</td>
<td>Form of RSU Award Agreement between Rackspace Technology, Inc. and certain of the Directors under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.26†</td>
<td>Form of RSA Award Agreement between Rackspace Technology, Inc. and certain of the Directors under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.27†</td>
<td>Rackspace Technology, Inc. Equity Incentive Plan, dated as of April 7, 2017</td>
</tr>
<tr>
<td>10.28†#</td>
<td>Form of Rackspace Technology, Inc. 2020 Equity Incentive Plan</td>
</tr>
<tr>
<td>10.29†#</td>
<td>Form of Rackspace Technology, Inc. Employee Stock Purchase Plan</td>
</tr>
<tr>
<td>10.30†#</td>
<td>Form of Rackspace Technology, Inc. Annual Cash Incentive Plan</td>
</tr>
<tr>
<td>10.31†#</td>
<td>Rackspace Technology, Inc. Non-Employee Director Compensation Policy</td>
</tr>
<tr>
<td>10.32†</td>
<td>Form of Indemnification Agreement</td>
</tr>
<tr>
<td>10.33†#</td>
<td>Retention Agreement, between Rackspace US, Inc. and Dustin Semach, dated as of May 5, 2020</td>
</tr>
<tr>
<td>10.34†</td>
<td>Second Amendment to the Employment Agreement Between Rackspace US, Inc. and Dustin Semach, effective as of July 20, 2020</td>
</tr>
<tr>
<td>10.35</td>
<td>Incremental Assumption Agreement No. 4, dated as of July 20, 2020, among Inception Parent, Inc., Rackspace Technology Global, Inc., the subsidiary loan parties, the lenders party thereto and Citibank, N.A., as administrative agent</td>
</tr>
<tr>
<td>21.1#</td>
<td>Subsidiaries of the registrant</td>
</tr>
<tr>
<td>23.1</td>
<td>Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm</td>
</tr>
<tr>
<td>23.2</td>
<td>Consent of Paul, Weiss, Rifkind, Wharton &amp; Garrison LLP (included in Exhibit 5.1)</td>
</tr>
<tr>
<td>24.1#</td>
<td>Powers of Attorney</td>
</tr>
</tbody>
</table>

# Previously filed.
† Indicates management contract or compensatory plan.

### (b) Financial Statement Schedule

See “Index to Consolidated Financial Statements” included on page F-1 for a list of the financial statements included in this registration statement. All schedules not identified above have been omitted because they are not required, are inapplicable, or the information is included in the consolidated financial statements or the related notes contained in this registration statement.
**Item 17. Undertakings**

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

II-7
### EXHIBIT INDEX

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<td>10.13†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Sid Nair, effective as of July 29, 2019</td>
</tr>
<tr>
<td>10.14†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Subroto Mukerji, effective as of July 1, 2019</td>
</tr>
<tr>
<td>10.15†#</td>
<td>First Amendment to the Employment Agreement, between Rackspace US, Inc. and Subroto Mukerji, dated as of September 11, 2019</td>
</tr>
<tr>
<td>10.16†#</td>
<td>Employment Agreement, between Rackspace US, Inc. and Vikas Gurugunti, effective as of July 2, 2019</td>
</tr>
<tr>
<td>10.17†#</td>
<td>Separation Agreement, between Rackspace US, Inc. and Joseph F. Eazor, effective as of April 23, 2019</td>
</tr>
<tr>
<td>10.18†#</td>
<td>Separation Agreement and Release, between Rackspace US, Inc. and Louis Alterman, dated as of August 30, 2019</td>
</tr>
<tr>
<td>10.19†#</td>
<td>Separation Agreement and Release, between Rackspace US, Inc. and Sandy Hogan, dated as of August 2, 2019</td>
</tr>
<tr>
<td>10.20†</td>
<td>Form of Non-Qualified Stock Option Agreement between Rackspace Technology, Inc. and each of the named executive officers (other than the Chief Executive Officer) under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.21†</td>
<td>Form of Non-Qualified Stock Option Agreement between Rackspace Technology, Inc. and the Chief Executive Officer under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Exhibit Description</td>
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<tr>
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<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>10.22†</td>
<td>Form of Service-Based RSU Award Agreement between Rackspace Technology, Inc. and the Chief Executive Officer under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.23†</td>
<td>Form of Performance-Based RSU Award Agreement between Rackspace Technology, Inc. and the Chief Executive Officer under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.24†</td>
<td>Form of Non-Qualified Stock Option Agreement between Rackspace Technology, Inc. and certain of the Directors under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.25†</td>
<td>Form of RSU Award Agreement between Rackspace Technology, Inc. and certain of the Directors under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.26†</td>
<td>Form of RSA Award Agreement between Rackspace Technology, Inc. and certain of the Directors under the 2017 Incentive Plan</td>
</tr>
<tr>
<td>10.27†</td>
<td>Rackspace Technology, Inc. Equity Incentive Plan, dated as of April 7, 2017</td>
</tr>
<tr>
<td>10.28†#</td>
<td>Form of Rackspace Technology, Inc. 2020 Equity Incentive Plan</td>
</tr>
<tr>
<td>10.29†#</td>
<td>Form of Rackspace Technology, Inc. Employee Stock Purchase Plan</td>
</tr>
<tr>
<td>10.30†#</td>
<td>Form of Rackspace Technology, Inc. Annual Cash Incentive Plan</td>
</tr>
<tr>
<td>10.31†#</td>
<td>Rackspace Technology, Inc. Non-Employee Director Compensation Policy</td>
</tr>
<tr>
<td>10.32†</td>
<td>Form of Indemnification Agreement</td>
</tr>
<tr>
<td>10.33†#</td>
<td>Retention Agreement between Rackspace US, Inc. and Dustin Semach, dated as of May 5, 2020</td>
</tr>
<tr>
<td>10.34†</td>
<td>Second Amendment to the Employment Agreement Between Rackspace US, Inc. and Dustin Semach, effective as of July 20, 2020</td>
</tr>
<tr>
<td>10.35</td>
<td>Incremental Assumption Agreement No. 4, dated as of July 20, 2020, among Inception Parent, Inc., Rackspace Technology Global, Inc., the subsidiary loan parties, the lenders party thereto and Citibank N.A., as administrative agent</td>
</tr>
<tr>
<td>21.1#</td>
<td>Subsidiaries of the registrant</td>
</tr>
<tr>
<td>23.1</td>
<td>Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm</td>
</tr>
<tr>
<td>23.2</td>
<td>Consent of Paul, Weiss, Rifkind, Wharton &amp; Garrison LLP (included in Exhibit 5.1)</td>
</tr>
<tr>
<td>24.1#</td>
<td>Powers of Attorney</td>
</tr>
</tbody>
</table>

# Previously filed.  
† Indicates management contract or compensatory plan.
Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in San Antonio, Texas, on the 27th day of July, 2020.

**Rackspace Technology, Inc.**

By: /s/ Kevin Jones  
Name: Kevin Jones  
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Kevin Jones</td>
<td>Kevin Jones Chief Executive Officer; Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>/s/ Dustin Semach</td>
<td>Dustin Semach Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Susan Arthur</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Jeffrey Benjamin</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Timothy Campos</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Dhiren Fonseca</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Mitch Garber</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Darren Glatt</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Brian St. Jean</td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Signature</td>
<td>Title</td>
<td>Date</td>
</tr>
<tr>
<td>-----------</td>
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<tr>
<td></td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>David Sambur</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td>July 27, 2020</td>
</tr>
<tr>
<td>Aaron Sobel</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*By /s/ Dustin Semach
Dustin Semach
Attorney-in-Fact
Rackspace Technology, Inc.

Common Stock

Underwriting Agreement

[•], 2020

Goldman Sachs & Co. LLC
Citigroup Global Markets Inc.
J.P. Morgan Securities LLC

As representatives (the “Representatives”) of the several Underwriters named in Schedule I hereto,

c/o Goldman Sachs & Co. LLC
200 West Street,
New York, New York 10282

c/o Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Rackspace Technology, Inc., a Delaware corporation (the “Company”), proposes, subject to the terms and conditions stated in this agreement (this “Agreement”), to issue and sell to the Underwriters named in Schedule I hereto (the “Underwriters”) an aggregate of [•] shares and, at the election of the Underwriters, up to [•] additional shares of common stock, par value $0.01 per share (“Stock”), of the Company. The aggregate of [•] shares to be sold by the Company is herein called the “Firm Shares” and the aggregate of [•] additional shares to be sold by the Company is herein called the “Optional Shares”. The Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the “Shares”.

1. (a) The Company represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement on Form S–1 (File No. 333-239794) (the “Initial Registration Statement”) in respect of the Shares has been filed with the Securities and Exchange Commission (the “Commission”); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to the Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a “Rule 462(b) Registration Statement”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “Act”), which
became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or, to the knowledge of the Company, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) under the Act is hereinafter called a “Preliminary Prospectus”; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the “Registration Statement”; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(a)(iii) hereof) is hereinafter called the “Pricing Prospectus”; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the “Prospectus”; any oral or written communication with potential investors undertaken in reliance on Rule 163B under the Act is hereinafter called a “Testing-the-Waters Communication”; and any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a “Written Testing-the-Waters Communication”; and any “issuer free writing prospectus” as defined in Rule 433 under the Act relating to the Shares is hereinafter called an “Issuer Free Writing Prospectus”);

(ii) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission hereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b) of this Agreement);

(iii) For the purposes of this Agreement, the “Applicable Time” is [•] (New York City time) on the date of this Agreement; the Pricing Prospectus, as supplemented by the information listed on Schedule II(b) hereto, taken together (collectively, the “Pricing Disclosure Package”), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication listed on Schedule II(c) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus, and each Issuer Free Writing Prospectus and each Written Testing-the-Waters Communication, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery, will not, include any untrue statement of a material fact or omit to state any material
fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(iv) [Reserved];

(v) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement, as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(vi) Neither the Company nor any of its subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, (i) sustained any material loss or interference with their business, taken as a whole, from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries, taken as a whole, or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries, taken as a whole, or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries, taken as a whole, in each case otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus and except as disclosed therein, there has not been (x) any change in the capital stock (other than as a result of the exercise or settlement (including any “net” or “cashless” exercises or settlements), if any, of stock options or restricted stock units or restricted stock in the ordinary course of business pursuant to the Company’s equity plans that are described in the Pricing Prospectus, (B) the repurchase, if any, by the Company of shares of common stock granted under the Company’s equity plans or pursuant to an agreement providing for an option to repurchase or a right of first refusal on behalf of the Company, or (C) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus, long term debt of the Company or any of its subsidiaries or (y) any Material Adverse Effect (as defined below); as used in this Agreement, “Material Adverse Effect” shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting (i) the business, properties, general affairs, management, financial position, stockholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus, or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus;
(vii) The Company and its subsidiaries have good and marketable title to all personal property owned by them (other than Intellectual Property, which is addressed in subsection (xxvi)), in each case free and clear of all liens, encumbrances and defects, except such as are described in the Pricing Prospectus or such as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under, to the Company’s knowledge, valid, subsisting and enforceable leases (subject to the effects of (A) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting the rights or remedies of creditors generally; (B) the application of general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (C) applicable law and public policy with respect to rights to indemnity and contribution) with such exceptions as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(viii) Each of the Company and each of its subsidiaries has been (i) duly organized and is validly existing and in good standing (to the extent such concept is recognized in such jurisdiction) under the laws of its jurisdiction of organization, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and (ii) duly qualified as a foreign corporation for the transaction of business and is in good standing (to the extent such concept is recognized in such jurisdiction) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except, in the case of clause (i) with respect to each subsidiary only or clause (ii) with respect to each of the Company and each of its subsidiaries, where the failure to be so qualified, validly existing or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and each subsidiary of the Company that is a “significant subsidiary” as defined in Rule 1-02 of Regulation S-X under the Act has been listed in the Registration Statement;

(ix) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable (to the extent such concept is applicable) and (except, in the case of any foreign subsidiary, for directors’ qualifying shares) are owned directly or indirectly by the Company, free and clear of all material liens, encumbrances, equities or claims, except for such liens or encumbrances described in the Pricing Prospectus and the Prospectus;

(x) The Shares to be issued and sold by the Company have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights;

(xi) The issue and sale of the Shares and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of its
subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any of its subsidiaries, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except, in the case of clauses (A) and (C), for such conflicts, defaults, breaches or violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained under the Act, the approval by the Financial Industry Regulatory Authority, Inc. ("FINRA") of the underwriting terms and arrangements, the approval for listing of the Shares on the Exchange (as defined below) and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(xii) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organization document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the foregoing clauses (i), with respect to the Company’s subsidiaries only, (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(xiii) The statements set forth in the Pricing Prospectus and the Prospectus under the caption “Description of Capital Stock”, insofar as they purport to constitute a summary of the terms of the Stock, under the caption “Material U.S. Federal Income Tax Considerations”, and under the caption “Underwriting”, insofar as they purport to describe the provisions of the laws and documents specifically referred to therein and subject to the qualifications, exceptions, assumptions and limitations described therein, are accurate, complete and fair in all material respects;

(xiv) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries or, to the Company’s knowledge, any officer or director of the Company is a party or of which any property or assets of the Company or any of its subsidiaries or, to the Company’s knowledge, any officer or director of the Company is the subject which, if determined adversely to the Company or any of its subsidiaries (or such officer or director), would individually or in the aggregate reasonably be expected to have a Material Adverse Effect; and, to the Company’s knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(xv) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an “investment company”, as such term is defined in the Investment Company Act of 1940, as amended;
(xvi) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined in Rule 405 under the Act;

(xvii) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm as required by the Act and the rules and regulations of the Commission thereunder;

(xviii) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that (i) complies with the requirements of the Exchange Act, (ii) has been designed by the Company’s principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and (iii) is sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management’s general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management’s general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and the Company’s internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act of 2002 as of an earlier date than it would otherwise be required to so comply under applicable law);

(xix) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company’s internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company’s internal control over financial reporting;

(xx) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company’s principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(xxi) This Agreement has been duly authorized, executed and delivered by the Company;

(xxii) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, controlled affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful contribution, gift, entertainment or other unlawful expense (or taken any act in furtherance thereof); (ii) made, offered, promised or authorized any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; or (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law;
(xxiii) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, and the applicable anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(xxiv) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or controlled affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person,” the European Union, Her Majesty’s Treasury, the United Nations Security Council, or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company or any of its subsidiaries located, organized, or resident in a country or territory that is the subject or target of Sanctions, and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding or facilitation, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions;

(xxv) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects the information required to be stated therein in accordance with GAAP. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;
(xxvi) (i) the Company and its subsidiaries own or possess or, to the knowledge of the Company, can obtain on reasonable terms adequate rights to use any and all patents, trademarks, service marks, trade names, domain names, copyrights, software, licenses, know-how (including any trade secrets and any other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other technology and intellectual property or similar proprietary rights, including any and all registrations and applications for registration thereof and any and all goodwill associated therewith (collectively, “Intellectual Property”), in each case used by them or otherwise necessary for the conduct of their respective businesses as currently conducted and as proposed to be conducted by them as described in the Registration Statement, the Pricing Prospectus and the Prospectus (the “Company Intellectual Property”), except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (ii) except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, neither the Company nor any of its subsidiaries (A) has infringed, misappropriated or otherwise violated any Intellectual Property of any third party (other than with respect to any Open Source Software); (B) has, to the Company’s knowledge, infringed, misappropriated or otherwise violated any Intellectual Property of any third party with respect to any Open Source Software; or (C) is aware of any Intellectual Property that would render any Company Intellectual Property invalid, unenforceable or inadequate to protect the interest of the Company and any of its subsidiaries therein; (iii) all Company Intellectual Property is valid and enforceable, except, in the case of this subsection (iii), as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (iv) to the Company’s knowledge, no third party has materially infringed, misappropriated or otherwise violated any material Company Intellectual Property; (v) all Company Intellectual Property owned by the Company or any of its subsidiaries is owned solely and exclusively by the Company or one of its subsidiaries free and clear of all liens, encumbrances, defects or other restrictions, and there are no third parties who have ownership rights or rights to use, or have a claim over, any Company Intellectual Property, except, in the case of this subsection (v), (A) for the retained rights of the owners of Company Intellectual Property which is licensed to the Company or its subsidiaries, (B) for the rights of customers, licensees, resellers and other channel partners to use Company Intellectual Property in the ordinary course, consistent with past practice (C) as it relates to Open Source Software or (D) as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (vi) there is no pending, or to the Company’s knowledge, threatened, action, suit, proceeding or claim by any third party (A) challenging the Company’s or any of its subsidiaries’ rights in or to any Company Intellectual Property; (B) challenging the ownership, validity, enforceability or scope of any Company Intellectual Property or (C) alleging that the Company or any of its subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property rights of others, in each case, except, in the case of this subsection (vi), as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (vii) the Company and its subsidiaries have taken commercially reasonable steps consistent with prevalent industry practices to (A) ensure that no material Company Intellectual Property has been obtained or is being used by the Company or any of its subsidiaries in violation of any contractual obligation binding on the Company or any of its subsidiaries, or otherwise in violation of the rights of any persons and (B) secure interests in any material Company Intellectual Property developed by their employees, consultants, agents
and contractors in the course of their service to the Company or any of its subsidiaries, including the execution of valid assignment agreements or licenses for the benefit of the Company and/or its subsidiaries by such employees, consultants, agents and contractors under which they have assigned or licensed to the Company or its subsidiaries all of their right, title and interest in and to any material Company Intellectual Property and the rights associated therewith; (viii) there are no outstanding options, licenses or binding agreements of any kind relating to the Company Intellectual Property owned by the Company or any of its subsidiaries that are required to be described in the Registration Statement, the Pricing Prospectus and the Prospectus and are not so described; (ix) the Company and its subsidiaries are not a party to or bound by any options, licenses or binding agreements with respect to any Intellectual Property of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Prospectus and the Prospectus and are not so described; (x) the Company and its subsidiaries have taken commercially reasonable steps in accordance with prevalent industry practice to maintain the confidentiality of all material Company Intellectual Property the value of which to the Company or any of its subsidiaries is contingent upon maintaining the confidentiality thereof, including any trade secrets and confidential information owned, used or held for use by the Company or any of its subsidiaries that the Company in its reasonable business judgment wishes to maintain as trade secrets, and (xi) no material proprietary software source code included in the Company Intellectual Property (other than any Open Source Software) has been disclosed other than to employees, consultants, agents and contractors in the course of their services to the Company or any of its subsidiaries, all of whom are bound by industry standard confidentiality obligations with respect to such material proprietary software source code and whose rights to use such source code are limited to use for the benefit of the Company or its subsidiaries, and the Company and its subsidiaries have taken commercially reasonable steps in accordance with prevalent industry practice to maintain the confidentiality of such source code;

(xxvii) The information technology systems, networks, equipment and software used by the Company and its subsidiaries in their respective businesses, (collectively, the “IT Assets”) are reasonably adequate for the operation of the respective businesses of the Company and its subsidiaries as currently conducted and as proposed to be conducted by them as described in the Registration Statement, the Pricing Prospectus and the Prospectus. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the IT Assets (i) operate and perform in accordance with their documentation and functional specifications and otherwise as required by the Company’s and its subsidiaries’ respective businesses as currently conducted and as proposed to be conducted by them as described in the Registration Statement, the Pricing Prospectus and the Prospectus, (ii) have not malfunctioned or failed since the Company’s inception, and (iii) are subject to industry standard scans for, and are free and clear of, all viruses, “back doors,” “Trojan horses,” “time bombs,” “worms,” “drop dead devices” or other software or hardware components that are designed or intended to interrupt use of, permit unauthorized access to, or disable, damage or erase, any software or data of the business of the Company or any of its subsidiaries. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Company and its subsidiaries have implemented and are in compliance with commercially reasonable information technology security, backup and disaster recovery technology, processes, policies and procedures consistent with prevalent industry practices. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there has been no breach, destruction, loss, unauthorized distribution, use, access, disablement, misappropriation, modification or other compromise or misuse of or relating to any IT Asset or data used in connection with the operation of the Company’s and its subsidiaries’ businesses since the Company’s inception;
Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, with regard to the Company’s and its subsidiaries’ receipt, collection, handling, processing, sharing, transfer, usage, import, export, disclosure, interception, security, storage and disposal of personal, personally identifiable, household, sensitive, confidential or regulated data, or any other information that (x) identifies or relates to a distinct individual, user account or device, including, without limitation, IP addresses, mobile device identifiers, geolocation information and website usage activity data or (y) is directly linked to any such information (collectively, “Personal and Device Data”), (i) the Company and its subsidiaries comply, and at all times have complied, with all of the Company’s privacy policies, contractual obligations, applicable laws (including the European Union General Data Protection Regulation), statutes, regulations, rules, judgments and orders of any court or arbitrator or other governmental or regulatory authority and any other legal obligations (“Privacy Legal Obligations”); (ii) the Company and its subsidiaries comply with such Privacy Legal Obligations, (B) take appropriate steps that are reasonably designed to assure compliance with such policies and procedures and (C) such policies and procedures comply with all Privacy Legal Obligations; (iii) the Company and its subsidiaries maintain, and at all times have maintained, reasonable data security policies and procedures designed to protect the confidentiality, security, and integrity of Personal and Device Data and to prevent unauthorized use of and access to Personal and Device Data; (iv) the Company and its subsidiaries have required and do require all third parties to which they provide any Personal and Device Data to maintain the privacy and security of such Personal and Device Data, including by contractually requiring such third parties to protect such Personal and Device Data from unauthorized access, use and/or disclosure; and there has been no unauthorized access to, or use or disclosure of, Personal and Device Data maintained by or for the Company or its subsidiaries; (v) the Company has not received any notification of or complaint regarding, and is unaware of any other facts that would reasonably indicate, non-compliance with any Privacy Legal Obligation; and (vi) there is no pending, or to the Company’s knowledge, threatened action, suit, proceeding or claim by or before any court or governmental agency, authority or body alleging non-compliance with any Privacy Legal Obligation;

(i) The Company and its subsidiaries use and have used any and all software and other materials distributed under a “free,” “open source,” or similar licensing model (including but not limited to the MIT License, Apache License, GNU General Public License, GNU Lesser General Public License and GNU Affero General Public License) (“Open Source Software”) in compliance with all license terms applicable to such Open Source Software, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (ii) neither the Company nor any of its subsidiaries use or distribute, or have used or distributed, any Open Source Software in any manner that, to the knowledge of the Company, requires or has required (A) the Company or any of its subsidiaries to permit reverse engineering of any proprietary products or services of the Company or any of its subsidiaries, or of any proprietary software code or other technology owned by the Company or any of its subsidiaries or (B) any proprietary products or services of the Company or any of its subsidiaries, or any proprietary software code or other technology owned by the Company.
or any of its subsidiaries, to be (1) disclosed or distributed in source code form, (2) licensed for the purpose of making derivative works or (3) redistributed at no charge or minimum charge, except, (x) in the case of each of (A) and (B) above, for the Open Source Software themselves (and any derivatives thereof), and (y) as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees, to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $[•], the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by the Representatives so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to [•] Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from the Representatives to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representatives and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by the Representatives of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours’ prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company (“DTC”), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below)
with respect thereto at the office of DTC or its designated custodian (the “Designated Office”). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on [*], 2020 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York City time, on the date specified by the Representatives in each written notice given by the Representatives of the Underwriters’ election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the “First Time of Delivery”, each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the “Second Time of Delivery”, and each such time and date for delivery is herein called a “Time of Delivery”.

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(l) hereof will be delivered at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (the “Closing Location”), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. For the purposes of this Section 4, “New York Business Day” shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission’s close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by the Representatives promptly after reasonable notice thereof; to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its reasonable best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation (where not otherwise required) or to file a general consent to service of process in any jurisdiction (where not otherwise required);
(c) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on the advice of counsel, required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify the Representatives and upon the Representatives’ request to prepare and furnish without charge to each Underwriter and to any dealer in securities (whose name and address the Underwriters shall furnish to the Company) as many written and electronic copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon the Representatives’ request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158 under the Act), which may be satisfied by filing on the Commission’s Electronic Data Gathering Analysis and Retrieval ("EDGAR") system;

(e) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the “Company Lock-Up Period”), not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit the Commission a registration statement under the Act relating to, any securities of the Company that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition, submission or filing; provided that confidential or non-public submissions to the Commission of any registration statements under the Act may be made if and only if (w) no public announcement of such confidential or non-public submission shall be made, (x) if any demand was made for, or any right exercised with respect to, such registration of shares of Stock or securities convertible, exercisable or exchangeable into Stock, no public announcement of such demand or exercise of rights shall be made, (y) the Company shall provide written notice at least two business days prior to such confidential or non-public submission to Goldman Sachs & Co. LLC and (z) no such confidential or non-public submission shall become a publicly filed registration statement during the Company Lock-Up Period, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise (other than (a) the Shares to be sold hereunder (b) the issuance by the Company of shares of Stock upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of this Agreement, (c) the issuance by the Company of shares of Stock, options to purchase shares of Stock, including nonqualified stock options and incentive stock options, and other equity incentive compensation, including restricted stock or restricted stock units, stock appreciation rights, dividend equivalents and Stock-based awards, pursuant to equity plans or similar.
plans described in the Pricing Prospectus and the Prospectus, (d) any shares of Stock issued upon the exercise of options or the settlement of restricted stock units or other equity-based compensation described in clause (c) granted under such equity plans or similar plans described in the Pricing Prospectus and the Prospectus, or under equity plans or similar plans of companies acquired by the Company in effect on the date of acquisition, (e) the filing by the Company of any registration statement on Form S-8 with the Commission relating to the offering of securities pursuant to the terms of such equity plans or similar plans, (f) the issuance by the Company of shares of Stock or securities convertible into shares of Stock in connection with an acquisition or business combination, provided that the aggregate number of shares of Stock issued pursuant to this clause (f) during the Lock-Up Period shall not exceed 5% of the total number of shares of Stock issued and outstanding on the closing date of the offering, and provided further that, in the case of any issuance pursuant to this clause (f), any recipient of shares of Stock shall have executed and delivered to the Representatives a lock-up letter as described in Section 8(i), and (g) the issuance of shares of Stock pursuant to the Datapipe Merger Agreement (as defined in the Preliminary Prospectus), provided that, any shares issued pursuant to this clause (g), will be subject to the lock-up letter as described in Section 8(i), without the prior written consent of Goldman Sachs & Co. LLC;

(ii) If Goldman Sachs & Co. LLC, in its sole discretion, agrees to release or waive the restrictions in lock-up letters pursuant to Section 1(b)(iv) or Section 8(i) hereof, in each case for an officer or director of the Company, and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex I hereto through a major news service at least two business days before the effective date of the release or waiver;

(f) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided, however, that the Company may satisfy the requirements of this subsection by making any such reports, communications or information generally available on its website or by filing such information on EDGAR;

(g) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to the Representatives copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to the Representatives as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided that the Company shall not be required to provide documents that are available through EDGAR or the provision of which would require public disclosure by the Company under Regulation FD and provided, further, that the Company may satisfy the requirements of this clause by making any such report, communication or information generally available on its website;
(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption “Use of Proceeds”;

(i) To use its reasonable best efforts, subject to official notice of issuance, to list for trading the Shares on the Nasdaq Stock Market (the “Exchange”);

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 p.m., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 5a(c) of the Commission’s Informal and Other Procedures (16 CFR 202.3a); and

(l) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company’s trademarks, servicemarks or corporate logo, as applicable (the “Company Marks”) for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the “License”); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned, sublicensed or transferred. The Underwriters agree that the Company has the right to approve in advance all uses and placements of its trademarks, servicemarks and logos on this website, which approval shall not be unreasonably withheld. All goodwill arising from any Underwriter’s use of the Company Marks shall inure solely for the benefit of the Company.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a “free writing prospectus” as defined in Rule 405 under the Act; and each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II(a) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Written Testing-the-Waters Communication would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, Written Testing-the-Waters Communication or other document which will correct such conflict, statement or omission;
(d) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the prior consent of the Representatives with entities that the Company reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Written Testing-the-Waters Communication, other than those distributed with the prior consent of the Representatives that are listed on Schedule II(c) hereof; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Testing-the-Waters Communications;

(e) Each Underwriter represents and agrees that any Testing-the-Waters Communications undertaken by it were with entities that such Underwriter reasonably believes are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company’s counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Written Testing-the-Waters Communication, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable and documented out-of-pocket fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) all fees and expenses in connection with listing the Shares on the Exchange; (v) the filing fees incident to, and the reasonable and documented out-of-pocket fees and disbursements of counsel for the Underwriters in connection with, any required review by the Financial Industry Regulatory, Inc. Authority (“FINRA”) of the terms of the sale of the Shares; (vi) the cost of preparing stock certificates, if applicable; (vii) the cost and charges of any transfer agent or registrar; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay (i) all of their own costs and expenses, including the fees and disbursements of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make, and (ii) in connection with any “road show” undertaken in connection with the marketing of the offering of the Shares, the travel, lodging and meal expenses of the Underwriters; provided, however the Representatives and the Company agree that the Underwriters shall pay or cause to be paid fifty (50%) of the cost of any aircraft chartered with the consent of the Representatives in connection with such road show.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:
(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 p.m., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or, to the Company’s knowledge, threatened by the Commission no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or, to the Company’s knowledge, threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives’ reasonable satisfaction;

(b) Davis Polk & Wardwell LLP, counsel for the Underwriters, shall have furnished to the Representatives their written opinion and negative assurance letter, each dated such Time of Delivery, in form and substance reasonably satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel for the Company, shall have furnished to the Representatives their written opinion and negative assurance letter (a form of such opinion and negative assurance letter is attached as Annex II(a) and II(b), respectively hereto), each dated such Time of Delivery, in form and substance reasonably satisfactory to the Representatives;

(d) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance reasonably satisfactory to the Representatives;

(e) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with their business, taken as a whole, from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus, there shall not have been any change in the capital stock (other than as a result of (A) the exercise or settlement (including any “net” or “cashless” exercises or settlements), if any, of stock options or restricted stock units or the award, if any, of stock options, restricted stock units or restricted stock in the ordinary course of business, pursuant to the Company’s equity plans that are described in the Pricing Prospectus, (B) the repurchase, if any, by the Company of shares of common stock granted under the Company’s equity plans or pursuant to an agreement providing for an option to repurchase or a right of first refusal on behalf of the Company, or (C) the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus) or long-term debt of the Company and its subsidiaries, taken as a whole, or any change or effect, or any development involving a prospective change or effect, in or affecting (x) the business, properties, general affairs, management, financial position, stockholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, or (y) the ability of the Company to perform its
obligations under this Agreement, including the issuance and sale of the Shares, or to consummate the transactions contemplated in the Pricing Prospectus and the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the Representatives’ judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(f) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Company’s debt securities by any “nationally recognized statistical rating organization”, as defined in Section 3(a)(62) of the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company’s debt securities;

(g) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange; (ii) a suspension or material limitation in trading in the Company’s securities on the Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the Representatives’ reasonable judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(h) The Shares to be sold at such Time of Delivery shall have been duly listed, subject to official notice of issuance, on the Exchange;

(i) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from all directors, executive officers, and each stockholder of the Company listed on Schedule III hereto, substantially to the effect set forth in Annex III hereto in form and substance satisfactory to the Representatives;

(j) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement;

(k) The Company shall have furnished or caused to be furnished to the Representatives at such Time of Delivery certificates of officers of the Company, reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to such other matters as the Representatives may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (e) of this Section 8 and as to such other matters as the Representatives may reasonably request; and

(l) At each Time of Delivery, the Company shall have furnished or caused to be furnished to the Representatives a certificate of the Chief Financial Officer of the Company, dated the respective dates of delivery thereof, in form and substance reasonably satisfactory to the Representatives.
9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any “roadshow” as defined in Rule 433(h) under the Act (a “roadshow”), any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Act or any Testing-The-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus or any Testing-The-Waters Communication, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Testing-The-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or any Testing-The-Waters Communication, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, “Underwriter Information” shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the [third] paragraph under the caption “Underwriting”, and the information contained in the [third, sixth and fourteenth] paragraph under the caption “Underwriting”.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) of this Section 9 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to
notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under the preceding paragraphs of this Section 9. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. It is understood that the indemnifying party or parties shall not, in connection with any one action or proceeding or separate but substantially similar actions or proceedings arising out of the same general allegations in the same jurisdiction, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified parties except to the extent that local counsel or counsel with specialized expertise (in addition to any regular counsel) is required to effectively defend against any such action or proceeding. Such firm shall be designated in writing by the Representatives, in the case of parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(b). No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder, and no indemnifying party shall be liable for any settlement or compromise of, or consent to the entry of judgment with respect to, any such action or claim effected without its consent, in each case which consent shall not be unreasonably withheld, conditioned or delayed.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting
discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any reasonable legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters’ obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder at a Time of Delivery, the Representatives may in their discretion arrange for the Representatives or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter, the Representatives do not arrange for the purchase of such Shares, then the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the Representatives’ opinion may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.
(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to a Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason any Shares are not delivered by or on behalf of the Company as provided herein or the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the Company will reimburse the Underwriters through the Representatives for all reasonable and documented out-of-pocket expenses approved in writing by the Representatives, including reasonable and documented out-of-pocket fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly or by Goldman Sachs & Co. LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC on behalf of the Underwriters as the Representatives.
In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to (i) Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Registration Department (fax: +1 (212) 291-5175); (ii) Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, Attention: General Counsel (fax: +1 (646) 291-1469); and (iii) J.P. Morgan Securities LLC, 383 Madison Avenue, New York, NY 10179 (fax: +1 (212) 622-8358), Attention: Syndication Department; if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth on the cover of the Registration Statement, Attention: Secretary, with a copy for informational purposes only to Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, facsimile (212) 492-0588, Attention: Brian M. Janson, Esq.; and if to any stockholder, director or officer that has delivered a lock-up letter described in Section 8(i) hereof shall be delivered or sent by mail to such address as such stockholder, director or officer provides in writing to the Company; provided, however, that any notice to an Underwriter pursuant to Section 9(e) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters’ Questionnaire or telex constituted such Questionnaire, which address will be supplied to the Company by such Underwriter on request; provided further that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the Representatives at (i) Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Control Room; (ii) Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, Attention: General Counsel; and (iii) J.P. Morgan Securities LLC, 383 Madison Avenue, New York, NY 10179, Attention: Syndication Department. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters and the Company and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company, or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term “business day” shall mean any day when the Commission’s office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm’s-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, and does not constitute a recommendation, investment advice, or solicitation of any action by the Underwriters, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement, (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate and (v) none of the activities of the Underwriters in connection with the
transactions contemplated herein constitutes a recommendation, investment advice or solicitation of any action by the Underwriters with respect to any entity or natural person. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. This Agreement and any transaction contemplated by this Agreement and any claim, controversy or dispute arising under or related thereto shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of any other law than the laws of the State of New York. The Company agrees that any suit or proceeding arising in respect of this Agreement or any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Company agrees to submit to the jurisdiction of, and to venue in, such courts.

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

21. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax structure” is limited to any facts that may be relevant to that treatment.

22. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

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(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this section:

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

(i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with the understanding of the Representatives, please sign and return to us six counterparts hereof, and upon the acceptance hereof by the Representatives, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters and the Company. It is understood that acceptance by the Representatives of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination, upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.
Very truly yours,

RACKSPACE TECHNOLOGY, INC.

By: 
Name: 
Title: 

Accepted as of the date hereof:

GOLDMAN SACHS & CO. LLC
By: 
Name: 
Title: 

CITIGROUP GLOBAL MARKETS INC.
By: 
Name: 
Title: 

J.P. MORGAN SECURITIES LLC
By: 
Name: 
Title: 

On behalf of each of the Underwriters
<table>
<thead>
<tr>
<th>Underwriter</th>
<th>Total Number of Firm Shares to be Purchased</th>
<th>Number of Optional Shares to be Purchased if Maximum Option Exercised</th>
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<tr>
<td>Goldman Sachs &amp; Co. LLC</td>
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<td>Citigroup Global Markets Inc.</td>
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<td>J.P. Morgan Securities LLC</td>
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<td>RBC Capital Markets, LLC</td>
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<td>Evercore Group L.L.C.</td>
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<td>Barclays Capital Inc.</td>
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<td>BMO Capital Markets Corp.</td>
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<td>Credit Suisse Securities (USA) LLC</td>
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<td>HSBC Securities (USA) Inc.</td>
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<td>LionTree Advisors LLC</td>
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<td>Siebert Williams Shank &amp; Co., LLC</td>
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<td>Drexel Hamilton, LLC</td>
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<td>Apollo Global Securities, LLC</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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</tr>
</tbody>
</table>
(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package

Electronic Roadshow dated [•], 2020

(b) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package

The initial public offering price per share for the Shares is $[•].

The number of Firm Shares purchased by the Underwriters is [•].

The number of Optional Shares to be sold by the Company at the option of the Underwriters is [•].

(c) Written Testing-the-Waters Communications
Rackspace Technology, Inc.

[Date]

Rackspace Technology, Inc. (the "Company") announced today that Goldman Sachs & Co. LLC, the lead book-running manager in the recent public sale of [*] shares of the Company's common stock, is [waiving] [releasing] a lock-up restriction with respect to [*] shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on [*], 20[*], and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.
FORM OF NEGATIVE ASSURANCE LETTER OF COUNSEL FOR THE COMPANY
FORM OF LOCK-UP AGREEMENT

________, 2020

Goldman Sachs & Co. LLC
Citigroup Global Markets Inc.
J.P. Morgan Securities LLC
c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282
c/o Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013
c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Re: Rackspace Technology, Inc.—Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the “Representatives”), propose to enter into an underwriting agreement (the “Underwriting Agreement”) on behalf of the several Underwriters named in Schedule I to such agreement (collectively, the “Underwriters”) with Rackspace Technology, Inc., a Delaware corporation (the “Company”), providing for a public offering of shares (the “Shares”) of common stock, par value $0.01 per share, of the Company (the “Common Stock”) pursuant to a Registration Statement on Form S-1 filed with the Securities and Exchange Commission (the “SEC”).

In consideration of the agreement by the Underwriters to offer and sell the Shares, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of this Lock-Up Agreement and continuing to and including the date 180 days after the date set forth on the final prospectus used to sell the Shares (the “Lock-Up Period”), the undersigned shall not (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any shares of Common Stock of the Company, or any options or warrants to purchase any shares of Common Stock of the Company, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock of the Company (such options, warrants or other securities, collectively, “Derivative Instruments”), including without limitation any such shares of Common Stock or Derivative Instruments now owned or hereafter acquired by the undersigned, (ii) engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described
or defined) which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition (whether by the undersigned or someone other than the undersigned), or transfer of any of the economic consequences of ownership, in whole or in part, directly or indirectly, of any shares of Common Stock of the Company or Derivative Instruments, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of Common Stock or other securities, in cash or otherwise (any such sale, loan, pledge or other disposition, or transfer of economic consequences, a “Transfer”) or (iii) otherwise publicly announce any intention to engage in or cause any action or activity described in clause (i) above or transaction or arrangement described in clause (ii) above. The undersigned represents and warrants that the undersigned is not currently a party to any agreement or arrangement that provides for, is designed to or which reasonably could be expected to lead to or result in any Transfer during the Lock-Up Period. For the avoidance of doubt, the undersigned agrees that the foregoing provisions shall be equally applicable to any issuer-directed or other Shares the undersigned may purchase in the offering.

If the undersigned is an officer or director of the Company, (i) Goldman Sachs & Co. LLC agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, Goldman Sachs & Co. LLC will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by Goldman Sachs & Co. LLC hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, the undersigned may Transfer shares of Common Stock of the Company or Derivative Instruments (and engage in or cause any action or activity described in clause (i) of the second paragraph of this Lock-Up Agreement or transaction or arrangement described in clause (ii) of the second paragraph of this Lock-Up Agreement) during the Lock-Up Period:

(i) as a bona fide gift or gifts, or as charitable contributions, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth in this Lock-Up Agreement, and provided further that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) shall be required or shall be voluntarily made during the Lock-Up Period;

(ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth in this Lock-Up Agreement, and provided further that any such transfer shall not involve a disposition for value, and provided further that, if required, any public report or filing under Section 16(a) of the Exchange Act shall indicate in the footnotes thereto the nature of the transaction;

(iii) to any beneficiary of or estate of a beneficiary of the undersigned pursuant to a trust, will or other testamentary document or applicable laws of descent, provided that the beneficiary or the estate of a beneficiary thereof agrees to be bound in writing by the restrictions set forth...
herein, and provided further that any such transaction shall not involve a disposition for value and that no filing under Section 16(a) of the Exchange Act (other than a Form 5, which shall not be filed on or prior to the date that is 120 days after the date set forth on the final prospectus used to sell the Shares), reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Lock-Up Period;

(iv) to a partnership, limited liability company or other entity of which the undersigned and the immediate family of the undersigned are the legal and beneficial owner of all the outstanding equity securities or similar interests, provided that such partnership, limited liability company or other entity agrees to be bound in writing by the restrictions set forth herein, and provided further that no filing under Section 16(a) of the Exchange Act (other than a Form 5, which shall not be filed on or prior to the date that is 120 days after the date set forth on the final prospectus used to sell the Shares), reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Lock-Up Period;

(v) by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement, provided that the transferee or transferees thereof agree to be bound in writing by the restrictions set forth herein, and provided further that no filing under Section 16(a) of the Exchange Act (other than a Form 5, which shall not be filed on or prior to the date that is 120 days after the date set forth on the final prospectus used to sell the Shares), reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the Lock-Up Period;

(vi) in transactions relating to shares of Common Stock or other securities acquired in open market transactions after the completion of the public offering or from the Underwriters in the public offering, provided that no filing under Section 16(a) of the Exchange Act (other than a Form 5, which shall not be filed on or prior to the date that is 120 days after the date set forth on the final prospectus used to sell the Shares) or any other public filing or disclosure by or on behalf of the undersigned shall be required or shall be voluntarily made during the Lock-Up Period in connection with subsequent sales of Common Stock or other securities acquired in such transactions;

(vii) by (A) the exercise of stock options solely with cash granted pursuant to equity incentive plans described in the Registration Statement, and the receipt by the undersigned from the Company of shares of Common Stock upon such exercise; (B) transfers of shares of Common Stock to the Company upon the “net” or “cashless” exercise of stock options or other equity awards granted pursuant to equity incentive plans described in the Registration Statement; (C) transfers of shares of Common Stock of the Company for the primary purpose of satisfying any tax or other governmental withholding obligation with respect to any award of equity-based compensation granted pursuant to the Company’s equity incentive plans; or (D) forfeitures of shares of Common Stock to the Company to satisfy tax withholding requirements of the undersigned or the Company upon the vesting, during the Lock-Up Period, of equity based awards granted under equity incentive plans or pursuant to other stock purchase arrangements, in each case described in the Registration Statement; provided that, in each case, the underlying shares of Common Stock shall continue to be subject to the restrictions on transfer set forth in this Lock Up Agreement, and provided further that, if required, any public report or filing under Section 16(a) of the Exchange Act shall indicate in the footnotes thereto the nature of the transaction;
pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of the Company’s
capital stock after the consummation of the public offering, involving a change of control of the Company, provided that in the event that
such tender offer, merger, consolidation or other such transaction is not completed, the undersigned’s shares of Common Stock shall
remain subject to the provisions of this Lock-Up Agreement;

to the Company in connection with the repurchase by the Company from the undersigned of shares of Common Stock of the Company or
Derivative Instruments pursuant to a repurchase right arising upon the termination of the undersigned’s employment with the Company;
provided that such repurchase right is pursuant to contractual agreements with the Company; and provided further that, if required, any
public report or filing under Section 16(a) of the Exchange Act shall indicate in the footnotes thereto the nature of the transaction;

the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock; provided
that (i) such plan does not provide for the transfer of Common Stock during the Lock-Up Period and (ii) to the extent a public
announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the
Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of
shares of Common Stock may be made under such plan during the Lock-Up Period;

if the undersigned is a corporation, partnership, limited liability company or other business entity, by (A) distributions of shares of
Common Stock or any Derivative Instrument to limited partners, general partners, members, stockholders holders of similar interests of the
undersigned (or in each case its nominee or custodian) or to any investment holding company controlled or managed by the undersigned or
(B) transfers of shares of Common Stock or any Derivative Instrument to affiliates (as defined in Rule 405 of the Securities Act of 1933, as
amended); provided that (x) each distributee and transferee agrees to be bound in writing by the restrictions set forth herein, (y) such
distribution or transfer shall not be a disposition for value, and (z) no filing under Section 16(a) of the Exchange Act (other than a Form 5,
which shall not be filed on or prior to the date that is 120 days after the date set forth on the final prospectus used to sell the Shares),
reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the
Lock-Up Period;

to any third-party pledgee in a bona fide transaction as collateral to secure obligations pursuant to lending or other arrangements between
such third parties (or their affiliates or designees) and the undersigned and/or its affiliates or any similar arrangement relating to a financing
arrangement for the benefit of the undersigned and/or its affiliates;

(a) pursuant to a bona fide loan or pledge (i) pursuant to clause (xiii)(b) below or (ii) that is in effect on the date hereof and has been
disclosed to Goldman Sachs & Co. LLC and (b) as a grant or maintenance of a bona fide lien, security interest, pledge or other similar
encumbrance (each, a “Pledge”) of any shares of Common Stock of the Company or Derivative Instruments owned by the undersigned to a
nationally or internationally recognized financial institution (an “Institution”) in connection with a loan to the undersigned; provided,
however, that (A) the undersigned and its affiliates shall not Pledge shares of Common Stock

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1 Not included in lock-up signed by directors and officers.
of the Company or Derivative Instruments resulting in a loan to value in excess of 50%; and (B) the undersigned or the Company, as the
case may be, shall provide Goldman Sachs & Co. LLC prior written notice informing them of any public filing, report or announcement
made by or on behalf of the undersigned or the Company with respect thereto;]

(xiv) transfers to the undersigned’s employer or any affiliate of the undersigned’s employer (“Employer”) of shares of Common Stock of the
Company or any Derivative Instrument which the undersigned received as compensation in his capacity as a member of the Company’s
board of directors; provided that (i) such transfer is pursuant to the terms of an employment arrangement of the undersigned with the
Employer, (ii) the Employer shall sign and deliver a lock-up agreement substantially in the form of this lock-up agreement in respect of
such shares of Common Stock or such other securities transferred to the Employer pursuant to this clause, and (iii) if required, any public
announcement or filing under Section 16 of the Exchange Act shall indicate in the footnotes thereto that the filing related to a transfer
made pursuant to the circumstances described in this clause and no other public announcement or filing shall be required or shall be
voluntarily made during the Lock-Up Period; or

(xv) with the prior written consent of Goldman Sachs & Co. LLC on behalf of the Underwriters,

For purposes of this Lock-Up Agreement, “immediate family” shall mean any relationship by blood, marriage or adoption, not more remote than
first cousin, and “change of control” shall mean any bona fide third-party tender offer, merger, consolidation or other similar transaction approved by the
board of directors of the Company the result of which is that any “person” (as defined in Section 13(d)(3) of the Exchange Act), or group of persons,
other than the Company, shall become, after the closing of the transaction, the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange
Act) of more than 50% of total voting power of the voting stock of the Company.

[In the event that Goldman Sachs & Co. LLC releases or waives, in full or in part, restrictions on any officer, director or holder of at least five
percent (5%) or more of the then outstanding Common Stock (measured as of the date of the Triggering Release (as defined below) and taking into
account holdings of affiliates) (a “Triggering Shareholder”) in any lock-up or similar agreement signed by such Triggering Shareholder for the benefit of the
Underwriters (a “Triggering Release”), then such restrictions on the undersigned shall be automatically released or waived (subject, if the
undersigned is a director or officer of the Company, to any required notice and announcement procedures provided for in the third paragraph of this
Lock-Up Agreement) on the Release Date (as defined below) to the same extent and on substantially similar terms with respect to the same percentage
of the then outstanding Common Stock and/or Derivative Securities, as applicable, of the undersigned as the percentage of the then outstanding
Common Stock and/or Derivative Securities, as applicable, being released or waived in the Triggering Release represents with respect to the then
outstanding Common Stock and/or Derivative Securities, as applicable, held by the Triggering Shareholder at the time of the request of the Triggering
Release. The provisions of this paragraph will not apply in the event of any underwritten secondary public offering of the Company’s Common Stock
during the Lock-Up Period, whether or not such offering or sale is wholly or partially a secondary offering (the “Underwritten Sale”) for purposes of
allowing such released owner to participate in such Underwritten Sale; provided, that the undersigned is offered the opportunity to participate in such
Underwritten Sale in accordance with the terms of the Registration Rights Agreement, among the Company and the investors and holders set forth
therein, as may be amended from time to time, and, if the undersigned so elects to participate in such Underwritten

2 Not included in lock-up signed by directors and officers.
Sale, the undersigned is hereby released from the restrictions herein with respect to the Undersigned’s Shares included in such Underwritten Sale; provided, further, that any of the Undersigned’s Shares that are released for such Underwritten Sale but not sold in such Underwritten Sale shall be subject to this Lock-Up Agreement immediately following such Underwritten Sale. Goldman Sachs & Co. LLC shall use commercially reasonable efforts to provide at least three business days’ notice to the undersigned prior to the effective date of such release or waiver (the “Release Date”), stating the percentage of shares of Common Stock and/or Derivative Securities, as applicable, held by such person or entity to which such release or waiver applies, and in any event shall provide such notice no later than the Release Date; provided that the failure to provide such notice shall not delay or otherwise affect the effectiveness of the release or waiver of the undersigned on the Release Date or give rise to any claim or liability against the Representatives or the Underwriters.\(^3\)

The undersigned now has, and, except as contemplated above, for the duration of this Lock-Up Agreement will have, good and marketable title to the undersigned’s shares of Common Stock of the Company, free and clear of all liens, encumbrances, and claims whatsoever. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company’s transfer agent and registrar against the transfer of the undersigned’s shares of Common Stock of the Company except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned’s heirs, legal representatives, successors, and assigns.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the public offering of the securities and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extent deemed appropriate. The undersigned further acknowledges and agrees that, although the Representatives may be required or choose to provide certain Regulation Best Interest and Form CRS disclosures to you in connection with the public offering, the Representatives and the other Underwriters are not making a recommendation to you to participate in the public offering or sell any Shares at the price determined in the public offering, and nothing set forth in such disclosures is intended to suggest that the Representatives or any Underwriter is making such a recommendation.

This Lock-Up Agreement will automatically terminate upon the earliest to occur, if any, of (a) the date that the Company advises Goldman Sachs & Co. LLC, in writing, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the public offering, (b) the date that Goldman Sachs & Co. LLC advises the Company, in writing, prior to the execution of the Underwriting Agreement, that the Underwriters have determined not to proceed with the public offering, (c) the date of termination of the Underwriting Agreement if prior to the closing of the public offering, or (d) September 30, 2020 if the public offering of the Shares has not been completed by such date.

\(^3\) Not included in lock-up signed by directors and officers.
Very truly yours,

Exact Name of Shareholder

Authorized Signature

Title

Contact Information for Notice
July 27, 2020

Rackspace Technology, Inc.
1 Fanatical Place
City of Windcrest
San Antonio, TX 78218

Registration Statement on Form S-1
(Registration No. 333-239794)

Ladies and Gentlemen:

We have acted as special counsel to Rackspace Technology, Inc., a Delaware corporation (the “Company”), in connection with the Registration Statement on Form S-1, as amended (the “Registration Statement”) of the Company, filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “Act”), and the rules and regulations thereunder (the “Rules”). You have asked us to furnish our opinion as to the legality of the securities being registered under the Registration Statement. The Registration Statement relates to the registration under the Act of up to 38,525,000 shares (the “Shares”) of the Company’s common stock, par value $0.01 per share (the “Common Stock”), that may be offered by the Company (including shares issuable by the Company upon exercise of the underwriters’ over-allotment option).
In connection with the furnishing of this opinion, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (collectively, the “Documents”):

1. the Registration Statement;

2. the form of the Underwriting Agreement (the “Underwriting Agreement”), included as Exhibit 1.1 to the Registration Statement;

3. the form of the Second Amended and Restated Certificate of Incorporation of the Company, included as Exhibit 3.1 to the Registration Statement (the “Amended and Restated Certificate of Incorporation”); and

4. the form of the Second Amended and Restated Bylaws of the Company, included as Exhibit 3.2 to the Registration Statement.

In addition, we have examined (i) such corporate records of the Company that we have considered appropriate, including a copy of the certificate of incorporation, as amended, and bylaws, as amended, of the Company, certified by the Company as in effect on the date of this letter and copies of resolutions of the board of directors of the Company relating to the issuance of the Shares, certified by the Company and (ii) such other certificates, agreements and documents that we deemed relevant and necessary as a basis for the opinion expressed below. We have also relied upon the factual matters
contained in the representations and warranties of the Company made in the Documents and upon certificates of public officials and the officers of the Company.

In our examination of the documents referred to above, we have assumed, without independent investigation, the genuineness of all signatures, the legal capacity of all individuals who have executed any of the documents reviewed by us, the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as certified, photostatic, reproduced or conformed copies of valid existing agreements or other documents, the authenticity of all the latter documents and that the statements regarding matters of fact in the certificates, records, agreements, instruments and documents that we have examined are accurate and complete. We have also assumed that the Amended and Restated Certificate of Incorporation will be properly filed in the Secretary of State of the State of Delaware prior to the issuance of the Shares.

Based upon the above, and subject to the stated assumptions, exceptions and qualifications, we are of the opinion that the Shares have been duly authorized by all necessary corporate action on the part of the Company and, when issued, delivered and paid for as contemplated in the Registration Statement and in accordance with the terms of the Underwriting Agreement, the Shares will be validly issued, fully paid and non-assessable.

The opinion expressed above is limited to the General Corporation Law of the State of Delaware. Our opinion is rendered only with respect to the laws, and the rules, regulations and orders under those laws, that are currently in effect.

We hereby consent to use of this opinion as an exhibit to the Registration Statement and to the use of our name under the heading "Legal Matters" contained in the prospectus included in the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required by the Act or the Rules.

Very truly yours,

/s/ Paul, Weiss, Rifkind, Wharton & Garrison LLP

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
NON-QUALIFIED STOCK OPTION AGREEMENT (this “Agreement”), dated as of [_____, 20__] (the “Grant Date”), by and among RACKSPACE CORP., a Delaware corporation (the “Company”), and [_____] (the “Optionee”).

WHEREAS, the Company, acting through a Committee (as defined in the Company’s Equity Incentive Plan (the “Plan”), has granted to the Optionee, effective as of the date of this Agreement, an option under the Plan to purchase a number of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan;

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article V). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Optionee upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan and in Annex I attached hereto.

Section 2. Option; Option Price. On the terms and subject to the conditions of the Plan and this Agreement, the Optionee shall have the option (the “Option”) to purchase Shares pursuant to the Tranche A option (the “Tranche A Option”) and the Tranche B option (the “Tranche B Option”), at the price per Share (the “Option Price”) and in the amounts set forth on the signature page hereto. Payment of the Option Price may be made in the manner specified by Section 5.9 of the Plan. The Option is not intended to qualify for federal income tax purposes as an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). Except as otherwise provided in this Agreement, the Option shall remain exercisable as to all Vested Options (as defined in Section 4) until the expiration of the Option Term (as defined in Section 3). Except as otherwise provided in Section 4 of this Agreement, upon a Termination of Relationship, the unvested portion of the Option (i.e., that portion that does not constitute Vested Options) shall terminate.

Section 3. Term. The term of the Option (the “Option Term”) shall commence on the Grant Date and expire on the tenth anniversary of the Grant Date, unless the Option shall have been terminated sooner in accordance with the terms of the Plan (including, without limitation, Section 5.7 of the Plan) or this Agreement.

Section 4. Vesting. Subject to the Optionee’s continued employment or other service relationship with the Company or its Subsidiaries through each applicable vesting date (except as otherwise provided in this Section 4), the Option shall become non-forfeitable (when the Option becomes non-forfeitable, a “Vested Option”) and shall become exercisable according to the following provisions:

(a) Twenty percent (20%) of the Tranche A Option shall become a Vested Option and shall become exercisable on each of the first five (5) anniversaries of the Grant Date; provided, however, that:
(i) the entire Tranche A Option shall immediately become a Vested Option and shall become exercisable upon a Change in Control, and

(ii) if a Termination of Relationship occurs at any time prior to a Change in Control as a result of (A) a termination of the Optionee’s employment or other service relationship by the Company or its Subsidiaries without Cause or (B) the Optionee’s death, serious illness or Disability, (1) the installment of the Tranche A Option scheduled to vest on the anniversary of the Grant Date next following such Termination of Relationship (if any) shall become a Vested Option and shall become exercisable as of the date of such Termination of Relationship and shall remain outstanding pursuant to the provisions of Section 8(a) with respect to the number of Option Shares equal to 20% of the Tranche A Option, multiplied by a fraction, (x) the numerator of which is equal to the number of calendar days that have elapsed since the last anniversary of the Grant Date prior to the date of the Termination of Relationship or, if no such anniversary date has yet occurred, the Grant Date, and (y) the denominator of which is equal to 365, and (2) if a Change in Control occurs within 90 days following such Termination of Relationship, the entire Tranche A Option shall immediately become a Vested Option and shall become exercisable as of immediately prior to the occurrence of such Change in Control (notwithstanding the provisions of Section 4(a)(i)) and such Vested Option shall remain outstanding pursuant to the provisions of Section 8(a) as if the Termination of the Relationship occurred on the date of the Change in Control.

(b) The Tranche B Option shall become a Vested Option and shall become exercisable as follows:

(i) Fifty percent (50%) of the Tranche B Option shall become a Vested Option and shall become exercisable upon any Measurement Date if Apollo has achieved a MOIC of at least one and three-quarters (1.75), as calculated by the Committee; and

(ii) Up to fifty percent (50%) of the Tranche B Option shall become a Vested Option and shall become exercisable upon any Measurement Date if Apollo has achieved a MOIC of greater than one and three-quarters (1.75) and up to two and one-quarter (2.25), determined based on linear interpolation between such MOIC achievement levels, as calculated by the Committee.

If a Termination of Relationship occurs (x) prior to the occurrence of a Change in Control and (y) as a result of (A) a termination of the Optionee’s employment or other service relationship by the Company or its Subsidiaries without Cause or (B) the Optionee’s death, serious illness or Disability, the unvested portion of the Tranche B Option (if any) shall remain outstanding and eligible to become a Vested Option during the 90 day period following such Termination of
Relationship upon achievement of the performance criteria set forth in Section 4(b) (after giving effect to Section 4(c)(i), if applicable) during such 90 day period, and any such portion that becomes a Vested Option shall remain outstanding pursuant to the provisions of Section 8(a) as if the Termination of Relationship occurred on the date of vesting; provided, that any portion of the Tranche B Option which remains unvested as of (I) the end of such 90 day period, or, (II) if earlier, after giving effect to the application of Section 4(c)(i) to the extent a Change in Control occurs and Apollo elects to give effect to Section 4(c)(i), shall be immediately forfeited; provided, further, that if a Change in Control occurs during such 90 day period and Apollo does not elect to give effect to Section 4(c)(i), any unvested portion of the Tranche B Option shall remain outstanding and the provisions of Section 4(b)(2) below (and not the provisions of Section 4(c)(iii)) will apply to such unvested portion of the Tranche B Option.

If a Termination of Relationship occurs (a) following the occurrence of a Change in Control in which Apollo elected to give effect to Section 4(c)(ii) and (b) as a result of (x) a termination of the Optionee’s employment or other service relationship by the Company or its Subsidiaries without Cause or (y) the Optionee’s death, serious illness or Disability, then Apollo shall elect one of the following two alternatives:

(1) The term Measurement Date shall be deemed amended to also mean the date of such Termination of Relationship, and the fair value (as reasonably determined in good faith by the Apollo Holders) as of the date of such termination of any Non-Cash Consideration received by the Apollo Holders upon or prior to such Measurement Date (that has not previously become, or been treated as, Cash Consideration) shall be treated as Cash Consideration. Any portion of the Tranche B Option which does not become a Vested Option upon the occurrence of such Termination of Relationship, in accordance with the performance criteria set forth in Section 4(b) (after giving effect to this Section 4(b)(1)), shall be immediately forfeited. Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(b)(1) shall remain outstanding pursuant to the provisions of Section 8(a); or

(2) The unvested portion of the Tranche B Option (if any) as of the date of such Termination of Relationship shall remain outstanding and eligible to become a Vested Option upon any future Measurement Date, in accordance with the performance criteria set forth in Section 4(b), until the tenth anniversary of the Grant Date or, if earlier, the date on which the Tranche B Option terminates pursuant to this Agreement or the Plan for any reason other than set forth in Section 8(a)(ii) or 8(a)(iii). Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(b)(2) shall automatically terminate without consideration and shall become null and void and be of no further force and effect upon the earliest of (A) the tenth anniversary of the Grant Date, (B) the date of the Termination of Relationship of the Optionee for Cause and (C) the 90th day following the date that the applicable unvested portion of the Tranche B Option becomes a Vested Option.

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Upon the occurrence of a Change in Control with respect to which the Apollo Holders receive any Non-Cash Consideration in lieu of, or in addition to, Cash Consideration, Apollo shall elect one of the following two alternatives:

(i) The term Measurement Date shall be deemed amended to also mean the date of such Change in Control, and the fair value (as reasonably determined in good faith by the Apollo Holders) as of the date of such Change in Control of any such Non-Cash Consideration shall be treated as Cash Consideration. Any portion of the Tranche B Option which does not become a Vested Option upon the occurrence of such Change in Control, in accordance with the performance criteria set forth in Section 4(b) (after giving effect to this Section 4(c)(i)), shall be immediately forfeited. Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(c)(i) shall remain outstanding pursuant to the provisions of Section 8(a); or

(ii) Any portion of the Tranche B Option which does not become a Vested Option upon the occurrence of such Change in Control shall remain outstanding and eligible to become a Vested Option upon any future Measurement Date in accordance with the performance criteria set forth in Section 4(b), until the Tranche B Option terminates pursuant to this Agreement or the Plan (including, without limitation, in connection with a Termination of Relationship pursuant to Section 8(a)). Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(c)(ii) shall remain outstanding pursuant to the provisions of Section 8(a).

(d) Notwithstanding anything contained herein to the contrary, except as otherwise provided in this Section 4, the Option shall cease vesting as of the date of the Optionee’s Termination of Relationship with the Company or any of its Subsidiaries for any reason and no portion of the Option that is not a Vested Option as of such time shall become a Vested Option thereafter (i.e., the portion of the Option that is not a Vested Option shall be forfeited immediately); provided, that, in the event that the Optionee experiences a Termination of Relationship for Cause, all Options then held by the Optionee (whether vested or unvested) shall immediately be forfeited.

Section 5. Restrictive Covenants. The Optionee acknowledges and agrees that by accepting the Options issued hereunder, the Optionee shall be bound by, and shall abide by, the covenants set forth in this Section 5, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any Service Agreement or other document required by the Committee with respect to such grant.

(a) Non-Solicitation; No Hire. To the fullest extent permitted by applicable law, the Optionee agrees that during the Optionee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Optionee’s Termination of Relationship for any reason, the Optionee will not, directly or indirectly, on the Optionee’s own behalf or on behalf of another (i) solicit, induce or attempt to solicit or induce any officer, director or employee of the Company Group to terminate their relationship with or leave the employ of the Company Group, or in any way interfere with the relationship between any member of the Company Group, on the one hand, and any officer, director or employee thereof,
on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether as an officer, director, employee or consultant) who is or at any time was an officer, director or employee of the Company Group until six (6) months after such individual’s relationship (whether as an officer, director or employee) with the Company Group has ended, or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company Group to cease doing business with the Company Group, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company Group, on the other hand.

(b) Non-Competition. To the fullest extent permitted by applicable law and to further preserve the confidentiality of the Company Group’s confidential information, the Optionee agrees that during the Optionee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Optionee’s Termination of Relationship for any reason, the Optionee will not, directly or indirectly, have any equity or equity-based interest, or work or otherwise provide services as an employee, contractor, officer, owner, consultant, partner, director or otherwise, in any business anywhere in the world that sells managed dedicated or cloud computing services substantially similar to those services provided by the Company Group, 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 Group’s products or services. Notwithstanding the foregoing, the Optionee 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 five percent (5%) of the outstanding interest in such business.

(c) Nondisclosure of Confidential Information; Return of Property. The Optionee recognizes and acknowledges that he or she has access to the confidential information and/or has had material contact with the Company Group’s customers, suppliers, licensees, representatives, agents, partners, licensors, or business relations. The Optionee agrees that at any time during or after such time as the Optionee is a Participant in the Plan, the Optionee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for the Optionee’s benefit or the benefit of any Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group’s operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Upon the Optionee’s termination of employment for any reason, the Optionee shall promptly deliver to the Company (with the cost of shipping reimbursed by the Company) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company Group’s customers, business plans, marketing strategies, products or processes. The Optionee may respond to a lawful and valid subpoena or other legal process but shall give the
Company Group the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought and, if requested by the Company Group, shall reasonably assist such counsel in resisting or otherwise responding to such process.

(d) **Non-Disparagement.** The Optionee shall not, at any time, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory statements regarding the Company Group, or any of its successors, directors or officers. The foregoing shall not be violated by the Optionee’s truthful responses to legal process or inquiry by a governmental authority.

(e) **Intellectual Property Rights.**

(i) The Optionee agrees that the results and proceeds of the Optionee’s services for the Company Group (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed for the Company Group and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by the Optionee, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company Group) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to the Optionee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company Group under the immediately preceding sentence, then the Optionee hereby irrevocably assigns and agrees to assign any and all of the Optionee’s right, title and interest thereto, including, without limitation, any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such Subsidiaries or Affiliates without any further payment to the Optionee whatsoever. As to any Invention that the Optionee is required to assign, the Optionee shall promptly and fully disclose to the Company all information known to the Optionee concerning such Invention. The Optionee hereby waives and quitclaims to the Company Group any and all claims, of any nature whatsoever, that the Optionee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company Group.

(ii) The Optionee agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Optionee shall do any and all
things that the Company may reasonably deem useful or desirable to establish or document the Company Group's exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent the Optionee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, the Optionee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 5(e) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company Group of any Proprietary Rights of ownership to which the Company Group may be entitled by operation of law by virtue of the Optionee's employment with, or service to, the Company Group. The Optionee further agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, the Optionee shall assist the Company Group in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, the Optionee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, the Optionee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. The Optionee's obligation to assist the Company Group with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the Optionee's Termination of Relationship.

(f) Restrictive Covenants Generally. If, at the time of enforcement of the covenants contained in this Section 5 (the “Restrictive Covenants”), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by applicable law. The Optionee hereby acknowledges that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company Group. The Optionee further acknowledges and agrees that the Restrictive Covenants are being agreed to by the Optionee in connection with the Company’s issuance of an Award to the Optionee under the Plan, and are in addition to, not in substitution for, any restrictive covenants to which the Optionee is or may become subject in connection with any relationship with the Company Group.

(g) Enforcement. If the Optionee breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Company Group shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company Group at law or in equity: (i) the right and remedy to seek to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction (without posting a bond), it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company Group and that money damages would not provide an adequate remedy to the Company Group; and (ii) the right and remedy to require the Optionee to account for and pay over to the Company any profits, monies, accruals, increments or other
benefits derived or received by the Optionee as the result of any transactions constituting a breach of the Restrictive Covenants. In the event of any breach or violation by the Optionee of any of the Restrictive Covenants, the time period of such covenant with respect to the Optionee shall, to the fullest extent permitted by law, be tolled until such breach or violation is resolved.

Section 6. Restriction on Transfer. Except for transfers to an Affiliate (determined as if the Optionee were a Holder, as defined in the Investor Rights Agreement) for estate planning purposes, the Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee and may be exercised during the lifetime of the Optionee only by the Optionee. If the Optionee dies, the Option shall thereafter be exercisable, during the period specified in Section 8 of this Agreement, by his or her executors or administrators to the full extent to which the Option was exercisable by the Optionee at the time of his or her death. The Option shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

Section 7. Optionee’s Employment or Other Service Relationship. Nothing in the Option shall confer upon the Optionee any right to continue the Optionee’s employment or other service relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Optionee’s employment or other service relationship with the Company or its Affiliates or to increase or decrease the Optionee’s compensation at any time. The grant of the Option is a onetime benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of the Option does not form part of the Optionee’s entitlement to remuneration or benefits in terms of his or her employment or other service relationship with the Company or any Subsidiary.

Section 8. Termination.

(a) Except as otherwise provided in Section 4(b)(2), following a Termination of Relationship, the Option shall automatically terminate without consideration and shall become null and void and be of no further force and effect upon the earliest of:

(i) The tenth anniversary of the Grant Date;

(ii) The first anniversary of any Termination of Relationship of the Optionee due to the Optionee’s death or by the Company due to the Optionee’s Disability;
The 90th day following any Termination of Relationship of the Optionee due to the Optionee’s resignation for any reason or the Optionee’s Termination of Relationship without Cause;

The date of the Termination of Relationship of the Optionee for Cause.

Section 9. Payment of Option Price. Payment of the Option Price may be made in the manner specified by Section 5.9 of the Plan.

Section 10. Notices.

(a) The Optionee shall be entitled to receive notice of an event that would entitle the Optionee to notice under the Investor Rights Agreement were the Optionee a holder of the Option Shares in sufficient time to afford the Optionee with an opportunity to exercise a Vested Option (or the unvested portion of the Option that would become a Vested Option upon such event) in advance of such event.

(b) All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier, by facsimile, by email, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices and to:
Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218
and a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Fax: (212) 757-3990
Attention: Taurie M. Zeitzer
Email:

If to the Optionee, to him or her at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent), (d) in the case of email, when transmitted via email (in each case, if no “system error” or other notice of non-delivery is generated) to the applicable party and its legal counsel set forth above, and (e) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

Section 11.  Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 12.  Optionee’s Undertaking. The Optionee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Optionee pursuant to the express provisions of this Agreement and the Plan.

Section 13.  Modification of Rights. The rights of the Optionee are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the Options granted hereby). Notwithstanding the foregoing, the Optionee’s rights under this Agreement and the Plan may not be impaired without the Optionee’s consent.

Section 14.  Governing Law; Consent to Jurisdiction.

(a)  NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL.
THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Notwithstanding anything to the contrary contained in any Service Agreement, each of the parties hereto irrevocably (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereof, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement in any court other than the courts of the State of Delaware, as described above. Each party to this Agreement hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a party hereto is entitled pursuant to the final judgment of any court having jurisdiction.

Section 15. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 16. Entire Agreement. This Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 17. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or
unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 18. **Enforcement.** In the event the Company or the Optionee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.

Section 19. **Waiver of Jury Trial.** Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Non-Qualified Stock Option Agreement as of the date first written above.

RACKSPACE CORP.

By: ________________________________
   Name: ____________________________
   Title: _____________________________

OPTIONEE

[Name]

Date of Acceptance: __________________

Residence Address: __________________________

Number of Shares of Common Stock
subject to Tranche A Option: [_____]1

Number of Shares of Common Stock
subject to Tranche B Option: [_____]2

Option Price for Tranche A Option: $[______]

Option Price for Tranche B Option: $[______]

1 1/3 of the Options granted
2 2/3 of the Options granted

[Signature Page to Non-Qualified Stock Option Agreement]
ANNEX I
DEFINITIONS

“Cash Consideration” means any consideration received by the Apollo Holders in respect of Shares in the form of cash, cash equivalents or Marketable Securities (including the Shares themselves to the extent they become Marketable Securities). Cash Consideration shall include any Non-Cash Consideration that is converted to or becomes cash, cash equivalents or Marketable Securities, and any Non-Cash Consideration that Apollo elects to treat as Cash Consideration pursuant to the terms of this Agreement.

“Invested Capital” means, with respect to the Apollo Holders, the amount of money and the initial book value of any property contributed to the Company by the Apollo Holders in exchange for Shares.

“Marketable Securities” means shares of common stock of another entity or, following an initial public offering of Common Stock, Shares, in each case, that (i) are freely tradeable without violating any “lockup” agreements, other contractual restrictions, or federal, state, or local securities laws; and (ii) are listed on any of the New York Stock Exchange, Nasdaq Stock Market, or another United States or foreign traded public exchange reasonably acceptable to the Apollo. The value of Marketable Securities on any given Measurement Date shall be deemed to equal the volume weighted average trading price of such securities over the thirty (30) consecutive trading days immediately preceding such Measurement Date. For purposes of clause (i) above, Shares shall be treated as freely tradeable without violating any federal, state, or local securities laws if the Company is eligible to file a registration statement with the U.S. Securities and Exchange Commission (“SEC”) on Form S-3 (or any successor form) for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (or any similar rule that may be adopted by the SEC) covering such Shares, and the Apollo Holders have the right to cause the Company to file such a registration statement covering such Shares.

“Measurement Date” means each date on which the Apollo Holders receive Cash Consideration. For so long as the Apollo Holders beneficially own Marketable Securities in the form of Shares, a Measurement Date shall occur on each trading day such Marketable Securities are so owned. In addition, if any portion of a Tranche B Option remains outstanding and unvested on the tenth anniversary of the Grant Date, and prior thereto the Apollo Holders received Non-Cash Consideration in connection with a Change in Control, the day before such tenth anniversary shall be deemed a Measurement Date, and all Non-Cash Consideration not previously taken into account as Cash Consideration shall be treated as Cash Consideration based on the fair value (as reasonably determined in good faith by the Apollo Holders) as of such day of any such Non-Cash Consideration.

“Non-Cash Consideration” means any consideration received by the Apollo Holders in respect of Shares that is not in the form of Cash Consideration, including any contingent right to receive Cash Consideration on or at a future date or time. In the event of a Change in Control involving the acquisition of less than 100% of the equity securities beneficially owned by the Apollo Holders, the equity securities of the Company that are retained by the Apollo Holders shall be treated as Non-Cash Consideration.
“MOIC” means as of each Measurement Date, the multiple equal to the ratio of (i) the amount of all Cash Consideration received on or prior to such Measurement Date, to (ii) the amount of all Invested Capital contributed on or prior to such Measurement Date.
NON-QUALIFIED STOCK OPTION AGREEMENT (this “Agreement”), dated as of the Effective Date of the Employment Agreement (the “Grant Date”), by and among RACKSPACE TECHNOLOGY, INC., a Delaware corporation (the “Company”), and Kevin Jones (the “Optionee”).

WHEREAS, the Company, acting through a Committee (as defined in the Company’s Equity Incentive Plan (the “Plan”)), has granted to the Optionee, effective as of the date of this Agreement, an option under the Plan to purchase a number of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan; and

WHEREAS, the Optionee shall be employed with the Company pursuant to a written employment agreement (“Employment Agreement”).

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article V). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Optionee upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan and in Annex I attached hereto.

Section 2. Option; Option Price. On the terms and subject to the conditions of the Plan and this Agreement, the Optionee shall have the option (the “Option”) to purchase Shares pursuant to the Tranche A option (the “Tranche A Option”) and the Tranche B option (the “Tranche B Option”), at the price per Share (the “Option Price”) and in the amounts set forth on the signature page hereto. Payment of the Option Price may be made in the manner specified by Section 5.9 of the Plan and as further described in Section 9 below. The Option is not intended to qualify for federal income tax purposes as an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). Except as otherwise provided in this Agreement, the Option shall remain exercisable as to all Vested Options (as defined in Section 4) until the expiration of the Option Term (as defined in Section 3). Except as otherwise provided in Section 4 of this Agreement, upon a Termination of Relationship, the unvested portion of the Option (i.e., that portion that does not constitute Vested Options) shall terminate.

Section 3. Term. The term of the Option (the “Option Term”) shall commence on the Grant Date and expire on the tenth anniversary of the Grant Date, unless the Option shall have been terminated sooner in accordance with the terms of the Plan (including, without limitation, Section 5.7 of the Plan) or this Agreement.

Section 4. Vesting. Subject to the Optionee’s continued employment or other service relationship with the Company or its Subsidiaries through each applicable vesting date (except as otherwise provided in this Section 4), the Option shall become non-forfeitable, a “Vested Option” and shall become exercisable according to the following provisions:
(a) Twenty percent (20%) of the Tranche A Option shall become a Vested Option and shall become exercisable on each of the first five (5) anniversaries of the Grant Date; provided, however, that:

(i) the entire Tranche A Option shall immediately become a Vested Option and shall become exercisable upon a Change in Control, and

(ii) if a Termination of Relationship occurs at any time prior to a Change in Control as a result of (A) a termination of the Optionee’s employment or other service relationship by the Company or its Subsidiaries without Cause, (B) the Optionee’s death, serious illness or Disability or (C) any resignation by the Optionee for Good Reason, (1) the installment of the Tranche A Option scheduled to vest on the anniversary of the Grant Date next following such Termination of Relationship (if any) shall become a Vested Option and shall become exercisable as of the date of such Termination of Relationship and shall remain outstanding pursuant to the provisions of Section 8(a) with respect to the number of Option Shares equal to 20% of the Tranche A Option, multiplied by a fraction, (x) the numerator of which is equal to the number of calendar days that have elapsed since the last anniversary of the Grant Date prior to the date of the Termination of Relationship or, if no such anniversary date has yet occurred, the Grant Date, and (y) the denominator of which is equal to 365, and (2) if a Change in Control occurs within 90 days following such Termination of Relationship, the entire Tranche A Option shall immediately become a Vested Option and shall become exercisable as of immediately prior to the occurrence of such Change in Control (notwithstanding the provisions of Section 4(a)(i)) and such Vested Option shall remain outstanding pursuant to the provisions of Section 8(a) as if the Termination of the Relationship occurred on the date of the Change in Control.

(b) The Tranche B Option shall become a Vested Option and shall become exercisable as follows:

(i) Fifty percent (50%) of the Tranche B Option shall become a Vested Option and shall become exercisable upon any Measurement Date if Apollo has achieved a MOIC of at least one and three-quarters (1.75) as calculated by the Committee; and

(ii) Up to fifty percent (50%) of the Tranche B Option shall become a Vested Option and shall become exercisable upon any Measurement Date if Apollo has achieved a MOIC of greater than one and three-quarters (1.75) and up to two and one-quarter (2.25), determined based on linear interpolation between such MOIC achievement levels as calculated by the Committee.
If a Termination of Relationship occurs (x) prior to the occurrence of a Change in Control and (y) as a result of (A) a termination of the Optionee’s employment or other service relationship by the Company or its Subsidiaries without Cause, (B) the Optionee’s death, serious illness or Disability or (C) any resignation by the Optionee for Good Reason, the unvested portion of the Tranche B Option (if any) shall remain outstanding and eligible to become a Vested Option during the 90 day period following such Termination of Relationship upon achievement of the performance criteria set forth in Section 4(b) (after giving effect to Section 4(c)(i), if applicable) during such 90 day period, and any such portion that becomes a Vested Option shall remain outstanding pursuant to the provisions of Section 8(a) as if the Termination of Relationship occurred on the date of vesting; provided, that any portion of the Tranche B Option which remains unvested as of (I) the end of such 90 day period, or, (II) if earlier, after giving effect to the application of Section 4(c)(i) to the extent a Change in Control occurs and Apollo elects to give effect to Section 4(c)(i), shall be immediately forfeited; provided, further, that if a Change in Control occurs during such 90 day period and Apollo does not elect to give effect to Section 4(c)(i), any unvested portion of the Tranche B Option shall remain outstanding and the provisions of Section 4(b)(2) below (and not the provisions of Section 4(c)(ii)) will apply to such unvested portion of the Tranche B Option.

If a Termination of Relationship occurs (a) following the occurrence of a Change in Control in which Apollo elected to give effect to Section 4(c)(ii) and (b) as a result of (x) a termination of the Optionee’s employment or other service relationship by the Company or its Subsidiaries without Cause, (y) the Optionee’s death, serious illness or Disability or (z) any resignation by the Optionee for Good Reason, then Apollo shall elect one of the following two alternatives:

1. The term Measurement Date shall be deemed amended to also mean the date of such Termination of Relationship, and the fair value (as reasonably determined in good faith by the Apollo Holders) as of the date of such termination of any Non-Cash Consideration received by the Apollo Holders upon or prior to such Measurement Date (that has not previously become, or been treated as, Cash Consideration) shall be treated as Cash Consideration. Any portion of the Tranche B Option which does not become a Vested Option upon the occurrence of such Termination of Relationship, in accordance with the performance criteria set forth in Section 4(b) (after giving effect to this Section 4(b)(1)), shall be immediately forfeited. Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(b)(1) shall remain outstanding pursuant to the provisions of Section 8(a); or

2. The unvested portion of the Tranche B Option (if any) as of the date of such Termination of Relationship shall remain outstanding and eligible to become a Vested Option upon any future Measurement Date, in accordance with the performance criteria set forth in Section 4(b), until the tenth anniversary of the Grant Date or, if earlier, the date on which the Tranche B Option terminates pursuant to this Agreement or the Plan for any reason other than set forth in Section 8(a)(ii) or 8(a)(iii). Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(b)(2) shall automatically terminate without consideration and shall become null and void and be of no further force and effect upon the earliest of (A) the tenth anniversary of the Grant Date, (B) the date of the Termination of Relationship of the Optionee for Cause and (C) the 90th day following the date that the applicable unvested portion of the Tranche B Option becomes a Vested Option.
Upon the occurrence of a Change in Control with respect to which the Apollo Holders receive any Non-Cash Consideration in lieu of, or in addition to, Cash Consideration, Apollo shall elect one of the following two alternatives:

(i) The term Measurement Date shall be deemed amended to also mean the date of such Change in Control, and the fair value (as reasonably determined in good faith by the Apollo Holders) as of the date of such Change in Control of any such Non-Cash Consideration shall be treated as Cash Consideration. Any portion of the Tranche B Option which does not become a Vested Option upon the occurrence of such Change in Control, in accordance with the performance criteria set forth in Section 4(b) (after giving effect to this Section 4(c)(i)), shall be immediately forfeited. Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(c)(i) shall remain outstanding pursuant to the provisions of Section 8(a); or

(ii) Any portion of the Tranche B Option which does not become a Vested Option upon the occurrence of such Change in Control shall remain outstanding and eligible to become a Vested Option upon any future Measurement Date in accordance with the performance criteria set forth in Section 4(b), until the Tranche B Option terminates pursuant to this Agreement or the Plan (including, without limitation, in connection with a Termination of Relationship pursuant to Section 8(a)). Any portion of the Tranche B Option that becomes a Vested Option in accordance with the foregoing provisions of this Section 4(c)(ii) shall remain outstanding pursuant to the provisions of Section 8(a).

(d) Notwithstanding anything contained herein to the contrary, except as otherwise provided in this Section 4, the Option shall cease vesting as of the date of the Optionee’s Termination of Relationship with the Company or any of its Subsidiaries for any reason and no portion of the Option that is not a Vested Option as of such time shall become a Vested Option thereafter (i.e., the portion of the Option that is not a Vested Option shall be forfeited immediately); provided, that, in the event that the Optionee experiences a Termination of Relationship for Cause, all Options then held by the Optionee (whether vested or unvested) shall immediately be forfeited.

(e) “Good Reason,” when used in connection with the Termination of Relationship of the Optionee, shall have the same meaning ascribed to such term in the Optionee’s Employment Agreement.

Section 5. Restrictive Covenants. The Optionee acknowledges and agrees that by accepting the Options issued hereunder, the Optionee shall be bound by, and shall abide by, the covenants set forth in this Section 5, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any Service Agreement or other document required by the Committee with respect to such grant.
(a) Non-Solicitation; No Hire. To the fullest extent permitted by applicable law, the Optionee agrees that during the Optionee’s employment or other service relationship with the Company Group, and for the eighteen (18) month period following the Optionee’s Termination of Relationship for any reason, the Optionee will not, directly or indirectly, on the Optionee’s own behalf or on behalf of another (i) solicit, induce or attempt to solicit or induce any officer, director or employee of the Company Group to terminate their relationship with or leave the employ of the Company Group, or in any way interfere with the relationship between any member of the Company Group, on the one hand, and any officer, director or employee thereof, on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether as an officer, director, employee or consultant) who is or at any time was an officer, director or employee of the Company Group until six (6) months after such individual’s relationship (whether as an officer, director or employee) with the Company Group has ended, or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company Group to cease doing business with the Company Group, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company Group, on the other hand.

(b) Non-Competition. To the fullest extent permitted by applicable law, the Optionee agrees that during the Optionee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Optionee’s Termination of Relationship for any reason, the Optionee will not, directly or indirectly, have any equity or equity-based interest, or work or otherwise provide services as an employee, contractor, officer, owner, consultant, partner, director or otherwise, in any business anywhere in the world that sells hosting and information technology services substantially similar to those services provided by the Company Group, 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, compute, virtual networking and similar services, and (iii) all similar related services. Notwithstanding the foregoing, the Optionee 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 five percent (5%) of the outstanding interest in such business.

(c) Nondisclosure of Confidential Information; Return of Property. The Optionee recognizes and acknowledges that he has access to the confidential information and/or has had material contact with the Company Group’s customers, suppliers, licensees, representatives, agents, partners, licensors, or business relations. The Optionee agrees that at any time during or after such time as the Optionee is a Participant in the Plan, the Optionee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for the Optionee’s benefit or the benefit of any Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group’s operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Upon the Optionee’s termination of employment for any reason, the Optionee shall promptly deliver to the Company (with the cost of shipping reimbursed by the Company) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company Group’s customers, business plans, marketing strategies, products or processes. The Optionee
may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought and, if requested by the Company Group, shall reasonably assist such counsel in resisting or otherwise responding to such process.

(d) **Non-Disparagement.** The Optionee shall not, at any time, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory statements regarding the Company Group, or any of its successors, directors or officers. The foregoing shall not be violated by the Optionee’s truthful responses to legal process or inquiry by a governmental authority.

(e) **Intellectual Property Rights.**

(i) The Optionee agrees that the results and proceeds of the Optionee’s services for the Company Group (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed for the Company Group and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by the Optionee, either alone or jointly with others (collectively, “**Inventions**”), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company Group) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, “**Proprietary Rights**”) of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to the Optionee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a works-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company Group under the immediately preceding sentence, then the Optionee hereby irrevocably assigns and agrees to assign any and all of the Optionee’s right, title and interest thereto, including, without limitation, any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such Subsidiaries or Affiliates without any further payment to the Optionee whatsoever. As to any Invention that the Optionee is required to assign, the Optionee shall promptly and fully disclose to the Company all information known to the Optionee concerning such Invention. The Optionee hereby waives and quitclaims to the Company Group any and all claims, of any nature whatsoever, that the Optionee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company Group.
(ii) The Optionee agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Optionee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company Group’s exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent the Optionee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, the Optionee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 5(e) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company Group of any Proprietary Rights of ownership to which the Company Group may be entitled by operation of law by virtue of the Optionee’s employment with, or service to, the Company Group. The Optionee further agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Optionee shall assist the Company Group in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, the Optionee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, the Optionee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. The Optionee’s obligation to assist the Company Group with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the Optionee’s Termination of Relationship.

(f) Restrictive Covenants Generally. If, at the time of enforcement of the covenants contained in this Section 5 (the “Restrictive Covenants”), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by applicable law. The Optionee hereby acknowledges that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company Group. The Optionee further acknowledges and agrees that the Restrictive Covenants are being agreed to by the Optionee in connection with the Company’s issuance of an Award to the Optionee under the Plan, and are in addition to, not in substitution for, any restrictive covenants to which the Optionee is or may become subject in connection with any relationship with the Company Group.

(g) Enforcement. If the Optionee breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Company Group shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company Group at law or in equity: (i) the right and remedy to seek to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction (without posting a bond), it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company Group and that money damages would not provide an adequate remedy to the Company Group; and (ii) the right and remedy to require the Optionee to account for and pay over to the Company any profits, monies, accruals, increments or other benefits derived or received by the Optionee as the result of any transactions constituting a breach of the Restrictive Covenants. In the event of any breach or violation by the Optionee of any of the Restrictive Covenants, the time period of such covenant with respect to the Optionee shall, to the fullest extent permitted by law, be tolled until such breach or violation is resolved.
Section 6. Restriction on Transfer. Except for transfers to an Affiliate (determined as if the Optionee were a Holder, as defined in the Investor Rights Agreement) for estate planning purposes, the Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee and may be exercised during the lifetime of the Optionee only by the Optionee. If the Optionee dies, the Option shall thereafter be exercisable, during the period specified in Section 8 of this Agreement, by his executors or administrators to the full extent to which the Option was exercisable by the Optionee at the time of his death. The Option shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

Section 7. Optionee’s Employment or Other Service Relationship. Nothing in the Option shall confer upon the Optionee any right to continue the Optionee’s employment or other service relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Optionee’s employment or other service relationship with the Company or its Affiliates or to increase or decrease the Optionee’s compensation at any time. The grant of the Option is a one-time benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of the Option does not form part of the Optionee’s entitlement to remuneration or benefits in terms of his employment or other service relationship with the Company or any Subsidiary.

Section 8. Termination.

(a) Except as otherwise provided in Section 4(b)(2), following a Termination of Relationship, the Option shall automatically terminate without consideration and shall become null and void and be of no further force and effect upon the earliest of:

(i) The tenth anniversary of the Grant Date;

(ii) The first anniversary of any Termination of Relationship of the Optionee due to the Optionee’s death or by the Company due to the Optionee’s Disability;

(iii) The 90th day following any Termination of Relationship of the Optionee due to the Optionee’s resignation for any reason or the Optionee’s Termination of Relationship without Cause;
(iv) The date of the Termination of Relationship of the Optionee for Cause.

Section 9. Payment of Option Price. Payment of the Option Price may be made in the manner specified by Section 5.9 of the Plan.
Optionee for Good Reason, or at any other time with the consent of the Committee, instruct the Company to withhold from the number of Shares with respect to which the Option is being exercised a number of Shares having, as of the date of such exercise, a Fair Market Value of the Common Stock (subject to the appraisal rights as described in Section 8(c)) equal to the Optionee Tax Obligation so that the Company may satisfy its tax withholding obligations.

Section 10. Notices.

(a) The Optionee shall be entitled to receive notice of an event that would entitle the Optionee to notice under the Investor Rights Agreement were the Optionee a holder of the Option Shares in sufficient time to afford the Optionee with an opportunity to exercise a Vested Option (or the unvested portion of the Option that would become a Vested Option upon such event) in advance of such event.

(b) All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier, by facsimile, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices and to:
Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218

and a copy (which shall not constitute notice) to:
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Fax: (212) 757-3990
Attention: Taurie M. Zeitzer

If to the Optionee, to him at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent), and (d) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.
Section 11. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 12. Optionee’s Undertaking. The Optionee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Optionee pursuant to the express provisions of this Agreement and the Plan.

Section 13. Modification of Rights. The rights of the Optionee are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the Options granted hereby). Notwithstanding the foregoing, the Optionee’s rights under this Agreement, the Employment Agreement or the Plan may not be impaired without the Optionee’s consent.


(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Intentionally Omitted.

Section 15. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 16. Entire Agreement. This Agreement, the Optionee’s Employment Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 17. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the
validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 18. Enforcement. In the event the Company or the Optionee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.

Section 19. Waiver of Jury Trial. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Non-Qualified Stock Option Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC.

By: ________________________________
   Name: ________________________________
   Title: ________________________________

OPTIONEE

Kevin Jones

Residence Address:

Number of Shares of Common Stock subject to Tranche A Option: 66,667

Number of Shares of Common Stock subject to Tranche B Option: 133,333

Option Price for Tranche A Option: $[●]¹

Option Price for Tranche B Option: $[●]²

¹ Note to Draft: To be FMV on date of grant.
² Note to Draft: To be FMV on date of grant.

[Signature Page to Non-Qualified Stock Option Agreement]
ANNEX I
DEFINITIONS

“Cash Consideration” means any consideration received by the Apollo Holders in respect of Shares in the form of cash, cash equivalents or Marketable Securities (including the Shares themselves to the extent they become Marketable Securities). Cash Consideration shall include any Non-Cash Consideration that is converted to or becomes cash, cash equivalents or Marketable Securities, and any Non-Cash Consideration that Apollo elects to treat as Cash Consideration pursuant to the terms of this Agreement.

“Invested Capital” means, with respect to the Apollo Holders, the amount of money and the initial book value of any property contributed to the Company by the Apollo Holders in exchange for Shares.

“Marketable Securities” means shares of common stock of another entity or, following an initial public offering of Common Stock, Shares, in each case, that (i) are freely tradeable without violating any “lockup” agreements, other contractual restrictions, or federal, state, or local securities laws; and (ii) are listed on any of the New York Stock Exchange, Nasdaq Stock Market, or another United States or foreign traded public exchange reasonably acceptable to the Apollo. The value of Marketable Securities on any given Measurement Date shall be deemed to equal the volume weighted average trading price of such securities over the thirty (30) consecutive trading days immediately preceding such Measurement Date. For purposes of clause (i) above, Shares shall be treated as freely tradeable without violating any federal, state, or local securities laws if the Company is eligible to file a registration statement with the U.S. Securities and Exchange Commission (“SEC”) on Form S-3 (or any successor form) for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (or any similar rule that may be adopted by the SEC) covering such Shares, and the Apollo Holders have the right to cause the Company to file such a registration statement covering such Shares.

“Measurement Date” means each date on which the Apollo Holders receive Cash Consideration. For so long as the Apollo Holders beneficially own Marketable Securities in the form of Shares, a Measurement Date shall occur on each trading day such Marketable Securities are so owned. In addition, if any portion of a Tranche B Option remains outstanding and unvested on the tenth anniversary of the Grant Date, and prior thereto the Apollo Holders received Non-Cash Consideration in connection with a Change in Control, the day before such tenth anniversary shall be deemed a Measurement Date, and all Non-Cash Consideration not previously taken into account as Cash Consideration shall be treated as Cash Consideration based on the fair value (as reasonably determined in good faith by the Apollo Holders) as of such day of any such Non-Cash Consideration.

“Non-Cash Consideration” means any consideration received by the Apollo Holders in respect of Shares that is not in the form of Cash Consideration, including any contingent right to receive Cash Consideration on or at a future date or time. In the event of a Change in Control involving the acquisition of less than 100% of the equity securities beneficially owned by the Apollo Holders, the equity securities of the Company that are retained by the Apollo Holders shall be treated as Non-Cash Consideration.
“MOIC” means as of each Measurement Date, the multiple equal to the ratio of (i) the amount of all Cash Consideration received on or prior to such Measurement Date, to (ii) the amount of all Invested Capital contributed on or prior to such Measurement Date.
SERVICE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”), dated as of the Effective Date of the Employment Agreement (the “Grant Date”), by and among RACKSPACE TECHNOLOGY, INC., a Delaware corporation (the “Company”), and Kevin Jones (the “Grantee”).

WHEREAS, the Company, acting through a Committee (as defined in the Company’s Equity Incentive Plan (the “Plan”)), has granted to the Grantee, effective as of the date of this Agreement, an award of Restricted Stock Units (the “RSUs”) under the Plan in respect of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan.

WHEREAS, the Grantee shall be employed with the Company pursuant to a written employment agreement (“Employment Agreement”).

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article VII). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Grantee upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan.

Section 2. Grant of RSUs. On the terms and subject to the conditions of the Plan and this Agreement, the Company hereby grants to the Grantee RSUs in the amount set forth on the signature page hereto. The RSUs shall be credited to a book entry account maintained for the Grantee on the books of the Company. Upon a Termination of Relationship due to the Grantee’s resignation without Good Reason (as defined below), the unvested portion of the RSUs (i.e., that portion that does not constitute Vested RSUs) shall terminate.

Section 3. Vesting. Subject to the Grantee’s continued employment or other service relationship with the Company or its Subsidiaries through each applicable vesting date (except as otherwise provided in this Section 3), all RSUs shall become non-forfeitable (when a RSU becomes non-forfeitable, a “Vested RSU”) according to the following provisions:

(a) One-third (1/3) of the RSUs shall become Vested RSUs on each of the first three (3) anniversaries of the Grant Date; provided, however, that:

   (i) all of the RSUs shall immediately become Vested RSUs upon a Change in Control; and
   
   (ii) if a Termination of Relationship occurs at any time other than by the Grantee without Good Reason, all of the RSUs shall immediately become Vested RSUs as of the date of such Termination of Relationship.
(b) Notwithstanding anything contained herein to the contrary, the RSUs shall cease vesting as of the date of the Grantee’s Termination of Relationship with the Company or any of its Subsidiaries due to a resignation by the Grantee without Good Reason and no portion of the RSUs that are not Vested RSUs as of such time shall become Vested RSUs thereafter (i.e., the portion of the RSUs that are not Vested RSUs shall be forfeited immediately).

(c) “Good Reason” when used in connection with the Termination of Relationship of the Grantee, shall have the same meaning ascribed to such term in the Grantee’s Employment Agreement.

Section 4. Settlement; Investor Rights Agreement. Each Vested RSU shall be settled as promptly as reasonably practicable following the applicable vesting date (but in any event by March 15 of the year following the year in which such applicable vesting date occurs).

Section 5. Restrictive Covenants. The Grantee acknowledges and agrees that by accepting the RSUs issued hereunder, the Grantee remains bound by, and shall abide by, the covenants set forth in Section 5 of that certain Non-Qualified Stock Option Agreement, dated as of the date hereof, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any Service Agreement or other document required by the Committee with respect to such grant.

Section 6. Restriction on Transfer. Except for transfers to an Affiliate (determined as if the Grantee were a Holder, as defined in the Investor Rights Agreement) for estate planning purposes, the RSUs may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Grantee. The RSUs shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the RSUs contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSUs, shall be null and void and without effect.

Section 7. Grantee’s Employment or Other Service Relationship. Nothing in the RSUs shall confer upon the Grantee any right to continue the Grantee’s employment or other service relationship with the Company or any of its Affiliates or to interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Grantee’s employment or other service relationship with the Company or its Affiliates or to increase or decrease the Grantee’s compensation at any time. The grant of the RSUs is a one-time benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of the RSUs does not form part of the Grantee’s entitlement to remuneration or benefits in terms of his or her employment or other service relationship with the Company or any Subsidiary.
Section 8. [Reserved.]

Section 9. Taxes. Settlement of the RSUs shall be subject to the Grantee satisfying all applicable U.S. federal, state and local income tax withholding obligations and non-U.S. tax obligations, and none of the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Grantee (or any beneficiary) harmless from any or all of such taxes. The Company shall have the right and is hereby authorized to deduct from any amounts payable to the Grantee in connection with the RSUs or otherwise the amount of any applicable taxes, and the Company may take any such other action as it or the Committee deems necessary to satisfy all obligations for the payment of such taxes. In addition, the Grantee shall have the right to require the Company to deduct and withhold from the Shares otherwise distributable upon the settlement of RSUs, in satisfaction of all such tax obligations, a number of Shares with a value equal to the amount deemed necessary by the Committee to satisfy all such tax obligations.
Section 10. Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier, by facsimile, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices and to:

Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218

and a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Fax: (212) 757-3990
Attention: Taurie M. Zeitzer

If to the Grantee, to him at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent) and (d) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

Section 11. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 12. Grantee’s Undertaking. The Grantee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of this Agreement and the Plan.

Section 13. Modification of Rights. The rights of the Grantee are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the RSUs granted hereby). Notwithstanding the foregoing, the Grantee’s rights under this Agreement, his Employment Agreement or the Plan may not be impaired without the Grantee’s consent.

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Intentionally omitted.

Section 15. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 16. Entire Agreement. This Agreement, the Grantee’s Employment Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 17. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 18. Enforcement. In the event the Company or the Grantee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.
Section 19. Waiver of Jury Trial. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Service-Based Restricted Stock Unit Award Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC.

By: 

Name:
Title:

GRANTEE

Kevin Jones

Residence Address:

Number of Shares of Common Stock subject to RSUs: 

1 Note to Draft: Insert number of shares of common stock in Parent equal to $5.5 million as of the Grant Date.

(Signature Page to Service-Based Restricted Stock Unit Award Agreement)
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”), dated as of the Effective Date of the Employment Agreement (the “Grant Date”), by and among RACKSPACE TECHNOLOGY, INC., a Delaware corporation (the “Company”), and Kevin Jones (the “Grantee”).

WHEREAS, the Company, acting through a Committee (as defined in the Company’s Equity Incentive Plan (the “Plan”)), has granted to the Grantee, effective as of the date of this Agreement, an award of Restricted Stock Units (the “RSUs”) under the Plan in respect of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan; and

WHEREAS, the Grantee shall be employed with the Company pursuant to a written employment agreement (“Employment Agreement”).

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article VII). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Grantee upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan and in Annex I attached hereto.

Section 2. Grant of RSUs. On the terms and subject to the conditions of the Plan and this Agreement, the Company hereby grants to the Grantee RSUs in the amount set forth in Annex I attached hereto. The RSUs shall be credited to a book entry account maintained for the Grantee on the books of the Company. Except as otherwise provided in Section 3 of this Agreement, upon a Termination of Relationship, the unvested portion of the RSUs (i.e., that portion that does not constitute Vested RSUs) shall terminate.

Section 3. Vesting.

(a) Subject to the Grantee’s continued employment or other service relationship with the Company or its Subsidiaries through March 31, 2022, a number of RSUs shall become non-forfeitable (when a RSU becomes non-forfeitable, a “Vested RSU”) as of the Determination Date according to the provisions set forth on Annex I attached hereto.

(b) If a Termination of Relationship occurs after March 31, 2022, but prior to the Determination Date, the RSUs shall remain eligible to become Vested RSUs in accordance with Annex I as of the Determination Date. To the extent the RSUs do not become Vested RSUs in accordance with the preceding sentence, the RSUs shall terminate and become null and void as of the Determination Date.

(c) If a Change in Control occurs prior to March 31, 2022, the Committee shall determine the number of Vested RSUs based on the special rules set forth on Annex I (the “Vested CIC RSUs”), subject to the Grantee’s continued employment or other service relationship with the Company or its Subsidiaries through the consummation of such Change in Control. Following the occurrence of a Change in Control, any RSUs (other than the Vested CIC RSUs) shall immediately be forfeited.
(d) Except as otherwise provided in this Section 3, the RSUs shall cease vesting as of the date of the Grantee’s Termination of Relationship with the Company or any of its Subsidiaries for any reason and no portion of the RSUs that are not Vested RSUs as of such time shall become Vested RSUs thereafter (i.e., the portion of the RSUs that are not Vested RSUs shall be forfeited immediately); provided, that, in the event that the Grantee experiences a Termination of Relationship for Cause (as defined in the Grantee’s Employment Agreement), all RSUs then held by the Grantee (whether vested or unvested) shall immediately be forfeited.

Section 4. Settlement; Investor Rights Agreement. Each Vested RSU shall be settled as promptly as reasonably practicable following the Determination Date (but in any event by March 15 of the year following the year in which such Determination Date occurs).

Section 5. Restrictive Covenants. The Grantee acknowledges and agrees that by accepting the RSUs issued hereunder, the Grantee remains bound by, and shall abide by, the covenants set forth in Section 5 of that certain Non-Qualified Stock Option Agreement, dated as of the date hereof, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any Service Agreement or other document required by the Committee with respect to such grant.

Section 6. Restriction on Transfer. Except for transfers to an Affiliate (determined as if the Grantee were a Holder, as defined in the Investor Rights Agreement) for estate planning purposes, the RSUs may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Grantee. The RSUs shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the RSUs contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSUs, shall be null and void and without effect.

Section 7. Grantee’s Employment or Other Service Relationship. Nothing in the RSUs shall confer upon the Grantee any right to continue the Grantee’s employment or other service relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Grantee’s employment or other service relationship with the Company or its Affiliates or to increase or decrease the Grantee’s compensation at any time. The grant of the RSUs is a one-time benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of the RSUs does not form part of the Grantee’s entitlement to remuneration or benefits in terms of his employment or other service relationship with the Company or any Subsidiary.

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Section 8. [Reserved.]

Section 9. Taxes. Settlement of the RSUs shall be subject to the Grantee satisfying all applicable U.S. federal, state and local income tax withholding obligations and non-U.S. tax obligations, and none of the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Grantee (or any beneficiary) harmless from any or all of such taxes. The Company shall have the right and is hereby authorized to deduct from any amounts payable to the Grantee in connection with the RSUs or otherwise the amount of any applicable taxes, and the Company may take any such other action as it or the Committee deems necessary to satisfy all obligations for the payment of such taxes. In addition, the Grantee shall have the right to require the Company to deduct and withhold from the Shares otherwise distributable upon the settlement of RSUs, in satisfaction of all such tax obligations, a number of Shares with a value equal to the amount deemed necessary by the Committee to satisfy all such tax obligations.
Section 10. Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier, by facsimile, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices and to:
Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218

and a copy (which shall not constitute notice) to:
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Fax: (212) 757-3990
Attention: Taurie M. Zeitzer

If to the Grantee, to him or her at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent) and (d) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

Section 11. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 12. Grantee’s Undertaking. The Grantee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of this Agreement and the Plan.

Section 13. Modification of Rights. The rights of the Grantee are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the RSUs granted hereby). Notwithstanding the foregoing, the Grantee’s rights under this Agreement, his Employment Agreement or the Plan may not be impaired without the Grantee’s consent.
Section 14. **Governing Law.**

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Intentionally Omitted.

Section 15. **Counterparts.** This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 16. **Entire Agreement.** This Agreement, the Grantee’s Employment Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 17. **Severability.** It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 18. **Enforcement.** In the event the Company or the Grantee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.
Section 19. Waiver of Jury Trial. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Performance-Based Restricted Stock Unit Award Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC.

By: ____________________________________________
    Name: 
    Title: 

GRANTEE

Kevin Jones

Residence Address: 

(Signature Page to Performance-Based Restricted Stock Unit Award Agreement)
The number of Vested RSUs shall be equal to the Value of RSUs determined as set forth above divided by the Fair Market Value of a Share of Common Stock as of the Determination Date.

“Determination Date” means the date of the Committee’s certification of EBITDA CAGR.

“EBITDA” means, for any applicable period, consolidated net income before interest, taxes, depreciation, amortization, extraordinary items and management or similar fees payable to the Apollo Holders as reflected on the Company’s audited consolidated financial statements for such period. Consolidated net income shall be determined in accordance with generally accepted accounting principles except that gains or losses from extraordinary, unusual or non-recurring items may be excluded in the discretion of the Committee. EBITDA shall be determined in the sole discretion of the Committee and shall be calculated pro forma for acquisitions.

“EBITDA CAGR” means the compound annual growth in EBITDA from March 31, 2019 through March 31, 2022, expressed as a percentage, determined by comparing the last twelve months (“LTM”) EBITDA for the period ending March 31, 2022 to the LTM EBITDA for the period ending March 31, 2019. Purely for illustrative purposes, if LTM EBITDA for March 31, 2019 was $300 million, and LTM EBITDA for March 31, 2022 was $400 million, the EBITDA CAGR would be 10.064%.

Special CIC Rule. If a Change in Control occurs prior to March 31, 2022, then for purposes of determining the EBITDA CAGR, the EBITDA for the 12-month period ending on the last day of the calendar quarter ended immediately prior to such Change in Control shall be used in lieu of the LTM EBITDA for the period ending March 31, 2022. Purely for illustrative purposes, if a Change in Control were to occur on October 15, 2021, the applicable EBITDA (to be used in lieu of the LTM EBITDA ending March 31, 2022) would be the EBITDA for the 12-month period ending on September 30, 2021.

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<table>
<thead>
<tr>
<th>EBITDA CAGR</th>
<th>Value of RSUs ($)</th>
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<tr>
<td>Less than 5% EBITDA CAGR</td>
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<tr>
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NON-QUALIFIED STOCK OPTION AGREEMENT (this “Agreement”), dated as of [___________], 20[ ] (the “Grant Date”), by and among RACKSPACE TECHNOLOGY, INC, a Delaware corporation (the “Company”), and [____________] (the “Optionee”).

WHEREAS, the Company, acting through a Committee (as defined in the Company’s Equity Incentive Plan (the “Plan”)), has granted to the Optionee, effective as of the date of this Agreement, an option under the Plan to purchase a number of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article V). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Optionee upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan.

Section 2. Option; Option Price. On the terms and subject to the conditions of the Plan and this Agreement, the Optionee shall have the option (the “Option”) to purchase Shares at the price per Share (the “Option Price”) and in the amount set forth on the signature page hereto. Payment of the Option Price may be made in the manner specified by Section 9 of this Agreement or Section 5.9 of the Plan. The Option is not intended to qualify for federal income tax purposes as an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). Except as otherwise provided in this Agreement, the Option shall remain exercisable as to all Vested Options (as defined in Section 4) until the expiration of the Option Term (as defined in Section 3). Except as otherwise provided in Section 4 of this Agreement, upon a Termination of Relationship, the unvested portion of the Option (i.e., that portion that does not constitute Vested Options) shall terminate.

Section 3. Term. The term of the Option (the “Option Term”) shall commence on the Grant Date and expire on the tenth anniversary of the Grant Date, unless the Option shall have been terminated sooner in accordance with the terms of the Plan (including, without limitation, Section 5.7 of the Plan) or this Agreement.

Section 4. Vesting. Subject to the Optionee’s continued service relationship with the Company or its Subsidiaries through the vesting date (except as otherwise provided in this Section 4), the entire Option shall become non-forfeitable (when the Option becomes non-forfeitable, a “Vested Option”) and shall become exercisable in full on [the first anniversary of the Grant Date]; provided, however, that:

(a) the entire Option shall immediately become a Vested Option and shall become exercisable as of immediately prior to the occurrence of a Change in Control; and
(b) if a Termination of Relationship occurs at any time prior to a Change in Control as a result of (A) a termination of the Optionee’s service relationship by the Company or its Subsidiaries without Cause or (B) the Optionee’s death, serious illness or Disability, (1) the Option shall become a Vested Option and shall become exercisable as of the date of such Termination of Relationship and shall remain outstanding pursuant to the provisions of Section 8(a) with respect to the aggregate number of Option Shares subject to the Option, multiplied by a fraction, (x) the numerator of which is equal to the number of calendar days that have elapsed since the Grant Date and (y) the denominator of which is equal to 365, and (2) if a Change in Control occurs within 90 days following such Termination of Relationship, the entire Option shall immediately become a Vested Option and shall become exercisable as of immediately prior to the occurrence of such Change in Control and such Vested Option shall remain outstanding pursuant to the provisions of Section 8(a) as if the Termination of the Relationship occurred on the date of the Change in Control.

Notwithstanding anything contained herein to the contrary, except as otherwise provided in this Section 4, the Option shall cease vesting as of the date of the Optionee’s Termination of Relationship with the Company or any of its Subsidiaries for any reason and no portion of the Option that is not a Vested Option as of such time shall become a Vested Option thereafter (i.e., the portion of the Option that is not a Vested Option shall be forfeited immediately); provided, that, in the event that the Optionee experiences a Termination of Relationship for Cause, all Options then held by the Optionee (whether vested or unvested) shall immediately be forfeited.

Section 5. Restrictive Covenants. The Optionee acknowledges and agrees that by accepting the Options issued hereunder, the Optionee shall be bound by, and shall abide by, the covenants set forth in this Section 5, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any Service Agreement or other document required by the Committee with respect to such grant.

(a) Non-Solicitation; No Hire. To the fullest extent permitted by applicable law, the Optionee agrees that during the Optionee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Optionee’s Termination of Relationship for any reason, the Optionee will not, directly or indirectly, on the Optionee’s own behalf or on behalf of another (i) solicit, induce or attempt to solicit or induce any officer, director or employee of the Company Group to terminate their relationship with or leave the employ of the Company Group, or in any way interfere with the relationship between any member of the Company Group, on the one hand, and any officer, director or employee thereof, on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether as an officer, director, employee or consultant) who is or at any time was an officer, director or employee of the Company Group until six (6) months after such individual’s relationship (whether as an officer, director or employee) with the Company Group has ended, or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company Group to cease doing business with the Company Group, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company Group, on the other hand.

(b) Non-Competition. To the fullest extent permitted by applicable law, the Optionee agrees that during the Optionee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Optionee’s Termination of Relationship for any reason, the Optionee will not, directly or indirectly, have any equity or equity-based interest,
or work or otherwise provide services as an employee, contractor, officer, owner, consultant, partner, director or otherwise, in any business anywhere in the world that sells hosting and information technology services substantially similar to those services provided by the Company Group, 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, compute, virtual networking and similar services, and (iii) all similar related services. Notwithstanding the foregoing, the Optionee 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 five percent (5%) of the outstanding interest in such business.

(c) Nondisclosure of Confidential Information; Return of Property. The Optionee recognizes and acknowledges that he or she has access to the confidential information and/or has had material contact with the Company Group’s customers, suppliers, licensees, representatives, agents, partners, licensors, or business relations. The Optionee agrees that at any time during or after such time as the Optionee is a Participant in the Plan, the Optionee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for the Optionee’s benefit or the benefit of any Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group’s operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Upon the Optionee’s Termination of Relationship for any reason, the Optionee shall promptly deliver to the Company (with the cost of shipping reimbursed by the Company) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company Group’s customers, business plans, marketing strategies, products or processes. The Optionee may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought and, if requested by the Company Group, shall reasonably assist such counsel in resisting or otherwise responding to such process.

(d) Non-Disparagement. The Optionee shall not, at any time, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory statements regarding the Company Group, or any of its successors, directors or officers. The foregoing shall not be violated by the Optionee’s truthful responses to legal process or inquiry by a governmental authority.

(e) Intellectual Property Rights.

(i) The Optionee agrees that the results and proceeds of the Optionee’s services for the Company Group (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters
of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed for the Company Group and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by the Optionee, either alone or jointly with others (collectively, “Inventions”), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company Group) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, “Proprietary Rights”) of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to the Optionee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company Group under the immediately preceding sentence, then the Optionee hereby irrevocably assigns and agrees to assign any and all of the Optionee’s right, title and interest thereto, including, without limitation, any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such Subsidiaries or Affiliates without any further payment to the Optionee whatsoever. As to any Invention that the Optionee is required to assign, the Optionee shall promptly and fully disclose to the Company all information known to the Optionee concerning such Invention. The Optionee hereby waives and quitclaims to the Company Group any and all claims, of any nature whatsoever, that the Optionee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company Group.

(ii) The Optionee agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Optionee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company Group’s exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent the Optionee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, the Optionee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 5(e) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company Group of any Proprietary Rights of ownership to which the Company Group may be entitled by operation of law by virtue of the Optionee’s employment with, or service to, the Company Group. The Optionee further agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Optionee shall assist the Company Group in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, the Optionee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting,
evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, the Optionee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. The Optionee's obligation to assist the Company Group with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the Optionee's Termination of Relationship.

(f) *Restrictive Covenants Generally.* If, at the time of enforcement of the covenants contained in this Section 5 (the "*Restrictive Covenants*"), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by applicable law. The Optionee hereby acknowledges that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company Group. The Optionee further acknowledges and agrees that the Restrictive Covenants are being agreed to by the Optionee in connection with the Company’s issuance of an Award to the Optionee under the Plan, and are in addition to, not in substitution for, any restrictive covenants to which the Optionee is or may become subject in connection with any relationship with the Company Group.

(g) *Enforcement.* If the Optionee breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Company Group shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company Group at law or in equity: (i) the right and remedy to seek to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction (without posting a bond), it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company Group and that money damages would not provide an adequate remedy to the Company Group; and (ii) the right and remedy to require the Optionee to account for and pay over to the Company any profits, monies, accruals, increments or other benefits derived or received by the Optionee as the result of any transactions constituting a breach of the Restrictive Covenants. In the event of any breach or violation by the Optionee of any of the Restrictive Covenants, the time period of such covenant with respect to the Optionee shall, to the fullest extent permitted by law, be tolled until such breach or violation is resolved.

Section 6. *Restriction on Transfer.* Except for transfers to an Affiliate (determined as if the Optionee were a Holder, as defined in the Investor Rights Agreement) for estate planning purposes, the Option may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Optionee and may be exercised during the lifetime of the Optionee only by the Optionee. If the Optionee dies, the Option shall thereafter be exercisable, during the period specified in Section 8 of this Agreement, by his or her executors or administrators to the full extent to which the Option was exercisable by the Optionee at the time of his or her death. The Option shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.
Section 7. **Optionee’s Employment or Other Service Relationship.** Nothing in the Option shall confer upon the Optionee any right to continue the Optionee’s employment or other service relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Optionee’s employment or other service relationship with the Company or its Affiliates or to increase or decrease the Optionee’s compensation at any time. The grant of the Option is a one-time benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of the Option does not form part of the Optionee’s entitlement to remuneration or benefits in terms of his or her employment or other service relationship with the Company or any Subsidiary.

Section 8. **Termination.**

(a) Following a Termination of Relationship, the Option shall automatically terminate without consideration and shall become null and void and be of no further force and effect upon the earliest of:

(i) The tenth anniversary of the Grant Date;

(ii) The first anniversary of any Termination of Relationship of the Optionee due to the Optionee’s death or by the Company due to the Optionee’s Disability;

(iii) The 90th day following any Termination of Relationship of the Optionee due to the Optionee’s resignation for any reason or the Optionee’s Termination of Relationship without Cause;

(iv) The date of the Termination of Relationship of the Optionee for Cause.

Section 9. **Payment of Option Price.** Payment of the Option Price may be made in the manner specified by Section 5.9 of the Plan.
Section 10. Notices.

(a) The Optionee shall be entitled to receive notice of an event that would entitle the Optionee to notice under the Investor Rights Agreement were the Optionee a holder of the Option Shares in sufficient time to afford the Optionee with an opportunity to exercise a Vested Option (or the unvested portion of the Option that would become a Vested Option upon such event) in advance of such event.

(b) All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier, by facsimile, by email, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices and to:

Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218

and a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Fax: (212) 757-3990
Attention: Taurie M. Zeitzer
Email:

If to the Optionee, to him or her at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent), (d) in the case of email, when transmitted via email (in each case, if no “system error” or other notice of non-delivery is generated) to the applicable party and its legal counsel set forth above, and (e) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.
Section 11. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 12. Optionee’s Undertaking. The Optionee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Optionee pursuant to the express provisions of this Agreement and the Plan.

Section 13. Modification of Rights. The rights of the Optionee are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the Options granted hereby). Notwithstanding the foregoing, the Optionee’s rights under this Agreement and the Plan may not be impaired without the Optionee’s consent.

Section 14. Governing Law; Consent to Jurisdiction.

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Notwithstanding anything to the contrary contained in any Service Agreement, each of the parties hereto irrevocably (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereto, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement in any court other than the courts of the State of Delaware, as described above. Each party to this Agreement hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution
of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a party hereto is entitled pursuant to the final judgment of any court having jurisdiction.

Section 15. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 16. Entire Agreement. This Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 17. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 18. Enforcement. In the event the Company or the Optionee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.

Section 19. Waiver of Jury Trial. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Non-Qualified Stock Option Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC

By: 

Name: 
Title: 

OPTIONEE

[Name]

Residence Address:

Number of Shares of Common Stock subject to Option: [______]

Option Price: $[_____]
RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”), dated as of [___________], 20[_] (the “Grant Date”), by and among RACKSPACE TECHNOLOGY, INC., a Delaware corporation (the “Company”), and [____________] (the “Grantee”).

WHEREAS, the Company, acting through a Committee (as defined in the Company’s Equity Incentive Plan (the “Plan”)), has granted to the Grantee, effective as of the date of this Agreement, an award of Restricted Stock Units (the “RSUs”) under the Plan in respect of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article V). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Grantee upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan.

Section 2. Grant of RSUs. On the terms and subject to the conditions of the Plan and this Agreement, the Company hereby grants to the Grantee RSUs in the amount set forth on the signature page hereto. The RSUs shall be credited to a book entry account maintained for the Grantee on the books of the Company. Except as otherwise provided in Section 3(a) of this Agreement, upon a Termination of Relationship, the unvested portion of the RSUs (i.e., that portion that does not constitute Vested RSUs) shall terminate.

Section 3. Vesting and Settlement.

(a) Vesting. Subject to the Grantee’s continued service relationship with the Company or its Subsidiaries through the vesting date (except as otherwise provided in this Section 3(a)), all RSUs shall become non-forfeitable (when a RSU becomes non-forfeitable, a “Vested RSU”) [on the first anniversary of the Grant Date]; provided, however, that:

(i) all RSUs shall immediately become Vested RSUs as of immediately prior to the occurrence of a Change in Control; and

(ii) if a Termination of Relationship occurs at any time prior to a Change in Control as a result of (A) a termination of the Grantee’s service relationship by the Company or its Subsidiaries without Cause or (B) the Grantee’s death, serious illness or Disability, (1) the number of RSUs shall become Vested RSUs as of the date of such Termination of Relationship that is equal to the aggregate number of RSUs, multiplied by a fraction, (x) the numerator of which is equal to the number of calendar days that have elapsed since the Grant Date and (y) the denominator of which is equal to 365, and (2) if a Change in Control occurs within 90 days following such Termination of Relationship, all RSUs shall become Vested RSUs as of immediately prior to the occurrence of such Change in Control.
Notwithstanding anything contained herein to the contrary, except as otherwise provided in this Section 3(a), the RSUs shall cease vesting as of the date of the Grantee’s Termination of Relationship with the Company or any of its Subsidiaries for any reason and no portion of the RSUs shall become Vested RSUs thereafter (i.e., the RSUs that are not Vested RSUs shall be forfeited immediately); provided, that, in the event that the Grantee experiences a Termination of Relationship for Cause, all RSUs then held by the Grantee (whether vested or unvested) shall immediately be forfeited.

(b) Settlement. Except as otherwise provided herein, each Vested RSU shall be settled as promptly as reasonably practicable following the applicable vesting date (but in any event by March 15 of the year following the year in which such applicable vesting date occurs).

Section 4. Restrictive Covenants. The Grantee acknowledges and agrees that by accepting the RSUs issued hereunder, the Grantee shall be bound by, and shall abide by, the covenants set forth in this Section 4, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any Service Agreement or other document required by the Committee with respect to such grant.

(a) Non-Solicitation; No Hire. To the fullest extent permitted by applicable law, the Grantee agrees that during the Grantee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Grantee’s Termination of Relationship for any reason, the Grantee will not, directly or indirectly, on the Grantee’s own behalf or on behalf of another (i) solicit, induce or attempt to solicit or induce any officer, director or employee of the Company Group to terminate their relationship with or leave the employ of the Company Group, or in any way interfere with the relationship between any member of the Company Group, on the one hand, and any officer, director or employee thereof, on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether as an officer, director, employee or consultant) who is or at any time was an officer, director or employee of the Company Group until six (6) months after such individual’s relationship (whether as an officer, director or employee) with the Company Group has ended, or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company Group to cease doing business with the Company Group, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company Group, on the other hand.

(b) Non-Competition. To the fullest extent permitted by applicable law, the Grantee agrees that during the Grantee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Grantee’s Termination of Relationship for any reason, the Grantee will not, directly or indirectly, have any equity or equity-based interest, or work or otherwise provide services as an employee, contractor, officer, owner, consultant, partner, director or otherwise, in any business anywhere in the world that sells hosting and information technology services substantially similar to those services provided by the Company.
Group, 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, compute, virtual networking and similar services, and (iii) all similar related services. Notwithstanding the foregoing, the Grantee 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 five percent (5%) of the outstanding interest in such business.

(c) Nondisclosure of Confidential Information; Return of Property. The Grantee recognizes and acknowledges that he or she has access to the confidential information and/or has had material contact with the Company Group’s customers, suppliers, licensees, representatives, agents, partners, licensors, or business relations. The Grantee agrees that at any time during or after such time as the Grantee is a Participant in the Plan, the Grantee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for the Grantee’s benefit or the benefit of any Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group’s operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Upon the Grantee’s Termination of Relationship for any reason, the Grantee shall promptly deliver to the Company (with the cost of shipping reimbursed by the Company) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company Group’s customers, business plans, marketing strategies, products or processes. The Grantee may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought and, if requested by the Company Group, shall reasonably assist such counsel in resisting or otherwise responding to such process.

(d) Non-Disparagement. The Grantee shall not, at any time, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory statements regarding the Company Group, or any of its successors, directors or officers. The foregoing shall not be violated by the Grantee’s truthful responses to legal process or inquiry by a governmental authority.

(e) Intellectual Property Rights.

(i) The Grantee agrees that the results and proceeds of the Grantee’s services for the Company Group (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed for the Company Group and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that
were made, developed, conceived or reduced to practice or learned by the Grantee, either alone or jointly with others (collectively, “Inventions”), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company Group) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, “Proprietary Rights”) of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to the Grantee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company Group under the immediately preceding sentence, then the Grantee hereby irrevocably assigns and agrees to assign any and all of the Grantee’s right, title and interest thereto, including, without limitation, any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such Subsidiaries or Affiliates without any further payment to the Grantee whatsoever. As to any Invention that the Grantee is required to assign, the Grantee shall promptly and fully disclose to the Company all information known to the Grantee concerning such Invention. The Grantee hereby waives and quitclaims to the Company Group any and all claims, of any nature whatsoever, that the Grantee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company Group.

(ii) The Grantee agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Grantee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company Group’s exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent the Grantee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, the Grantee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 4(e) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company Group of any Proprietary Rights of ownership to which the Company Group may be entitled by operation of law by virtue of the Grantee’s employment with, or service to, the Company Group. The Grantee further agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Grantee shall assist the Company Group in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, the Grantee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, the Grantee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. The Grantee’s obligation to assist the Company Group with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the Grantee’s Termination of Relationship.
(f) **Restrictive Covenants Generally.** If, at the time of enforcement of the covenants contained in this Section 4 (the “Restrictive Covenants”), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by applicable law. The Grantee hereby acknowledges that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company Group. The Grantee further acknowledges and agrees that the Restrictive Covenants are being agreed to by the Grantee in connection with the Company’s issuance of an Award to the Grantee under the Plan, and are in addition to, not in substitution for, any restrictive covenants to which the Grantee is or may become subject in connection with any relationship with the Company Group.

(g) **Enforcement.** If the Grantee breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Company Group shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company Group at law or in equity: (i) the right and remedy to seek to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction (without posting a bond), it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company Group and that money damages would not provide an adequate remedy to the Company Group; and (ii) the right and remedy to require the Grantee to account for and pay over to the Company any profits, monies, accruals, increments or other benefits derived or received by the Grantee as the result of any transactions constituting a breach of the Restrictive Covenants. In the event of any breach or violation by the Grantee of any of the Restrictive Covenants, the time period of such covenant with respect to the Grantee shall, to the fullest extent permitted by law, be tolled until such breach or violation is resolved.

Section 5. **Restriction on Transfer.** Except for transfers to an Affiliate (determined as if the Grantee were a Holder, as defined in the Investor Rights Agreement) for estate planning purposes, the RSUs may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Grantee. The RSUs shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the RSUs contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSUs, shall be null and void and without effect.
Section 6. **Grantee’s Employment or Other Service Relationship.** Nothing in the RSUs shall confer upon the Grantee any right to continue the Grantee’s employment or other service relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Grantee’s employment or other service relationship with the Company or its Affiliates or to increase or decrease the Grantee’s compensation at any time. The grant of the RSUs is a one-time benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of the RSUs does not form part of the Grantee’s entitlement to remuneration or benefits in terms of his or her employment or other service relationship with the Company or any Subsidiary.

Section 7. [Reserved.]

Section 8. **Taxes.** Settlement of the RSUs shall be subject to the Grantee satisfying all applicable U.S. federal, state and local income tax withholding obligations and non-U.S. tax obligations, and none of the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Grantee (or any beneficiary) harmless from any or all of such taxes. The Company shall have the right and is hereby authorized to deduct from any amounts payable to the Grantee in connection with the RSUs or otherwise the amount of any applicable taxes, and the Company may take any such other action as it or the Committee deems necessary to satisfy all obligations for the payment of such taxes.

Section 9. **Notices.** All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally recognized overnight courier, by facsimile, by email, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices.

with a copy (which shall not constitute notice) to:

If to the Company, to it at its current executive offices and to:

Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218
Email: [Contact Information]

and a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019 Fax: (212) 757-3990
Attention: Taurie M. Zeitzer
Email: [Contact Information]
If to the Grantee, to him or her at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent), (d) in the case of email, when transmitted via email (in each case, if no “system error” or other notice of non-delivery is generated) to the applicable party and its legal counsel set forth above, and (e) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

Section 10. **Waiver of Breach.** The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 11. **Grantee’s Undertaking.** The Grantee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of this Agreement and the Plan.

Section 12. **Modification of Rights.** The rights of the Grantee are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the RSUs granted hereby). Notwithstanding the foregoing, the Grantee’s rights under this Agreement and the Plan may not be impaired without the Grantee’s consent.

Section 13. **Governing Law; Consent to Jurisdiction.**

(a) **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT,** THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Notwithstanding anything to the contrary contained in any Service Agreement, each of the parties hereto irrevocably (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County.
Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereof, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement in any court other than the courts of the State of Delaware, as described above. Each party to this Agreement hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a party hereto is entitled pursuant to the final judgment of any court having jurisdiction.

Section 14. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 15. Entire Agreement. This Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 16. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 17. Enforcement. In the event the Company or the Grantee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.

Section 18. Waiver of Jury Trial. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[signature page follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Unit Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC.

By: ____________________________
   Name: __________________________
   Title: __________________________

GRANTEE

[Name]

Residence Address:

Number of RSUs: [_______]
RESTRICTED STOCK AWARD AGREEMENT (this “Agreement”), dated as of [                ] (the “Grant Date”), by and among
RACKSPACE TECHNOLOGY, INC., a Delaware corporation (the “Company”), and [                ] (the “Grantee”).

WHEREAS, pursuant to the Company’s 2017 Equity Incentive Plan (the “Plan”), the Company has granted a Restricted Stock Award (“Restricted Stock”) to the Grantee for the number of Shares of the Company’s Common Stock designated in Section 2 below, as compensation for the Grantee’s non-employee director services to the Company for calendar year 2018, subject to the terms and conditions of the Plan and this Agreement, as set forth below.

NOW, THEREFORE, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties agree as follows:

Section 1. The Plan. The terms and provisions of the Plan are incorporated herein by reference (specifically including Article VI governing Restricted Stock). In the event of a conflict between any provision in this Agreement and the Plan, the Plan provisions control. A copy of the Plan as in effect on the date of this Agreement is attached hereto. Capitalized terms in this Agreement not otherwise defined herein have the definition set forth in the Plan.

Section 2. Grant of Restricted Stock.

(a) Terms of Grant. The Company hereby grants [                ] Shares of Restricted Stock to the Grantee, subject to the terms of the Plan and this Agreement. Except as otherwise provided in Section 2(c) below, the unvested portion of this Restricted Stock Award shall terminate upon a Termination of Relationship between the Company and the Grantee. Unless otherwise determined by the Company, the Shares shall not be certificated and will be evidenced by a book entry.

(b) Investor Rights Agreement. As a condition to the grant hereunder, and before the Company enters a book entry (or, if applicable, issues a stock certificate) evidencing the Shares in the Restricted Stock Award, the Grantee is first required to become a party to the Investor Rights Agreement. By signing this Agreement, the Grantee acknowledges having been provided with a copy of the Investor Rights Agreement.

(c) Rights as Stockholder. The Grantee shall have no rights as a stockholder until the date on which book entry entered evidencing the Award (or, if applicable, the date on which a stock certificate is issued). In the event that the Company decides to certificate the Shares, it may require that any stock certificate issued in connection with the Award be held in escrow with the Company or its designee, together with an attached stock power endorsed in blank. Subject to the requirements above and applicable vesting requirements, the Grantee shall have all of the rights of a stockholder (including voting and dividend rights) with respect to the vested Shares of Restricted Stock in the Award. If any dividends or distributions are paid in Shares, or consist of a dividend or distributions of property other than ordinary cash dividends, the Shares or other property shall be subject to the same restrictions on transferability and forfeitability as the underlying Restricted Stock with respect to which the dividends were paid. Each dividend shall be paid no later than the end of the calendar year in which the dividend is paid to holders of Common Stock or, if later, the 15th day of the third month following the later of the date the dividends are paid to the holders of Common Stock and the date on which the dividends are no longer subject to forfeiture.
Section 3. Vesting/Lapse of Restrictions. Subject to the Grantee’s continuous service relationship with the Company or its Subsidiaries through the vesting date (except as otherwise provided in this Section 3), the grant restrictions shall lapse, and all Shares of Restricted Stock in the Award shall become vested and non-forfeitable [on the first anniversary of the Grant Date]; provided, however, that:

(a) immediately prior to the consummation of a Change in Control, the restrictions shall lapse, and all outstanding Shares of Restricted Stock in the Award automatically shall fully vest; and

(b) if a Termination of Relationship occurs at any time prior to a Change in Control as a result of (A) a termination of the Grantee’s service relationship by the Company or its Subsidiaries without Cause, or (B) the Grantee’s death, serious illness or Disability, (1) the number Shares of Restricted Stock that become vested with a lapse of restrictions as of the date of such Termination of Relationship shall equal the aggregate number of Restricted Stock Shares in the grant, multiplied by a fraction, (x) the numerator of which is equal to the number of calendar days that have elapsed since the Grant Date and (y) the denominator of which is equal to 365, and (2) if a Change in Control occurs within 90 days following such Termination of Relationship, all Shares of Restricted Stock shall become immediately prior to the consummation of such Change in Control.

Notwithstanding anything contained herein to the contrary, except as otherwise provided in this Section 3, the Shares of Restricted Stock in the Award shall cease vesting as of the date of the Grantee’s Termination of Relationship with the Company or any of its Subsidiaries for any reason, and no portion of the Restricted Stock Award shall vest thereafter, so that any unvested Shares on such date shall be forfeited immediately; provided, that, if the Grantee experiences a Termination of Relationship for Cause, all Shares of Restricted Stock then held by the Grantee (whether vested or unvested) immediately shall be forfeited.

Section 4. Restrictive Covenants. The Grantee acknowledges and agrees that by accepting the Restricted Stock Award granted hereunder, the Grantee is bound by, and shall abide by, the covenants in this Section 4, in addition to any other representations, warranties, and covenants set forth in any Service Agreement or other document required by the Committee with respect to such Award.

(a) Non-Solicitation; No Hire. To the fullest extent permitted by applicable law, the Grantee agrees that during the Grantee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Grantee’s Termination of Relationship for any reason, the Grantee shall not, directly or indirectly, on the Grantee’s own behalf or on behalf of another (i) solicit, induce or attempt to solicit or induce any officer, director or employee of the Company Group to terminate their relationship with or leave the employ of the Company Group, or in any way interfere with the relationship between any member of the Company Group, on the one hand, and any officer, director or employee thereof, on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether
as an officer, director, employee or consultant) who is or at any time was an officer, director or employee of the Company Group until six (6) months after such individual’s relationship (whether as an officer, director or employee) with the Company Group has ended, or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company Group to cease doing business with the Company Group, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company Group, on the other hand.

(b) **Non-Competition.** To the fullest extent permitted by applicable law, the Grantee agrees that during the Grantee’s employment or other service relationship with the Company Group, and for the one (1) year period following the Grantee’s Termination of Relationship for any reason, the Grantee shall not, directly or indirectly, have any equity or equity-based interest, or work or otherwise provide services as an employee, contractor, officer, owner, consultant, partner, director or otherwise, in any business anywhere in the world that sells hosting and information technology services substantially similar to those services provided by the Company Group, 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, compute, virtual networking and similar services, and (iii) all similar related services. Notwithstanding the foregoing, the Grantee 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 five percent (5%) of the outstanding interest in such business.

(c) **Nondisclosure of Confidential Information; Return of Property.** The Grantee recognizes and acknowledges that he or she has access to the confidential information and/or has had material contact with the Company Group’s customers, suppliers, licensees, representatives, agents, partners, licensors, or business relations. The Grantee agrees that at any time during or after such time as the Grantee is a Participant in the Plan, the Grantee shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for the Grantee’s benefit or the benefit of any Person, any confidential or proprietary information or trade secrets of or relating to the Company Group, including, without limitation, information with respect to the Company Group’s operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Upon the Grantee’s Termination of Relationship for any reason, the Grantee shall promptly deliver to the Company (with the cost of shipping reimbursed by the Company) all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company Group’s customers, business plans, marketing strategies, products or processes. The Grantee may respond to a lawful and valid subpoena or other legal process but shall give the Company Group the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company Group and its counsel the documents and other information sought and, if requested by the Company Group, shall reasonably assist such counsel in resisting or otherwise responding to such process.
(d) **Non-Disparagement.** The Grantee shall not, at any time, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory statements regarding the Company Group, or any of its successors, directors or officers. The foregoing shall not be violated by the Grantee’s truthful responses to legal process or inquiry by a governmental authority.

(e) **Intellectual Property Rights.**

(i) The Grantee agrees that the results and proceeds of the Grantee’s services for the Company Group (including, but not limited to, any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed for the Company Group and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by the Grantee, either alone or jointly with others (collectively, “Inventions”), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company Group) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, “Proprietary Rights”) of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to the Grantee whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company Group under the immediately preceding sentence, then the Grantee hereby irrevocably assigns and agrees to assign any and all of the Grantee’s right, title and interest thereto, including, without limitation, any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such Subsidiaries or Affiliates without any further payment to the Grantee whatsoever. As to any Invention that the Grantee is required to assign, the Grantee shall promptly and fully disclose to the Company all information known to the Grantee concerning such Invention. The Grantee hereby waives and quitclaims to the Company Group any and all claims, of any nature whatsoever, that the Grantee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company Group.

(ii) The Grantee agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Grantee shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company Group’s exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions,
including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent the Grantee has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, the Grantee unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 4(e) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company Group of any Proprietary Rights of ownership to which the Company Group may be entitled by operation of law by virtue of the Grantee’s employment with, or service to, the Company Group. The Grantee further agrees that, from time to time, as may be requested by the Company and at the Company’s sole cost and expense, the Grantee shall assist the Company Group in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, the Grantee shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidence, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, the Grantee shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. The Grantee’s obligation to assist the Company Group with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the Grantee’s Termination of Relationship.

(f) **Restrictive Covenants Generally.** If, at the time of enforcement of the covenants contained in this Section 4 (the "Restrictive Covenants"), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by applicable law. The Grantee hereby acknowledges that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company Group. The Grantee further acknowledges and agrees that the Restrictive Covenants are being agreed to by the Grantee in connection with the Company’s issuance of this Restricted Stock Award and are in addition to, not in substitution for, any restrictive covenants to which the Grantee is or may become subject in connection with any relationship with the Company Group.

(g) **Enforcement.** If the Grantee breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Company Group shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company Group at law or in equity: (i) the right and remedy to seek to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction (without posting a bond), it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company Group and that money damages would not provide an adequate remedy to the Company Group; and (ii) the right and remedy to require the Grantee to account for and pay over to the Company any profits, monies, accruals, increments or other benefits derived or received by the Grantee as the result of any transactions constituting a breach of the Restrictive Covenants. In the event of any breach or
violation by the Grantee of any of the Restrictive Covenants, the time period of such covenant with respect to the Grantee shall, to the fullest extent permitted by law, be tolled until such breach or violation is resolved.

Section 5. Restriction on Transfer. Shares of the Restricted Stock may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Grantee; provided, however, vested and non-forfeitable Shares of the Restricted Stock may be transferred to an Affiliate (determined as if the Grantee were a Holder, as defined in the Investor Rights Agreement). The Restricted Stock shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Stock contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Restricted Stock, shall be null and void and without effect.

Section 6. Grantee’s Service Relationship. Nothing in the Restricted Stock grant shall confer upon the Grantee any right to continue the Grantee’s service relationship with the Company or any of its Affiliates or interfere in any way with the right of the Company or its Affiliates or stockholders, as the case may be, to terminate the Grantee’s service relationship with the Company or its Affiliates or to increase or decrease the Grantee’s compensation at any time. The grant of the Restricted Stock a one-time benefit and does not create any contractual or other right to receive any grant of other Awards under the Plan in the future.

Section 7. Reserved.

Section 8. Taxes. The Restricted Stock granted hereunder is intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and is to be construed accordingly. The Grantee acknowledges having been advised to promptly confer with a professional tax advisor to consider whether the Grantee should make a Code Section 83(b) election with respect to the Shares. To be effective, any such election must be filed with the Internal Revenue Service in accordance with regulations within thirty (30) days after the Grant Date. Upon vesting of the Restricted Stock (or upon filing a Code Section 83(b) election if applicable), the Grantee shall be responsible for satisfying all applicable U.S. federal, state and local income tax withholding obligations and non-U.S. tax obligations, and none of the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Grantee (or any beneficiary) harmless from any or all of such taxes, including taxes imposed by Code Section 409A. The Company shall have the right and is hereby authorized to deduct from any amounts payable to the Grantee (including the withholding of Shares) in the amount of any applicable taxes, and the Company may take any such other action as it or the Committee deems necessary to satisfy all obligations for the payment of such taxes.
Section 9. Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or sent by nationally recognized overnight courier, by facsimile, email, registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to it at its current executive offices and to:

Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218

and a copy (which shall not constitute notice) to:

Rackspace Technology, Inc.
c/o Rackspace
One Fanatical Place
City of Windcrest
San Antonio, Texas 78218
Attention Legal Department

If to the Grantee, at the Grantee’s address on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of nationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent), (d) in the case of email, when transmitted via email (in each case, if no “system error” or other notice of non-delivery is generated) to the applicable party and its legal counsel set forth above, and (e) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

Section 10. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 11. Grantee’s Undertaking. The Grantee hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable to carry out one or more of the obligations or restrictions imposed on the Grantee pursuant to the express provisions of this Agreement and the Plan.
Section 12. **Modification of Rights.** The rights of the Grantee are subject to modification and termination upon certain events provided in this Agreement and the Plan (with respect to the Restricted Stock granted hereby). Notwithstanding the foregoing, the Grantee’s rights under this Agreement and the Plan may not be impaired without the Grantee’s consent.

Section 13. **Governing Law; Consent to Jurisdiction.**

   (a) **NOTwithstanding anything to the contrary contained in any Service Agreement, this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflicting provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than Delaware to be applied. The law of the State of Delaware shall control the interpretation and construction of this Agreement, even if under such jurisdiction’s choice of law or conflict of law analysis, the substantive law of another jurisdiction would ordinarily apply.**

   (b) Notwithstanding anything to the contrary contained in any Service Agreement, each of the parties hereto irrevocably (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereof, (ii) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it shall not bring any action relating to this Agreement in any court other than the courts of the State of Delaware, as described above. Each party to this Agreement hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a party hereto is entitled pursuant to the final judgment of any court having jurisdiction.
Section 14. **Counterparts.** This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 15. **Entire Agreement.** This Agreement, the Plan (and the other writings referred to herein), and the Investor Rights Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

Section 16. **Severability.** It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 17. **Enforcement.** In the event the Company or the Grantee institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.

Section 18. **Waiver of Jury Trial.** Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent that it may legally and effectively do so, trial by jury in any suit, action or proceeding arising hereunder.

[signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Award Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC.

By:  
Name:  
Title:  

GRANTEE  

[Name]  
Residence Address:  

Attachment  
4810-5243-4520.1  
112619000184
Conformed Copy. Reflects amendments through the date of pricing of Rackspace Technology, Inc.’s initial public offering.
ARTICLE I

PURPOSE OF THE PLAN

The purpose of the Rackspace Technology, Inc. Equity Incentive Plan (the “Plan”) is (a) to further the growth and success of Rackspace Technology, Inc., a Delaware corporation (the “Company”), and its Subsidiaries (as hereinafter defined) by enabling directors and employees of, and consultants to, the Company and its Subsidiaries to acquire Shares (as hereinafter defined), thereby increasing their personal interest in such growth and success, and (b) to provide a means of rewarding outstanding performance by such persons for the Company and/or its Subsidiaries. Awards granted under the Plan (the “Awards”) shall be options to purchase Shares (“Options”) (which Options may be either incentive stock options (“ISOs”) intended to qualify as such under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), or non-qualified stock options (“NSOs”) to purchase Shares), “sweet equity” Shares that are subject to certain vesting and other restrictions (“Restricted Stock”) and Restricted Stock Units (as defined below). An Award may consist of only Options, only Restricted Stock, only Restricted Stock Units or a combination of Options and/or Restricted Stock and/or Restricted Stock Units. In this Plan, the terms “Parent” and “Subsidiary” mean “Parent Corporation” and “Subsidiary Corporation,” respectively, as such terms are defined in Sections 424(e) and (f) of the Code. Unless the context otherwise requires, any ISO or NSO is referred to in this Plan as an “Option.”

ARTICLE II

DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

“Adoption Agreement” has the meaning set forth in Section 5.10 hereof.

“Affiliate” has the meaning set forth in the Investor Rights Agreement.

“Apollo” means, collectively, the investment funds managed, sponsored or advised by Apollo Management VIII, L.P. A reference to any member of Apollo is a reference to any such investment fund.

“Award” has the meaning set forth in Article I hereof.

“Award Agreement” means any writing setting forth the terms of an Award that has been duly authorized and approved by the Committee.

“Cause” when used in connection with the Termination of Relationship of a Participant, shall have the same meaning ascribed to such term in any Service Agreement, or, if no such Service Agreement containing a definition of “Cause” is then in effect, it shall mean the following, unless the applicable Award Agreement states otherwise: (i) the Participant’s conviction of, or plea of nolo contendere to, any felony or other crime involving either fraud or a breach of Participant’s duty of loyalty with respect to the Company or any Subsidiaries or other Affiliates thereof, or any of its customers or suppliers, (ii) the Participant’s substantial and
repeated failure to perform duties as reasonably directed by the Board (other than as a consequence of Disability) after written notice thereof and failure to cure within fifteen (15) days, (iii) the Participant’s fraud, misappropriation, embezzlement, or material misuse of funds or property belonging to the Company or any of its Subsidiaries or Affiliates, (iv) the Participant’s violation of the written policies of the Company or any of its Subsidiaries or Affiliates, or other misconduct in connection with the performance of his or her duties that in either case results in material injury to the Company or any of its Subsidiaries or Affiliates, after written notice thereof and failure to cure within fifteen (15) days, to the extent curable, (v) the Participant’s breach of any Service Agreement that results in material injury to the Company or any of its Subsidiaries or Affiliates, and failure to cure such breach within fifteen (15) days after written notice, or (vi) the Participant’s breach of the confidentiality or non-disparagement provisions (excluding unintentional breaches that are cured within fifteen (15) days after the Participant becomes aware of such breaches, to the extent curable) or the non-competition and non-solicitation provisions to which the Participant is subject, if any. Notwithstanding anything to the contrary herein or elsewhere, if, within six (6) months subsequent to a Participant’s Termination of Relationship for any reason other than by the Company for Cause, the Company discovers facts that such Participant’s Termination of Relationship could have been for Cause, such Participant’s Termination of Relationship will be deemed to have been for Cause for all purposes, and such Participant will be required to disgorge to the Company all amounts received under this Plan, any Award Agreement or otherwise that would not have been payable to such Participant had such Termination of Relationship been by the Company for Cause.

"Change in Control" means the occurrence of either of the following: (i) (A) Apollo and its Affiliates (the "Apollo Holders") cease to be the beneficial owners, directly or indirectly, of a majority of the combined voting power of the outstanding securities of the Company or Rackspace Hosting, Inc. ("Rackspace"); and (B) a person, entity or group other than the Apollo Holders becomes the direct or indirect beneficial owner of a percentage of the combined voting power of the outstanding securities of the Company or Rackspace that is greater than the percentage of the combined voting power of the outstanding securities of such entity that is beneficially owned directly or indirectly by the Apollo Holders; or (ii) sale of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to a person, entity or group other than the Apollo Holders; provided, however, that a mere initial public offering or a merger or other acquisition or combination transaction after which the Apollo Holders retain control or shared control of the Company or Rackspace, or have otherwise not sold or disposed of more than 50% of its direct or indirect investment in the Company or Rackspace as of November 3, 2016 in exchange for cash or marketable securities, will not result in a Change in Control; provided, further, that following an initial public offering, the above clause (i) shall be deleted and replaced with: "a person, entity or group other than Apollo and its Affiliates (the "Apollo Holders") becomes the beneficial owner, directly or indirectly of 35% or more of the combined voting power of the outstanding securities of the Company or Rackspace, and such combined voting power beneficially owned is greater than the percentage of the combined voting power of the outstanding securities of such entity that is beneficially owned directly or indirectly by the Apollo Holders.

"Code" has the meaning set forth in Article I hereof.
“Commission” means the Securities and Exchange Commission and any other Governmental Authority at the time administering the Securities Act.

“Committee” has the meaning set forth in Section 3.1 hereof.

“Common Stock” means the common stock of the Company, par value $0.01 per share.

“Company” has the meaning set forth in Article I hereof.

“Company Group” means the Company and its Subsidiaries.

“Data” has the meaning set forth in Section 9.5 hereof.

“Disability,” when used in connection with the Termination of Relationship of a Participant, shall have the same meaning ascribed to such term (or words of like import) in any Service Agreement, or, if no such Service Agreement containing a definition of “Disability” is then in effect, it shall mean the following, unless the applicable Award Agreement states otherwise: a finding by the Committee of the Participant’s incapacitation through any illness, injury, accident or condition of either a physical or psychological nature that has resulted in his or her inability to perform the essential functions of his or her position, even with reasonable accommodations, for one hundred eighty (180) calendar days during any period of three hundred sixty-five (365) consecutive calendar days, and such incapacity is expected to continue.

“Disqualifying Disposition” has the meaning set forth in Article XIV hereof.

“Dividend Equivalent” has the meaning set forth in Section 7.6 hereof.

“Effective Date” has the meaning set forth in Article X hereof.


“Executive Committee” has the meaning set forth in Section 3.1 hereof.

“Fair Market Value” means the fair market value of a Share as determined by the Committee.

“Governmental Authority” shall mean any international, national, federal, state, provincial or local governmental, regulatory or administrative authority, agency, commission, court, tribunal, arbitral body or self-regulated entity, whether domestic or foreign.

“Investor Rights Agreement” means the Rackspace Technology, Inc. Management Investor Rights Agreement, dated as of April 7, 2017, among the Company, AP VIII Inception Topco, L.P. and the holders party thereto, as it is amended, supplemented or restated from time to time.

“ISOs” has the meaning set forth in Article I hereof.

“Notice” has the meaning set forth in Section 5.10 hereof.
“NSOs” has the meaning set forth in Article I hereof.

“Option” has the meaning set forth in Article I hereof.

“Option Price” has the meaning set forth in Section 5.6 hereof.

“Option Shares” has the meaning set forth in Section 5.10(b) hereof.

“Participant” has the meaning set forth in Section 4.1 hereof.

“Person” has the meaning set forth in the Investor Rights Agreement.

“Plan” has the meaning set forth in Article I hereof.

“Purchase Price” has the meaning set forth in Section 6.1 hereof.

“Reserved Shares” means the number of shares of Common Stock approved by the Committee from time to time for issuance hereunder.

“Restricted Stock” has the meaning set forth in Article I hereof.

“Restricted Stock Unit” means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Committee equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

“Securities Act” means the Securities Act of 1933, as amended.

“Service Agreement” means a written employment agreement, consultancy agreement, directorship agreement or similar services agreement or offer letter between a Participant and any member of the Company Group.

“Shares” means shares of Common Stock.

“Subsidiary” has the meaning set forth in the Investor Rights Agreement.

“Termination Date” means the tenth anniversary of the Effective Date.

“Termination of Relationship” means (a) if the Participant is an employee of the Company or any Subsidiary, the termination of the Participant’s employment relationship with the Company and its Subsidiaries for any reason; (b) if the Participant is a consultant to the Company or any Subsidiary, the termination of the Participant’s consulting relationship with the Company and its Subsidiaries for any reason; and (c) if the Participant is a director of the Company or any Subsidiary, the termination of the Participant’s service relationship with the Company or Subsidiary for any reason; provided, that there shall be no “Termination of Relationship” in situations where the Participant, in agreement with the Company or its Affiliates, around the same time enters into a new employment or service agreement with the Company or any of its Affiliates or takes up a director mandate in the Company or any of its Affiliates or continues another existing employment or service agreement or director mandate with/in the Company or any of its Affiliates.
“Vested Options” means Options that have vested in accordance with the applicable Award Agreement.

“Vested Restricted Stock Units” means Restricted Stock Units that have vested in accordance with the applicable Award Agreement.

ARTICLE III
ADMINISTRATION OF THE PLAN; SHARES SUBJECT TO THE PLAN

3.1 Committee.
Prior to the date of the Company’s initial public offering of its common stock to the public pursuant to an effective registration statement under the Securities Act (the “IPO Date”), the Plan was administered by, and all Awards under the Plan were authorized by, the Executive Committee of the Board of Directors of the Company (the “Executive Committee”) or such other committee that has been authorized to administer the Plan. As from the IPO Date, with respect to Awards outstanding as of such date, the Plan shall be administered by the Compensation Committee of the Company’s Board of Directors (the “Board”) or such other committee that has been authorized by the Board to administer the Plan (either such committee, the “Committee”), provided that the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to non-employee directors and, with respect to such Awards, the term “Committee” as used in the Plan and any Award Agreement shall be deemed to refer to the Board.

3.2 Procedures.
The Committee shall adopt such rules and regulations as it shall deem appropriate concerning the holding of meetings and the administration of the Plan.

3.3 Interpretation.
Except as may otherwise be expressly reserved to the Committee as provided herein, and with respect to any Award, except as may otherwise be provided in the Award Agreement evidencing such Award, the Committee shall have all powers with respect to the administration of the Plan, including the interpretation of the provisions of the Plan and any Award Agreement (including, without limitation, whether any particular Termination of Relationship is for Cause), and all decisions of the Committee, as the case may be, shall be reasonable and made in good faith and shall be conclusive and binding on all Participants in the Plan.

3.4 Binding Determinations.
Any action taken by, or inaction of, the Company, the Committee relating or pursuant to the Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all Persons. Any interpretations, decisions or determinations of the Committee need not be the same with respect to each Participant (whether or not such Participants are similarly situated). Neither the Company nor the Committee, nor any member thereof or Person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan (or any Award), and all such Persons shall be entitled to
3.5 **Reliance on Experts.**

In making any determination or in taking or not taking any action under the Plan, the Committee may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company or any of its Subsidiaries shall be liable for any such action or determination taken or made or omitted in good faith.

3.6 **Delegation.**

The Committee may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Subsidiaries or Affiliates or to third parties.

3.7 **Number of Shares.**

Subject to the provisions of Article VIII (relating to adjustments upon changes in capital structure and other corporate transactions), an aggregate of 1,370,679 Shares shall be Reserved Shares hereunder; provided, however, in the event that the Fair Market Value of the Underlying Option Shares is less than $100.00 the number of Reserved Shares referred to in this sentence will be automatically, and without any further action of the Committee, be increased by that number of shares equal to the difference between (i) $20,000,000 divided by the then Fair Market Value of the Underlying Option Shares, and (ii) 200,000. In each fiscal year of the Company beginning with fiscal 2017, the Reserved Shares shall increase on each day that an Option is granted by the number of Shares subject to the Options granted on such date (the "Underlying Option Shares"), provided, that no additional Shares shall be added to the Reserved Shares for a fiscal year once the aggregate Fair Market Value of the Underlying Option Shares (determined as of the applicable date of grant) equals $50,000,000 (or $57,000,000 for fiscal years 2017 and 2018) (the "Annual Increase"). The maximum number of Shares that may be delivered in respect of ISOs shall equal 1,020,081 Shares; provided, that in each fiscal year of the Company beginning with fiscal 2017, the number of Shares available for delivery in respect of ISOs shall increase by the lesser of the Annual Increase and 50,000 Shares. Shares that are subject to or underlie Awards granted under the Plan that expire or for any reason are canceled or terminated, are forfeited, are repurchased, fail to vest or for any other reason are not issued or delivered under the Plan will again, except to the extent prohibited by law or applicable listing or regulatory requirements, be available for subsequent Awards under the Plan.

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ARTICLE IV
ELIGIBILITY; AWARD AGREEMENTS

4.1 General

Awards may be granted under the Plan only to Persons who are employees or directors of, or consultants to, the Company or any of its Subsidiaries on the date of grant. A Person’s eligibility to be granted an Award under the Plan is not a commitment that any Award will be granted to that Person under the Plan. Each Person to whom an Award is granted under the Plan is referred to herein as a “Participant.”

4.2 Exceptions

Notwithstanding anything contained in Section 4.1 to the contrary, no ISO may be granted under the Plan to an employee who owns, directly or indirectly (within the meaning of Sections 422(b)(6) and 424(d) of the Code), stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Parent, if any, or any of its Subsidiaries, unless (a) the Option Price of the Shares subject to such ISO is fixed at not less than 110% of the Fair Market Value of such Shares on the date of the grant (as determined in accordance with the definition thereof), and (b) such ISO by its terms is not exercisable after the expiration of five years from the date on which it is granted.

4.3 Award Agreements

Each Award granted under the Plan shall be evidenced by an Award Agreement in the form approved by the Committee. The Award Agreement shall contain the terms established by the Committee for that Award, as well as any other terms, provisions, or restrictions that the Committee may impose on the Award or any Shares subject to the Award, in each case subject to the applicable provisions and limitations of the Plan. The Committee may require that the spouse of any married recipient of an Award also promptly execute and return to the Company the Award Agreement evidencing the Award granted to the recipient or such other spousal consent form that the Committee may require in connection with the grant of the Award.

ARTICLE V
OPTIONS

5.1 General

Options may be granted under the Plan at any time and from time to time on or prior to the Termination Date; provided that (a) Options granted to employees of the Company or any of its Subsidiaries shall be, in the discretion of the Committee, either ISOs or NSOs on the date of the grant and (b) Options granted to consultants and non-employee directors shall be NSOs. Subject to the provisions of the Plan, the Committee shall have plenary authority, in its sole discretion and consistent with applicable law, to determine:
5.2 **Option Terms.**

Each Option granted under the Plan shall be designated as an ISO or an NSO and shall be subject to the terms and conditions applicable to ISOs and/or NSOs (as the case may be) set forth in the Plan. Each Option shall specify the number of Shares for which such Option shall be exercisable and the exercise price for such Shares. In addition, each Option shall be evidenced by an Award Agreement that shall be executed by the Company and the Participant.

5.3 **Vesting.**

The Committee shall determine whether and to what extent any Options that are exercisable for Shares are also subject to vesting based upon the Participant’s continued service to, and/or the performance of duties for, the Company and its Subsidiaries and/or the attainment of specified performance goals.

5.4 **Date of Grant.**

The date of grant of an Option under this Plan shall be the date as of which the Committee approves the grant.

5.5 **Shares Subject to Options.**

Options shall be granted to purchase a specified number of Shares not to exceed, in the aggregate, the Reserved Shares. Options may be exercisable for whole Shares only.

5.6 **Option Price.**

The price (the “Option Price”) at which each Share underlying an Option may be purchased shall be determined by the Committee and set forth in the Award Agreement; provided, however, that in the case of an ISO, such Option Price shall in no event be less than 100% (or 110% if Section 4.2 hereof is applicable) of the Fair Market Value of the Shares on the date of the grant.

5.7 **Automatic Termination of Options.**

Each Option granted under the Plan shall terminate automatically and shall become null and void and be of no further force or effect upon such date or dates set forth in the applicable Award Agreement, consistent with the terms of this Plan. Any Shares that are not acquired as a result of an Option’s expiration without being fully exercised shall be available for award by the Committee to another eligible Person.
5.8 Limitations on ISOs: Notice to Participants Granted ISOs.

In accordance with Section 422(d) of the Code, to the extent that the aggregate Fair Market Value of all stock with respect to which incentive stock options are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and its Subsidiaries) exceeds $100,000, such ISOs shall be treated as NSOs.

5.9 Payment of Option Price.

Payment of the Option Price, and satisfaction of any applicable withholding taxes, may be made by one or more of the following methods:
(i) cash, wire transfer of immediately available funds, check, or other instrument acceptable to the Committee; (ii) pursuant to rules and procedures established by the Company from time to time, through the delivery of irrevocable instruments to a broker to sell all or a portion of the Shares being purchased and deliver promptly to the Company an amount equal to the aggregate Option Price for such Shares; (iii) if permitted by the Committee, having the Company withhold from the number of Shares otherwise issuable or deliverable pursuant to the exercise of the Option a number of Shares with a Fair Market Value that does not exceed the aggregate Option Price; (iv) if permitted by the Committee, a surrender of other Shares which shall have a Fair Market Value on the date of surrender equal to the aggregate Option Price of the Shares; or (v) a combination of (i), (ii), (iii) and (iv) above. For purposes of the foregoing, the “Fair Market Value” of the Shares on the applicable date will be determined as follows: (1) if the Common Stock is listed on a national securities exchange, the closing sales price of a share of Common Stock reported on such exchange on such date, or if there is no such sale on that date, then on the last preceding date on which such a sale was reported, or (2) if the Common Stock is not listed on any national securities exchange, the amount determined by the Committee in good faith to be the fair market value of the Common Stock.

The Company reserves the right to restrict the available methods of payment to the extent it determines in its sole discretion that such restriction is required to comply with applicable laws with regard to the acquisition and issuance of the Shares or desirable for the administration of the Plan, or to otherwise modify the available methods of payment to the extent permitted under the terms of the Plan, provided that the Committee shall approve in advance any withholding or surrender of Shares from or by a Participant who is subject to Section 16 of the Exchange Act.

5.10 Notice of Exercise.

A Participant (or other Person, as provided in Section 9.2) may exercise an Option (for the Shares represented thereby) in whole or in part (but for the purchase of whole Shares only), as provided in the Award Agreement evidencing his or her Option, by delivering a written notice (the “Notice") to the Secretary of the Company. The Notice shall state:

(a) That the Participant elects to exercise the Option;
(b) The number of Shares with respect to which the Option is being exercised (the “Option Shares”);
(c) The method of payment for the Option Shares (which method must be available to the Participant under the terms of his or her Award Agreement);
(d) The date upon which the Participant desires to consummate the purchase (which date must be prior to the termination of such Option);
(e) A copy of any election filed or intended to be filed by the Participant with respect to such Option Shares pursuant to Section 83(b) of the Code; and
(f) Any additional provisions consistent with the Plan as the Committee may from time to time require.

The exercise date of an Option shall be the date on which the Company receives the Notice from the Participant. The Participant shall also execute any other documentation as reasonably required by the Committee. Unless otherwise determined by the Committee and notwithstanding anything to the contrary in any Award Agreement, the Participant shall not be required to become a party to the Investor Rights Agreement upon exercise of the Option and any provisions in any Award Agreement relating to such Investor Rights Agreement (or Adoption Agreement to such agreement) shall no longer apply.
5.11 Issuance of Certificates.

The Company shall issue stock certificates in the name of the Participant (or such other Person exercising the Option in accordance with the provisions of Section 9.2), for the securities purchased upon exercise of an Option as soon as practicable after receipt of the Notice and payment of the aggregate Option Price for such securities; provided that the Company may elect to not issue any fractional Shares upon the exercise of any Options (determining the fractional Shares after aggregating all Shares issuable to a single holder as a result of an exercise of an Option for more than one Share) and in lieu of issuing such fractional Shares, shall pay the Participant the Fair Market Value thereof. Neither the Participant nor any Person exercising an Option in accordance with the provisions of Section 9.2 shall have any privileges as a stockholder of the Company with respect to any Shares subject to an Option granted under the Plan until the date of issuance of stock certificates pursuant to this Section 5.11. Notwithstanding the foregoing, the Company shall not be required to deliver stock certificates to the Participant evidencing the Shares issued in connection with the exercise of Options if instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

ARTICLE VI

RESTRICTED STOCK AWARDS

6.1 General.

Restricted Stock may be granted or sold under the Plan at any time and from time to time on or prior to the Termination Date. Subject to the provisions of the Plan, the Committee shall have plenary authority, in its sole discretion and consistent with applicable law, to determine:

(a) The Persons (from among the class of Persons eligible to receive Restricted Stock under the Plan) to whom Restricted Stock Awards shall be granted or sold;
(b) The time or times at which Restricted Stock shall be granted or sold;
(c) The number of Shares covered by a Restricted Stock Award; and
(d) The per-Share purchase price, if any, for the Shares of Restricted Stock (the “Purchase Price”).

6.2 Restricted Stock Award Terms.

Each Restricted Stock Award shall specify the number of Shares covered thereby and the purchase price, if any, for such Shares. In addition, each Restricted Stock Award shall be evidenced by an Award Agreement that shall be executed by the Company and the Participant.
6.3 **Vesting.**

The Committee shall determine whether and to what extent any Shares covered by Restricted Stock Awards are also subject to vesting based upon the Participant’s continued service to, or the performance of duties for, the Company and its Subsidiaries and/or the attainment of specified performance goals.

6.4 **Payment of Purchase Price.**

The Purchase Price, if any, for the Shares of Restricted Stock shall be determined by the Committee and set forth in the Award Agreement. A Participant shall pay the Purchase Price for the Shares of Restricted Stock in United States currency by cash or personal or certified check payable to the Company in an amount equal to the aggregate Purchase Price of the Shares covered by the Restricted Stock Award. In the event that the Participant files an election under Section 83(b) of the Code in connection with the purchase of the Restricted Stock, the Participant must promptly provide a copy of such election to the Secretary of the Company.

6.5 **Issuance of Certificates.**

The Company shall issue stock certificates in the name of the Participant for the securities purchased or granted pursuant to a Restricted Stock Award as soon as practicable after the grant of the Award and receipt of the payment, if any, of the aggregate Purchase Price for such securities until the date of issuance of stock certificates pursuant to this Section 6.5. The Company may require that any stock certificates issued in respect of Shares of Restricted Stock be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). Notwithstanding the foregoing, the Company shall not be required to deliver stock certificates to the Participant evidencing the Shares issued in connection with the Restricted Stock Award if instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). Unless otherwise determined by the Committee and notwithstanding anything to the contrary in any Award Agreement, the Participant shall not be required to become a party to the Investor Rights Agreement in order to have privileges as a stockholder of the Company with respect to any Shares covered by a Restricted Stock Award and any provisions in any Award Agreement relating to such Investor Rights Agreement (or Adoption Agreement to such agreement) shall no longer apply.

6.6 **Dividends.**

Participants holding Shares of Restricted Stock shall be entitled to all ordinary cash dividends paid with respect to such Shares, unless otherwise provided by the Committee in the applicable Award Agreement. In addition, unless otherwise provided by the Committee, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid. Each dividend payment will be made as provided in the applicable Award Agreement, but in no event later than the end of the calendar year in which the dividends are paid to holders of the Common Stock or, if later, the 15th day of the third month following the later of (A) the date the dividends are paid to the holders of the Common Stock, and (B) the date the dividends are no longer subject to forfeiture.
ARTICLE VII

RESTRICTED STOCK UNIT AWARDS

7.1 **General.**

Restricted Stock Units may be granted under the Plan at any time and from time to time on or prior to the Termination Date. Subject to the provisions of the Plan, the Committee shall have plenary authority, in its sole discretion and consistent with applicable law, to determine:

(a) The Persons (from among the class of Persons eligible to receive Restricted Stock Units under the Plan) to whom Restricted Stock Unit Awards shall be granted;

(b) The time or times at which Restricted Stock Units shall be granted and the settlement date for such Restricted Stock Units; and

(c) The number of Shares with respect to which a Restricted Stock Unit Award relates.

7.2 **Restricted Stock Unit Award Terms.**

Each Restricted Stock Unit Award shall specify the number of Restricted Stock Units covered thereby and the settlement date for such Restricted Stock Units. In addition, each Restricted Stock Unit Award shall be evidenced by an Award Agreement that shall be executed by the Company and the Participant.

7.3 **Vesting.**

The Committee shall determine whether and to what extent the Restricted Stock Unit Awards are also subject to vesting based upon the Participant’s continued service to, or the performance of duties for, the Company and its Subsidiaries and/or the attainment of specified performance goals.

7.4 **Settlement.**

Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one Share or an amount of cash or other property equal to the Fair Market Value of a Share on the settlement date, as provided in the applicable Award Agreement. The Committee may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A of the Code and other applicable law.
7.5 Issuance of Certificates.

The Company shall issue stock certificates in the name of the Participant for the securities issued pursuant to a Restricted Stock Unit Award as soon as practicable after the settlement of the Award and the issuance of such securities. The Participant shall not have any privileges as a stockholder of the Company, including any voting rights, with respect to any Shares underlying Restricted Stock Unit Awards granted under the Plan prior to the settlement date and until the date of issuance of stock certificates pursuant to this Section 7.5. Notwithstanding the foregoing, the Company shall not be required to deliver stock certificates to the Participant evidencing the Shares issued in connection with the settlement of a Restricted Stock Unit Award if instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). Unless otherwise determined by the Committee and notwithstanding anything to the contrary in any Award Agreement, the Participant shall not be required to become a party to the Investor Rights Agreement in connection with the settlement of a Restricted Stock Unit Award and any provisions in any Award Agreement relating to such Investor Rights Agreement (or Adoption Agreement to such agreement) shall no longer apply.

7.6 Dividend Equivalents.

To the extent provided by the Committee in the applicable Award Agreement, a grant of Restricted Stock Units may provide a Participant with the right to receive the equivalent value (in cash or in Shares) of ordinary cash dividends paid with respect to the Shares (“Dividend Equivalents”). Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in Shares and/or cash or other property and will be subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which they were paid, as determined by the Committee, subject, in each case, to such terms and conditions as the Committee shall establish and set forth in the applicable Award Agreement.

ARTICLE VIII

ADJUSTMENTS

8.1 Changes in Capital Structure.

If the Common Stock is changed (including as to its value) by reason of a stock split, reverse stock split, or stock combination, stock dividend or distribution, or converted into or exchanged for other securities as a result of a merger, consolidation or reorganization, or in connection with extraordinary cash dividends on the Common Stock, the Committee shall make such adjustments in the number and class of shares of stock available under the Plan as shall be necessary, in the Committee’s good faith discretion, to preserve for a Participant rights substantially proportionate to his or her rights existing immediately prior to such transaction or event (but subject to the limitations and restrictions on such rights), including, without limitation, a corresponding adjustment changing the number and class of shares allocated to, and the Option Price or Purchase Price of, each Award or portion thereof outstanding at the time of such change. Notwithstanding anything contained in the Plan to the contrary, in the case of ISOs, no adjustment under this Section 8.1 shall be appropriate if such adjustment (a) would constitute a modification, extension or renewal of such ISOs within the meaning of Sections 422 and 424 of the Code, and the regulations promulgated by the Treasury Department thereunder, or (b) would, under Section 422 of the Code and the regulations promulgated by the Treasury Department thereunder, be considered the adoption of a new plan requiring stockholder approval. The Company will not, in any event, permit the exercise price of any Option to be less than the par value of the Common Stock.
8.2 Special Rules.

The following rules shall apply in connection with Section 8.1 above:

(a) No adjustment shall be made for cash dividends (except as described in Section 8.1) or the issuance to stockholders of rights to subscribe for additional Shares or other securities; and

(b) Any adjustments referred to in Section 8.1 shall be made by the Committee in its reasonable discretion and shall, absent manifest error, be conclusive and binding on all Persons holding any Awards granted under the Plan.

8.3 Deemed Repurchase and Come-Along Rights.

(a) Without limiting the application of any provisions of the Investor Rights Agreement, and without regard to whether a Participant is already a party to the Investor Rights Agreement, upon the occurrence of any event that would give rise to a Repurchase Right (as defined in the Investor Rights Agreement) or a Come-Along Right (as defined in the Investor Rights Agreement), in each case to which Shares underlying an Option or Restricted Stock Unit would have been subject had such Option been exercised, or such Restricted Stock Unit been settled, as applicable, and had the Participant been delivered such Shares, immediately prior thereto, the Company or its designee may, but shall not be obligated to, cancel all or any portion of the Subject Awards (as defined below) for an amount of consideration equal to the consideration that would have been paid to a holder of the Shares underlying such Subject Awards in connection with the exercise of such Repurchase Right or Come-Along Right, as applicable, under the Investor Rights Agreement, less applicable tax withholding (and in the case of Options, less the Option Price thereof, and in the event that such amount would be equal to or less than zero, such Option may be canceled for no consideration); provided, that if necessary to comply with Section 409A of the Code, such amount shall not be payable with respect to any Restricted Stock Unit until the earliest time permitted by Section 409A of the Code. As used herein, the term “Subject Award” means, with respect to an Award, the portion of such Award relating to the number of Shares that would be subject to such Repurchase Right or Come-Along Right had they been issued to the Participant holding such Award and outstanding immediately prior thereto. Such cancellation and payment may be effected pursuant to any arrangement deemed appropriate by the Committee.

(b) For the sake of clarity, notwithstanding the foregoing, the outstanding Options, Restricted Stock, and Restricted Stock Units shall otherwise be subject to such adjustments as determined by the Committee pursuant to Section 8.1. Further, in no event shall the failure of the Company or its designee to exercise its rights under this Section 8.3 in connection with a Repurchase Right or Come-Along Right prejudice any of the Company’s or its designee’s rights under the Investor Rights Agreement with respect to either (i) any other Shares held by any Participant that may be subject to such Repurchase Right or Come-Along Right or (ii) any Shares issued to a Participant in the future upon exercise or settlement of any Subject Award that may in the future be subject to a future Repurchase Right or Come-Along Right.

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ARTICLE IX

RESTRICTIONS ON AWARDS

9.1 Compliance With Securities Laws.

No Awards shall be granted under the Plan, and no securities shall be issued and delivered pursuant to Awards granted under the Plan, unless and until the Company and/or the Participant shall have complied with all applicable registration, listing and/or qualification requirements under any applicable law and all other requirements of law or of any regulatory agencies having jurisdiction.

The Committee in its discretion may, as a condition to the delivery of any Shares pursuant to any Award granted under the Plan, require a Participant (a) to represent in writing that the securities received pursuant to such Award are being acquired for investment and not with a view to distribution and (b) to make such other representations and warranties as are deemed reasonably appropriate by the Company. Stock certificates representing securities acquired under the Plan that have not been registered under the Securities Act shall, if required by the Committee, bear the legends as may be required by the Investor Rights Agreement and Award Agreement evidencing a particular Award.

9.2 Nonassignability of Awards.

No Award granted under this Plan shall be assignable or otherwise transferable by the Participant, except by will or by the laws of descent and distribution or as otherwise set forth in an Award Agreement. An Award may be exercised during the lifetime of the Participant only by the Participant. If a Participant dies, his or her Awards shall thereafter be exercisable, during the period specified in the applicable Award Agreement (as the case may be), by his or her executors or administrators to the full extent (but only to such extent) to which such Awards were exercisable by the Participant at the time of his or her death.

9.3 No Evidence of Employment or Other Service Relationship; No Rights to Future Awards.

Nothing contained in the Plan or in any Award Agreement shall confer upon any Participant any right with respect to the continuation of his or her employment by or other service relationship with the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any Subsidiary (subject to the terms of any separate agreement to the contrary) at any time to terminate such employment or other service relationship or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Award. The grant of Awards under the Plan is a one-time benefit and does not create any contractual or other right to receive any other grant of other Awards under the Plan in the future. The grant of an Award does not form part of the Participant’s entitlement to remuneration or benefits in terms of his or her employment or other service relationship with the Company or any Subsidiary.
9.4 Provisions for Foreign Participants – In General.

The Committee may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

9.5 Data Privacy.

As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Participant’s participation in the Plan. The Company and its Subsidiaries and Affiliates may hold certain personal information about a Participant, including but not limited to, the Participant’s name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries and Affiliates, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the “Data”). The Company and its Subsidiaries and Affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Participant’s participation in the Plan, and the Company and its Subsidiaries and Affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the Participant’s country, or elsewhere, and the Participant’s country may have data privacy laws and protections that are different from those of the recipients’ country. Through acceptance of an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant’s participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as is necessary to implement, administer, and manage the Participant’s participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Participant’s ability to participate in the Plan and, in the Committee’s discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.
ARTICLE X

EFFECTIVE DATE OF THE PLAN

This Plan shall become effective on the date of its adoption by the Executive Committee (the “Effective Date”); provided, however, that no ISO shall be exercisable by a Participant unless and until the Plan shall have been approved by the stockholders of the Company in accordance with the provisions of its Certificate of Incorporation and By-laws, which approval shall be obtained by a simple majority vote of stockholders, voting either in person or by proxy, at a duly held stockholders’ meeting, or by written consent, within twelve months before or after the adoption of the Plan by the Executive Committee.

ARTICLE XI

TERMINATION OF THE PLAN

No Awards may be granted after the Termination Date. Any Awards outstanding as of the Termination Date shall remain in effect in accordance with their applicable terms and conditions and the terms and conditions of the Plan.

ARTICLE XII

AMENDMENT OF PLAN

The Plan may be modified or amended in any respect by the Committee with the prior approval of the Executive Committee; provided, however, that the approval of the holders of a majority of the votes that may be cast by all of the holders of shares of Common Stock entitled to vote (voting together as a single class, with each such holder entitled to cast one vote per share held by such holder) shall be obtained prior to any such amendment becoming effective if such approval is required by law or is necessary to comply with regulations promulgated by the Commission under Section 16(b) of the Exchange Act or with Section 422 of the Code or the regulations promulgated by the Treasury Department thereunder. Notwithstanding the foregoing, the Plan may not be modified or amended with respect to any existing Award Agreement without the consent of such Participant if such change would materially impair the rights of such Participant.

ARTICLE XIII

CAPTIONS

The use of captions in this Plan is for convenience. The captions are not intended to provide substantive rights.
ARTICLE XIV
DISQUALIFYING DISPOSITIONS

If securities acquired by exercise of an ISO granted under this Plan are disposed of within two years following the date of grant of the ISO or one year following the issuance of the securities to the Participant (a “Disqualifying Disposition”), the holder of such securities shall, immediately prior to such Disqualifying Disposition, notify the Company in writing of the date and terms of such Disqualifying Disposition and provide such other information regarding the Disqualifying Disposition as the Company may reasonably require.

ARTICLE XV
WITHHOLDING TAXES

Whenever any taxes are required by law to be withheld in connection with Shares delivered to a Participant pursuant to Awards under the Plan (including, without limitation, upon exercise of an NSO (or an exercise of an ISO that will be taxed as an NSO)), such Participant shall remit or, in appropriate circumstances, agree to remit when due, an amount sufficient to satisfy all current or estimated future federal, state, local and foreign withholding tax and employment tax requirements relating thereto. The Committee may, in its sole discretion, allow the Participant to satisfy the withholding tax obligations arising in connection with the delivery of such Shares pursuant to an Award under the Plan by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the amount required to be withheld, determined on the date that the amount of tax to be withheld is determined.

ARTICLE XVI
OTHER PROVISIONS

16.1 Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion. Notwithstanding the foregoing, each ISO granted under the Plan shall include those terms and conditions that are necessary to qualify the ISO as an “incentive stock option” within the meaning of Section 422 of the Code and the regulations thereunder and shall not include any terms or conditions that are inconsistent therewith.

16.2 Separability of Provisions.

If any particular provision of this Plan shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Plan or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Plan or affecting the validity or enforceability of such provision in any other jurisdiction.
ARTICLE XVII

NUMBER AND GENDER

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, and vice-versa, as the context requires.

ARTICLE XVIII

SECTION 409A OF THE CODE

It is intended that Awards granted under the Plan will not result in the imposition of any tax liability pursuant to Section 409A of the Code. The Plan and each Award Agreement shall be construed and interpreted consistent with that intent. Without limiting the generality of the foregoing and notwithstanding any provision of the Plan to the contrary, if a Participant is a “specified employee” as defined in Section 409A of the Code on such Participant’s separation from service (within the meaning of Section 409A of the Code) with the Company, the Participant shall not be entitled to any payments hereunder that would be treated as deferred compensation subject to Section 409A of the Code until the earlier of (i) the date which is six (6) months after his or her separation from service with the Company for any reason other than death and (ii) the date of the Participant’s death. Any amounts otherwise payable to the Participant following the Termination of Relationship that are not so paid by reason of this Article XVIII shall be paid as soon as practicable after the date that is six (6) months after the Participant’s separation from service with the Company (or, if earlier, the date of the Participant’s death). The provisions of this Article XVIII shall apply only if, and to the extent, required to comply with Section 409A of the Code. No provision of this Plan or any Award granted thereunder shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from any Participant or any other individual to the Company or any of its Affiliates, employees or agents. Each Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such Participant in connection with payments and benefits provided in accordance with the terms of the Plan or Award Agreements (including any taxes and penalties under Section 409A of the Code), 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 a Participant as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. For purposes of Section 409A of the Code, each payment that may be made under the Plan or any Award Agreement shall be designated as a separate and distinct payment for purposes under Section 409A of the Code and the applicable Treasury Regulations and guidance promulgated thereunder (including, without limitation, Section 1.409A-1(b)(4)(i)(F), 1.409A-1(b)(9)(iii) and 1.409A-1(b)(9)(v)(B)).
ARTICLE XIX

GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL

All questions concerning the construction, interpretation and validity of this Plan and the instruments evidencing the Awards granted hereunder shall be governed by and construed in accordance with the domestic laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether in the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In furtherance of the foregoing, the internal law of the State of Delaware will control the interpretation and construction of this Plan, even if under such jurisdiction’s choice of law or conflict of law analysis the substantive law of some other jurisdiction would ordinarily apply.

Each of the Company and, by acceptance of an Award, each Participant irrevocably (i) consents to submit itself, himself or herself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereof, (ii) agrees that it, he, or she will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) agrees that it, he, or she will not bring any action relating to the Plan, any Award Agreement, or any Award made thereunder in any court other than the courts of the State of Delaware, as described above. Each of the Company and, by acceptance of an Award, each Participant agrees that service of any process, summons, notice or document by U.S. registered mail to the addresses set forth above, with respect to the Company, and to the addresses set forth in the ledgers of the Company, with respect to any Participant, shall be effective service of process for any suit or proceeding in connection with the Plan, any Award Agreement, or any Award made thereunder. Each of the Company and, by acceptance of an Award, each Participant hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to the Plan, any Award Agreement, or any Award made thereunder, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Article XIX, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that the Plan, any Award Agreement, or any Award made thereunder may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the Company or a Participant is entitled pursuant to the final judgment of any court having jurisdiction. Each of the Company and, by acceptance of an Award, each Participant expressly acknowledges that the foregoing waiver is intended to be
irrevocable under the laws of the State of Delaware and of the United States of America; provided, that the Company’s and any Participant’s consent to
jurisdiction and service contained in this Article XIX is solely for the purpose referred to in this Article XIX and shall not be deemed to be a general
submission to said courts or in the State of Delaware other than for such purpose.

EACH OF THE COMPANY AND, BY ACCEPTANCE OF AN AWARD, EACH PARTICIPANT HEREBY IRREVOCABLY WAIVES
ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE
PLAN, ANY AWARD AGREEMENT, OR ANY AWARD MADE THEREUNDER.

* * * * *

As adopted by the Executive Committee of the Board of Directors of Inception Topco, Inc. on April 10, 2017.
INDEMNIFICATION AGREEMENT
by and between
RACKSPACE TECHNOLOGY, INC.
and
[                ]
as Indemnitee

Dated as of July ____, 2020
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INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated effective as of July ___, 2020 (this "Agreement"), by and between Rackspace Technology, Inc., a Delaware corporation (the “Company”), and [                ] (“Indemnitee”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Article I.

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the fullest extent permitted by law;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company;

WHEREAS, the Company’s Second Amended and Restated Certificate of Incorporation (as the same may be amended and/or restated from time to time, the "Certificate of Incorporation") requires indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the Delaware General Corporation Law ("DGCL");

WHEREAS, the Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts providing for indemnification may be entered into between the Company and members of the board of directors of the Company (the "Board"), executive officers and other key employees of the Company;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor nor to diminish or abrogate any rights of Indemnitee thereunder (regardless of, among other things, any amendment to or revocation of governing documents or any change in the composition of the Board or any Corporate Transaction); and

WHEREAS, Indemnitee will serve or continue to serve as a director, officer or key employee of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is otherwise terminated by the Company.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:
ARTICLE 1
DEFINITIONS

As used in this Agreement:

1.1. “Affiliate” shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (as in effect on the date hereof).

1.2. “Agreement” shall have the meaning set forth in the preamble.

1.3. “Beneficial Owner” and “Beneficial Ownership” shall have the meaning set forth in Rule 13d-3 under the Exchange Act (as in effect on the date hereof).

1.4. “Board” shall have the meaning set forth in the recitals.

1.5. “Bylaws” shall mean the Company’s Second Amended and Restated Bylaws (as the same may be amended and/or restated from time to time).

1.6. “Certificate of Incorporation” shall have the meaning set forth in the recitals.

1.7. “Change in Control” shall mean, and shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

   (a) **Acquisition of Stock by Third Party.** Any Person other than a Permitted Holder is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding Voting Securities, unless (i) the change in the relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors or (ii) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change in Control under part (c) of this definition;

   (b) **Change in Board of Directors.** Individuals who, as of the date hereof, constitute the Board, and any new director whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least a majority of the directors then still in office who were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (b) (collectively, the “Continuing Directors”), cease for any reason to constitute at least a majority of the members of the Board;

   (c) **Corporate Transactions.** The effective date of a reorganization, merger or consolidation of the Company (in each case, a “Corporate Transaction”), unless following such Corporate Transaction: (i) all or substantially all of the individuals and entities who were the Beneficial Owners of Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction (including, without limitation, a corporation or other Person that as a result of such transaction owns the Company or all or substantially all of the Company’s...
assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership of Voting Securities immediately prior to such Corporate Transaction; (ii) no Person (excluding any corporation resulting from such Corporate Transaction or the Permitted Holders) is the Beneficial Owner, directly or indirectly, of 50% or more of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction, except to the extent that such ownership existed prior to such Corporate Transaction; and (iii) at least a majority of the board of directors of the Company or other Person resulting from such Corporate Transaction were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(d) Other Events. The approval by the stockholders of the Company of a plan of complete liquidation or dissolution of the Company or the consummation of an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Company of all or substantially all of the Company’s assets, other than such sale or other disposition by the Company of all or substantially all of the Company’s assets to a Person, at least 50% of the combined voting power of the Voting Securities of which are Beneficially Owned by (i) the stockholders of the Company immediately prior to such sale or (ii) the Permitted Holders.

1.8. “Company” shall have the meaning set forth in the preamble and shall also include, in addition to the resulting corporation or other entity, any constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, manager, managing member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation or other entity as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

1.9. “Continuing Directors” shall have the meaning set forth in Section 1.7(b).

1.10. “Corporate Status” shall describe the status as such of a person who is or was a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of the Company or of any other Enterprise which such person is or was serving at the request of the Company.

1.11. “Corporate Transaction” shall have the meaning set forth in Section 1.7(c).

1.12. “Delaware Court” shall mean the Court of Chancery of the State of Delaware.

1.13. “DGCL” shall have the meaning set forth in the recitals.

1.14. “Disinterested Director” shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.15. “Enterprise” shall mean the Company and any other corporation, constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned Subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent.

1.17. “Expenses” shall include all reasonable and documented costs, expenses and fees, including, but not limited to, attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or negotiating for the settlement of, responding to or objecting to a request to provide discovery in, or otherwise participating in, any Proceeding. Expenses also shall include expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments, fines or penalties against Indemnitee.

1.18. “Indemnification Arrangements” shall have the meaning set forth in Section 15.2.

1.19. “Indemnitee” shall have the meaning set forth in the preamble.

1.20. “Indemnitee-Related Entities” shall mean any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Company, any other Enterprise controlled by the Company or the insurer under and pursuant to an insurance policy of the Company or any such controlled Enterprise) from whom an Indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Company or any other Enterprise controlled by the Company may also have an indemnification or advancement obligation.

1.21. “Independent Counsel” shall mean a law firm, or a person admitted to practice law in any state of the United States or the District of Columbia who is a member of a law firm, that is of outstanding reputation, experienced in matters of corporation law and neither is as of the date of selection of such firm, nor has been during the period of three years immediately preceding the date of selection of such firm, retained to represent: (a) the Company or Indemnitee in any material matter (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. For purposes of this definition, a “material matter” shall mean any matter for which billings exceeded or are expected to exceed $100,000.

1.23. "Person" shall have the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act (as in effect on the date hereof); provided, however, that the term "Person" shall exclude: (a) the Company; (b) any Subsidiaries of the Company; and (c) any employee benefit plan of the Company or a Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

1.24. “Proceeding” shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, including, without limitation, any and all appeals, whether brought by or in the right of the Company or otherwise and whether of a civil (including, without limitation, intentional or unintentional tort claims), criminal, administrative or investigative nature, whether formal or informal, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer or key employee of the Company, by reason of any action taken by or omission by Indemnitee, or of any action or omission on Indemnitee’s part while acting as a director or officer or key employee of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise; in each case whether or not acting or serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement or Section 145 of the DGCL; including any proceeding pending on or before the date of this Agreement but excluding any proceeding initiated by Indemnitee to enforce Indemnitee’s rights under this Agreement or Section 145 of the DGCL.

1.25. “Related Party” shall mean, with respect to any Person, (a) any controlling stockholder, controlling member, general partner, Subsidiary, spouse or immediate family member (in the case of an individual) of such Person, (b) any estate, trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or owners of which consist solely of one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (a), (c) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (a), or (c) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (b), acting solely in such capacity.

1.26. “Section 409A” shall have the meaning set forth in Section 17.2.

1.27. “Subsidiary” with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

1.28. “Voting Securities” shall mean any securities of the Company (or a surviving entity as described in the definition of a “Change in Control”) that vote generally in the election of directors (or similar body).

1.29. References to “fines” shall include any excise tax or penalty assessed on Indemnitee with respect to any employee benefit plan; references to “other enterprise” shall include employee benefit plans; references to “serving at the request of the Company” shall include, without limitation, any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.
1.30. The phrase “to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law” shall include, but not be limited to: (a) to the fullest extent authorized or permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL and (b) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

ARTICLE 2

INDEMNITY IN THIRD-PARTY PROCEEDINGS

Subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 2 if Indemnitee is, was or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8, to the fullest extent not prohibited by applicable law, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties and, subject to Section 10.3, amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful. No indemnification for Expenses shall be made under this Article 2 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged (and not subject to further appeal) by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

ARTICLE 3

INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY

Subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 3 if Indemnitee is, was or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Article 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged (and not subject to further appeal) by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.
ARTICLE 4

INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL

Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection therewith. For the avoidance of doubt, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, then the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with each resolved claim, issue or matter, whether or not Indemnitee was wholly or partly successful; provided that Indemnitee shall only be entitled to indemnification for Expenses with respect to unsuccessful claims under this Article 4 to the extent Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful. For purposes of this Article 4 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, or by settlement, shall be deemed to be a successful result as to such claim, issue or matter.

ARTICLE 5

INDEMNIFICATION FOR EXPENSES OF A WITNESS

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee’s Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection therewith.

ARTICLE 6

ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS

In addition to and notwithstanding any limitations in Articles 2, 3 or 4, but subject to Article 8, the Company shall indemnify, hold harmless and exonerate Indemnitee to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law if Indemnitee is, was or is threatened to be made a party to or a participant in, any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and, subject to Section 10.3, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with the Proceeding. No indemnity shall be available under this Article 6 on account of Indemnitee’s conduct that constitutes a breach of Indemnitee’s duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law.
ARTICLE 7
CONTRIBUTION IN THE EVENT OF JOINT LIABILITY

7.1. To the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law, if the indemnification rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

7.2. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

7.3. The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than Indemnitee) who may be jointly liable with Indemnitee.

ARTICLE 8
EXCLUSIONS

8.1. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity, contribution or advancement of Expenses in connection with any claim made against Indemnitee:

(a) except as provided in Section 15.4, for which payment has actually been made to or on behalf of Indemnitee under any insurance policy of the Company or its Subsidiaries or other indemnity provision of the Company or its Subsidiaries, except with respect to any excess beyond the amount paid under any insurance policy, contract, agreement, other indemnity provision or otherwise; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any similar successor statute) or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated or brought voluntarily by Indemnitee, including, without limitation, any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, managers, managing members, employees or other indemnitees, other than a Proceeding initiated by Indemnitee to enforce its rights under this Agreement, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) or (ii) the Company provides the indemnification payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(d) for the payment of amounts required to be reimbursed to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as amended, or any similar successor statute; or
(e) for any payment to Indemnitee that is determined to be unlawful by a final judgment or other adjudication of a court or arbitration, arbitral or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing and under the procedures and subject to the presumptions of this Agreement; or

(f) in connection with any Proceeding initiated by Indemnitee to enforce its rights under this Agreement if a court or arbitration, arbitral or administrative body of competent jurisdiction determines by final judicial decision that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous.

The exclusions in this Article 8 shall not apply to counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee.

ARTICLE 9
ADVANCES OF EXPENSES; SELECTION OF LAW FIRM

9.1. Subject to Article 8, the Company shall, unless prohibited by applicable law, advance the Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within ten business days after the receipt by the Company of a statement or statements requesting such advances, together with a reasonably detailed written explanation of the basis therefor and an itemization of legal fees and disbursements in reasonable detail, from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Indemnitee shall qualify for advances, to the fullest extent permitted by this Agreement, solely upon the execution and delivery to the Company of an undertaking providing that Indemnitee undertakes to repay the advance to the extent that it is ultimately determined, by final judicial decision of a court or arbitration, arbitral or administrative body of competent jurisdiction from which there is no further right to appeal, that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement or pursuant to applicable law. This Section 9.1 shall not apply to any claim made by Indemnitee for which an indemnification payment is excluded pursuant to Article 8.

9.2. If the Company shall be obligated under Section 9.1 hereof to pay the Expenses of any Proceeding against Indemnitee, then the Company shall be entitled to assume the defense of such Proceeding upon the delivery to Indemnitee of written notice of its election to do so. If the Company elects to assume the defense of such Proceeding, then unless the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company’s then outstanding Voting Securities, the Company shall assume such defense using a single law firm (in addition to local counsel) selected by the Company representing Indemnitee and other present and former directors or officers of the Company. The retention of such law firm by the Company shall be subject to prior written approval by Indemnitee, which approval shall not be unreasonably withheld, delayed or conditioned. If the Company elects to assume the defense of such Proceeding and the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company’s then outstanding Voting Securities, then the Company shall assume such defense using a single law firm (in addition to local counsel) selected by Indemnitee and any other present or former directors or officers of the Company who are parties to such Proceeding. After (x) in the case of retention of any such law firm selected by the Company, delivery of the required notice to Indemnitee, approval of such law firm by Indemnitee and the retention of such law firm by the Company, or (y) in the case of retention of any such law firm selected by Indemnitee, the completion of such retention, the Company will not be liable to Indemnitee under this Agreement for any Expenses of any other law firm incurred by Indemnitee after the
date that such first law firm is retained by the Company with respect to the same Proceeding; provided, that in the case of retention of any such law firm selected by the Company (a) Indemnitee shall have the right to retain a separate law firm in any such Proceeding at Indemnitee’s sole expense; and (b) if (i) the retention of a law firm by Indemnitee has been previously authorized by the Company in writing, (ii) Indemnitee shall have reasonably concluded that (1) there may be a conflict of interest between either (x) the Company and Indemnitee or (y) Indemnitee and another present or former director or officer of the Company also represented by such law firm in the conduct of any such defense, or (2) there may be defenses available to Indemnitee that are incompatible or inconsistent with those available to the Company or another present or former director represented by such law firm in the conduct of such defense, or (iii) the Company shall not, in fact, have retained a law firm to prosecute the defense of such Proceeding within thirty days, then the reasonable Expenses of a single law firm retained by Indemnitee shall be at the expense of the Company. Notwithstanding anything else to the contrary in this Section 9.2, the Company will not be entitled without the written consent of the Indemnitee to assume the defense of any Proceeding brought by or in the right of the Company.

ARTICLE 10

PROCEDURE FOR NOTIFICATION; DEFENSE OF CLAIM; SETTLEMENT

10.1. Indemnitee shall, as a condition precedent to Indemnitee’s right to be indemnified under this Agreement, give the Company notice in writing promptly of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement; provided, however, that a delay in giving such notice shall not deprive Indemnitee of any right to be indemnified under this Agreement unless, and then only to the extent that, such delay is materially prejudicial to the defense of such claim. The omission or delay to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnitee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

10.2. The Company will be entitled to participate in the Proceeding at its own expense.

10.3. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any claim effected without the Company’s prior written consent, provided the Company has not breached its obligations hereunder. The Company shall not settle any claim, including, without limitation, any claim in which it takes the position that Indemnitee is not entitled to indemnification in connection with such settlement, nor shall the Company settle any claim which would impose any fine or obligation on Indemnitee or attribute to Indemnitee any admission of liability, without Indemnitee’s prior written consent. Neither the Company nor Indemnitee shall unreasonably withhold, delay or condition their consent to any proposed settlement.

ARTICLE 11

PROCEDURE UPON APPLICATION FOR INDEMNIFICATION

11.1. Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10.1, a determination, if required by applicable law, with respect to Indemnitee’s entitlement thereto shall be made in the specific case: (a) by a majority of the Company’s stockholders, (b) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (c) if a Change in Control shall not have occurred, (i) by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, (ii) by a committee of Disinterested Directors.
designated by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, or (iii) if there are less than three Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten business days after such determination and any future amounts due to Indemnitee shall be paid in accordance with this Agreement. Indemnitee shall cooperate with the Persons making such determination with respect to Indemnitee’s entitlement to indemnification, including, without limitation, providing to such Persons upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination, provided, that nothing contained in this Agreement shall require Indemnitee to waive any privilege Indemnitee may have. Any costs or Expenses (including, without limitation, reasonable and documented attorneys’ fees and disbursements) incurred by Indemnitee in so cooperating with the Persons making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee’s entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

11.2. If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11.1 hereof, the Independent Counsel shall be selected as provided in this Section 11.2. If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within thirty days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of “Independent Counsel” as defined in Article 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion.

Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court or arbitration, arbitral or administrative body has determined that such objection is without merit. If, within thirty days after submission by Indemnitee of a written request for indemnification pursuant to Section 10.1 hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may seek arbitration for resolution of any objection which shall have been made by the Company or Indemnitee to the other’s selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the arbitrator or by such other person as the arbitrator shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11.1 hereof. Such arbitration referred to in the previous sentence shall be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, and Article 13 hereof shall apply in respect of such arbitration and the Company and Indemnitee. Upon the due commencement of any arbitration pursuant to Section 13.1 of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).
ARTICLE 12

PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS

12.1. In making a determination with respect to entitlement to indemnification hereunder, the Person making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10.1 of this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its Board, its Independent Counsel and its stockholders) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification or advancement of expenses is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its Board, its Independent Counsel and its stockholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

12.2. If the Person empowered or selected under Article 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (a) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee’s statement not materially misleading, in connection with the request for indemnification, or (b) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such sixty-day period may be extended for a reasonable time, not to exceed an additional thirty days, if the Person making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto, provided further that, if final selection of Independent Counsel has not occurred within thirty days after receipt by the Company of the request for indemnification, such sixty-day period may be after the final selection of Independent Counsel pursuant to Section 11.2.

12.3. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee’s conduct was unlawful.

12.4. For purposes of any determination of good faith pursuant to this Agreement, Indemnitee shall be deemed to have acted in good faith if, among other things, Indemnitee’s action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its board of directors, any committee of the board of directors or any director, or on information or records given or reports made to the Enterprise, its board of directors, any committee of the board of directors or any director, by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise, its board of directors, any committee of the board of directors or any director. The provisions of this Section 12.4 shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement. In any event, it shall be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

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12.5. The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12.6. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

ARTICLE 13

REMEDIES OF INDEMNITEE

13.1. In the event that (a) a determination is made pursuant to Article 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (b) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Article 9 of this Agreement, (c) no determination of entitlement to indemnification shall have been made pursuant to Section 11.1 of this Agreement within thirty days after receipt by the Company of the request for indemnification and of reasonable documentation and information which Indemnitee may be called upon to provide pursuant to Section 11.1, (d) payment of indemnification is not made pursuant to Articles 4, 5, 6 or the last sentence of Section 11.1 of this Agreement within ten business days after receipt by the Company of a written request therefor, (e) a contribution payment is not made in a timely manner pursuant to Article 7 of this Agreement, (f) payment of indemnification pursuant to Article 3 or 6 of this Agreement is not made within thirty days after a determination has been made that Indemnitee is entitled to indemnification or (g) the Company or any representative thereof takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee’s right to seek any such award in arbitration. The award rendered by such arbitration will be final and binding upon the parties hereto, and final judgment on the arbitration award may be entered in any court of competent jurisdiction.

13.2. In the event that a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is not entitled to indemnification, any arbitration commenced pursuant to this Article 13 shall be conducted in all respects as an arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any arbitration commenced pursuant to this Article 13, Indemnitee shall be presumed to be entitled to receive advances of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 11.1 of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences an arbitration pursuant to this Article 13, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Article 9 until a final determination is made with respect to Indemnitee’s entitlement to indemnification (as to which all rights of appeal shall have been exhausted or lapsed).
13.3. If a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any arbitration commenced pursuant to this Article 13, absent (a) a misstatement by Indemnitee of a material fact or an omission of a material fact necessary to make Indemnitee’s statement not materially misleading, in connection with the request for indemnification or (b) a prohibition of such indemnification under applicable law.

13.4. The Company shall be precluded from asserting in any arbitration commenced pursuant to this Article 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate before any such arbitrator that the Company is bound by all the provisions of this Agreement.

13.5. The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten business days after the Company’s receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any arbitration brought by Indemnitee (a) to enforce his or her rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Certificate of Incorporation, or the Bylaws now or hereafter in effect; or (b) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement, contribution or insurance recovery, as the case may be (unless such arbitration was not brought by Indemnitee in good faith).

13.6. Interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies, or is obliged to indemnify, for the period commencing with the date on which Indemnitee requests indemnification, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

ARTICLE 14
SECURITY

Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may, as permitted by applicable securities laws, at any time and from time to time provide security to Indemnitee for the Company’s obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.
ARTICLE 15

NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; PRIMACY OF INDEMNIFICATION; SUBROGATION

15.1. The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation, the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15.2. The DGCL and the Certificate of Incorporation permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements, including, but not limited to, providing a trust fund, letter of credit or surety bond (“Indemnification Arrangements”) on behalf of Indemnitee against any liability asserted against Indemnitee or incurred by or on behalf of Indemnitee or in such capacity as a director, officer, employee or agent of the Company, or arising out of his or her status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement or under the DGCL, as it may then be in effect. The purchase, establishment and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

15.3. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managers, managing members, fiduciaries, employees or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies and Indemnitee shall promptly cooperate with any request by the Company or insurers in connection with such action.

15.4. The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of Expenses and/or insurance provided by the Indemnitee-Related Entities. The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Indemnitee-Related Entities to advance Expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law and as required by the terms of this Agreement and the Certificate of Incorporation or the Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Indemnitee-Related Entities and (iii) that it irrevocably waives, relinquishes and releases the Indemnitee-Related Entities from any and all claims against the Indemnitee-Related Entities for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Indemnitee-Related Entities on behalf of Indemnitee with respect to any
claim for which Indemnitee has sought indemnification from the Company shall reduce or otherwise alter the rights of Indemnitee or the obligations of
the Company hereunder. Under no circumstance shall the Company be entitled to any right of subrogation or contribution by the Indemnitee-Related
Entities. In the event that any of the Indemnitee-Related Entities shall make any advancement or payment on behalf of Indemnitee with respect to any
claim for which Indemnitee has sought indemnification from the Company, the Indemnitee-Related Entity making such payment shall have a right of
contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company, and
Indemnitee shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including, without limitation,
execution of such documents as are necessary to enable the Indemnitee-Related Entities to bring suit to enforce such rights. The Company and
Indemnitee agree that the Indemnitee-Related Entities are express third party beneficiaries of the terms of this Section 15.4, entitled to enforce this
Section 15.4 as though each of the Indemnitee-Related Entities were a party to this Agreement.

15.5. Except as provided in Section 15.4, in the event of any payment under this Agreement, the Company shall be subrogated to the
extent of such payment to all of the rights of recovery of Indemnitee (other than against the Indemnitee-Related Entities), who shall execute all papers
reasonably required and take all action reasonably necessary to secure such rights, including, without limitation, execution of such documents as are
necessary to enable the Company to bring suit to enforce such rights.

15.6. Except as provided in Section 15.4, the Company shall not be liable under this Agreement to make any payment of amounts
otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually
received such payment under any insurance policy, contract, agreement or otherwise.

15.7. Except as provided in Section 15.4, the Company’s obligation to indemnify or advance Expenses hereunder to Indemnitee who is or
was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other Enterprise
shall be reduced by any amount Indemnitee has actually received as indemnification payments or advancement of Expenses from such Enterprise.
Notwithstanding any other provision of this Agreement to the contrary, (a) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or
apportion any indemnification advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to
the Company’s satisfaction and performance of all its obligations under this Agreement, and (b) the Company shall perform fully its obligations under
this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, contribution or insurance
coverage rights against any person or entity other than the Company.

ARTICLE 16
ENFORCEMENT AND BINDING EFFECT

16.1. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it
hereby in order to induce Indemnitee to serve or continue to serve as a director, officer or key employee of the Company, and the Company
acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director, officer or key employee of the Company.

16.2. This Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which
occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company
as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of another corporation, limited liability company,
partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.
16.3. The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including, without limitation, temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of such a bond or undertaking.

**ARTICLE 17**

**MISCELLANEOUS**

17.1. **Successors and Assigns.** This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee’s assigns, heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect successor by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

17.2. **Section 409A.** It is intended that any indemnification payment or advancement of Expenses made hereunder shall be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance issued thereunder (“Section 409A”) pursuant to Treasury Regulation Section 1.409A-1(b)(10). Notwithstanding the foregoing, if any indemnification payment or advancement of Expenses made hereunder shall be determined to be “nonqualified deferred compensation” within the meaning of Section 409A, then (i) the amount of the indemnification payment or advancement of Expenses during one taxable year shall not affect the amount of the indemnification payments or advancement of Expenses during any other taxable year, (ii) the indemnification payments or advancement of Expenses must be made on or before the last day of the Indemnitee’s taxable year following the year in which the expense was incurred and (iii) the right to indemnification payments or advancement of Expenses hereunder is not subject to liquidation or exchange for another benefit.

17.3. **Severability.** In the event that any provision of this Agreement is determined by a court to require the Company to do or to fail to do an act which is in violation of applicable law, such provision (including, without limitation, any provision within a single Article, Section, paragraph or sentence) shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms to the fullest extent permitted by law.
17.4. **Entire Agreement.** Without limiting any of the rights of Indemnitee under the Certificate of Incorporation or Bylaws, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

17.5. **Modification, Waiver and Termination.** No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee’s Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

17.6. **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or (b) mailed by certified or registered mail with postage prepaid on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(ii) If to the Company, to:
Rackspace Technology, Inc.
One Fanatical Place
City of Windcrest
San Antonio, Texas, 78218
Attn: Holly Windham, EVP, Chief Legal & People Officer and Corporate Secretary

or to any other address as may have been furnished to Indemnitee in writing by the Company.

17.7. **Applicable Law.** This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. If, notwithstanding the foregoing sentence, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

17.8. **Identical Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

17.9. **Headings.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

17.10. **Representation by Counsel.** Each of the parties has been represented by and has had an opportunity to consult legal counsel in connection with the negotiation and execution of this Agreement. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or arbitrator or any governmental authority by reason of such party having drafted or being deemed to have drafted such provision.
17.11. **Period of Limitations.** No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company, the Indemnitee, or Indemnitee’s spouse, heirs, executors or personal or legal representatives against the Company, Indemnitee, or Indemnitee’s spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company, the Indemnitee, or Indemnitee’s spouse, heirs, executors or personal or legal representatives, shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; **provided, however,** that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

17.12. **Additional Acts.** If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the day and year first above written.

COMPANY:

RACKSPACE TECHNOLOGY, INC.

By:

Holly B. Windham
EVP, Chief Legal & People Officer and Corporate Secretary

INDEMNITEE:

By:

Name: [ ]

Address:

[Signature Page to Indemnification Agreement]
SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Second Amendment to Employment Agreement (this “Amendment”) is made effective as of July 20, 2020 by and between Dustin J. Semach (“Employee”) and Rackspace US, Inc. (“Employer”).

WHEREAS, Employee and Employer are parties to that certain Employment Agreement, dated as of July 22, 2019 (as amended, the “Employment Agreement”; terms used herein but not defined herein have the meanings set forth in the Employment Agreement); and

NOW, THEREFORE, for the mutual considerations herein expressed and subject to the terms and on the conditions herein stated, the parties hereto agree as follows:

1. The Parties acknowledge that effective as of May 5, 2020, Section 3(a) of the Employment Agreement was amended to change Employee’s annual base salary to $550,000, and as of the date hereof, Section 3(a) of the Employment Agreement is hereby further amended to change Employee’s annual base salary to $750,000, which change shall be reflected in the payroll cycle immediately following the date of this Amendment.

2. The Parties further acknowledge that effective as of May 5, 2020, Section 3(b) of the Employment Agreement was amended to change the annualized on-target bonus to 100% of Employee’s annual salary.

3. In consideration for Employee’s continued service to the Company, the Company will recommend to the Board of Directors of Rackspace Technology, Inc. (“RXT”) that RXT grant to Employee a one-time retention grant of restricted stock units (“RSUs”) of RXT common stock, par value $.01 per share (“Common Stock”) as of the date RXT prices its initial public offering of its Common Stock to the public pursuant to an effective registration statement under the Securities Act of 1933 (the “IPO Date”). The number of RSUs granted to Employee shall be determined by dividing $3,000,000 by the public offering price of RXT common stock on the IPO Date (the “Awarded RSUs”). Of the Awarded RSUs, fifty percent (50%) shall vest on the IPO Date, twenty-five percent (25%) shall vest on the one-year anniversary of the date of IPO Date, and the remaining twenty-five percent (25%) shall vest on the two-year anniversary of the date of IPO Date. The delivery of any Common Stock underlying the RSUs shall be issued from the shares of Common Stock available for issuance under the Rackspace Technology, Inc. 2020 Equity Incentive Plan, as and when the 2020 Incentive Plan becomes effective. Employee may, at Employee’s option, satisfy, in whole or in part, any tax withholding obligations through a “net settlement” procedure by requiring that RXT (x) withhold shares of Common Stock (that would otherwise be deliverable to Employee upon settlement of the RSUs) with a fair market value equal to the amount of such tax withholding liability (up to the maximum permissible amount), and (y) remit such withholding taxes to the appropriate taxing authorities (with any fractional amount of such withholding paid by Employee in cash). The grant of the RSUs contemplated herein will be subject to the terms and conditions of Restricted Stock Unit Agreement attached hereto as Exhibit A. In the event that the IPO does not occur on or before December 31, 2020, neither the Company nor RXT will have any obligation under this paragraph 3.

All other terms of the Employment Agreement not expressly amended herein shall remain in full force and effect. Section 13 (Governing Law), 16 (Dispute Resolution) and 21 (Miscellaneous) of the Employment Agreement shall apply to this Amendment mutatis mutandis.

{Signature Page Follows.}
Signature Page to Second Amendment to Employment Agreement
Unless otherwise defined herein, the terms defined in the 2020 Rackspace Technology, Inc.’s Equity Incentive Plan (the “Plan”) shall have the same defined meanings in this Notice of Grant of Restricted Stock Units (the “Notice of Grant”) and Restricted Stock Unit Agreement (the “Agreement”).

Participant: Dustin Semach

Address: [ADDRESS] [ADDRESS] [CITY, STATE] [ZIPCODE]

Participant has been granted Restricted Stock Units over Common Stock of Rackspace Technology, Inc. (the “Company”), subject to the terms and conditions of the Plan and this Agreement, as follows:

| Grant Number: | [*]|  
| Date of Grant: | [•] |
| Number of Restricted Stock Units Granted: | [•] |
| Vesting Commencement Date: | [•] |

Notwithstanding the foregoing, this grant of Restricted Stock Units is contingent upon the consummation of the closing of the Company’s initial public offering, and in the event such closing does not occur, the Restricted Stock Units granted hereunder shall be void ab initio without any further liability to the Company or any of its Affiliates.

**Vesting Schedule:**

Subject to accelerated vesting as set forth below or in the Plan, the Restricted Stock Units will vest, in whole or in part, in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Vest Date</th>
<th>Percentage Vested</th>
<th>Shares Vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Grant</td>
<td>50%</td>
<td>[•]</td>
</tr>
<tr>
<td>1st anniversary of the Date of Grant</td>
<td>25%</td>
<td>[•]</td>
</tr>
<tr>
<td>2nd anniversary of the Date of Grant</td>
<td>25%</td>
<td>[•]</td>
</tr>
</tbody>
</table>

1 The award will be a number of RSUs equal to $3 million divided by the public offering price of the Company’s common stock on the date that the Company prices its initial public offering.
This **RESTRICTED STOCK UNIT AGREEMENT** (this “Agreement”), dated as of [*], 2020 (the “Grant Date”), by and among **RACKSPACE TECHNOLOGY, INC.**, a Delaware corporation (the “Company”), and Dustin Semach (the “Participant”).

**WHEREAS**, the Company, acting through a Committee (as defined in the Company’s 2020 Equity Incentive Plan (the “Plan”)), has granted to the Participant, effective as of the date of this Agreement, Restricted Stock Units under the Plan to acquire a number of shares of Common Stock (as defined in the Plan) on the terms and subject to the conditions set forth in this Agreement and the Plan;

**NOW, THEREFORE**, in consideration of the promises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

**Section 1. The Plan.** The terms and provisions of the Plan are hereby incorporated into this Agreement as if set forth herein in their entirety (including, without limitation, the provisions of Article 8 and Article 12). In the event of a conflict between any provision of this Agreement and the Plan, the provisions of the Plan shall control. A copy of the Plan may be obtained from the Company by the Participant upon request. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Plan.

**Section 2. Vesting.** Subject to the Participant’s continued employment or other service relationship with the Company or one of its Subsidiaries (such applicable entity, the “Employer”) through each applicable vesting date (except as otherwise provided in this Section 2), fifty percent (50%) of the Restricted Stock Units shall become non-forfeitable and shall vest on the Grant Date, and the remaining fifty percent (50%) shall vest in two equal installments on the first and second anniversaries of the Grant Date; provided, however, that the Restricted Stock Units shall immediately vest upon a Change in Control.

Notwithstanding anything contained herein to the contrary, the Restricted Stock Units shall cease vesting as of the date of the Participant’s Termination of Service for any reason and no portion of the Restricted Stock Units that is not vested as of such time shall vest thereafter (i.e., that portion of the Restricted Stock Units that is not vested shall be forfeited immediately).

**Section 3. Delivery of Shares.** As soon as practicable after the vesting date or other vesting event under this Agreement but in no event later than the seventieth (70th) calendar day following such vesting date, the Participant shall receive the number of Shares that correspond to the number of Restricted Stock Units that have become vested on the applicable vesting date. Notwithstanding the foregoing, in accordance with Section 8.3 of the Plan, the Committee, at its sole discretion, may settle the Restricted Stock Units in cash if necessary or appropriate for legal or administrative reasons based on laws in the Participant’s jurisdiction.
Section 4. Restrictive Covenants. The Participant acknowledges and agrees that by accepting the Restricted Stock Units issued hereunder, the Participant shall be bound by, and shall abide by, the covenants set forth in this Section 4, in addition to any other representations, warranties, and covenants set forth in (but subject to any exceptions set forth in) any service agreement or other document required by the Committee with respect to such grant.

(a) Non-Solicitation; No Hire. To the fullest extent permitted by applicable law, the Participant agrees that during the Participant’s employment or other service relationship with the Company or, if different, the Employer, and for the six month period following the Participant’s Termination of Service for any reason, the Participant will not, directly or indirectly, on the Participant’s own behalf or on behalf of another, (i) solicit, induce or attempt to solicit or induce any officer, director or employee of the Company or any Subsidiary to terminate their relationship with or leave the employ of the Company or any Subsidiary, or in any way interfere with the relationship between any member of the Company or any Subsidiary, on the one hand, and any officer, director or employee thereof, on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether as an officer, director, employee or consultant) who is or at any time was an officer, director or employee of the Company or any Subsidiary until six (6) months after such individual’s relationship (whether as an officer, director or employee) with the Company or any Subsidiary has ended, or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company or any Subsidiary to cease doing business with the Company or any Subsidiary, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company or any Subsidiary, on the other hand.

(b) Non-Disparagement. The Participant shall not, at any time, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory statements regarding the Company or any Subsidiary, or any of its successors, directors or officers. The foregoing shall not be violated by the Participant’s truthful responses to legal process or inquiry by a governmental authority.

(c) Restrictive Covenants Generally. If, at the time of enforcement of the covenants contained in this Section 4 (the “Restrictive Covenants”), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by applicable law. The Participant hereby acknowledges that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company or any Subsidiary. The Participant further acknowledges and agrees that the Restrictive Covenants are being agreed to by the Participant in connection with the Company’s issuance of an Award to the Participant under the Plan, and are in addition to, not in substitution for, any restrictive covenants to which the Participant is or may become subject in connection with any relationship with the Company or any Subsidiary.

(d) Enforcement. If the Participant breaches any of the Restrictive Covenants, the Company or, if different, the Employer shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to the Company or, if different, the Employer at law or in equity: (i) the right and remedy to seek to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction (without posting a bond),
it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company or any Subsidiary and
that money damages would not provide an adequate remedy to the Company or any Subsidiary; (ii) in the event of a final judicial finding of a material
breach, the right and remedy to require the Participant to account for and pay over to the Company any profits, monies, accruals, increments or other
benefits derived or received by the Participant as the result of (A) any transactions constituting a breach of the Restrictive Covenants and (B) disposition
of the Restricted Stock Units or Shares, and (iii) in the event of a final judicial finding of a material breach, the right to cause the Restricted Stock Units
to be immediately forfeited effective as of the date on which such breach first occurs. In the event of any breach or violation by the Participant of any of
the Restrictive Covenants, the time period of such covenant with respect to the Participant shall, to the fullest extent permitted by law, be tolled until
such breach or violation is resolved.

(e) Disclosure Rights. Notwithstanding the foregoing, no section of this Section 4 is intended to or shall limit, prevent, impede or interfere with
the Participant’s non-waivable right, without prior notice to the Company or, if different, the Employer, to provide information to the government,
participate in investigations, testify in proceedings regarding the Company or any other Subsidiary’s past or future conduct, engage in any activities
protected under whistleblower, or to receive and fully retain a monetary award from a government-administered whistleblower award program for
providing information directly to a government agency. The Participant does not need prior authorization from the Company or, if different, the
Employer to make any such reports or disclosures and is not required to notify the Company or, if different, the Employer that the Participant has made
such reports or disclosures.

Section 5. Restriction on Transfer. The Restricted Stock Units may not be transferred, pledged, assigned, hypothecated or otherwise disposed of in
any way by the Participant. The Restricted Stock Units shall not be subject to execution, attachment or similar process. Any attempted assignment,
transfer, pledge, hypothecation or other disposition of the Restricted Stock Units contrary to the provisions hereof, and the levy of any execution,
attachment or similar process upon the Restricted Stock Units, shall be null and void and without effect.

Section 6. Participant’s Employment or Other Service Relationship. Nothing in this Agreement nor the grant of the Restricted Stock Units shall
confer upon the Participant any right to continue the Participant’s employment or other service relationship with the Company or, if different, the
Employer or interfere in any way with the right of the Company or, if different, the Employer to terminate the Participant’s employment or other service
relationship or to increase or decrease the Participant’s compensation at any time. The grant of Restricted Stock Units is an exceptional, voluntary and
one-time benefit and does not create any contractual or other right to receive any other grant of other Awards (including Restricted Stock Units) under
the Plan in the future, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past. The grant of the
Restricted Stock Units does not form or amend part of the Participant’s entitlement to remuneration or benefits in terms of his employment or other
service relationship with the Company or, if different, the Employer, if any, at any time.
Section 7. **Termination.** For the avoidance of doubt, the Restricted Stock Units shall cease vesting and shall be forfeited immediately as of the date of the Participant’s Termination of Service.

Section 8. **Responsibility for Taxes.**

(a) The Participant acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant’s participation in the Plan and legally applicable to the Participant (“Tax-Related Items”) is and remains the Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant or vesting of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such vesting; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of Restricted Stock Units to reduce or eliminate the Participant’s liability for Tax-Related Items or achieve any particular tax result. The Participant shall not make any claim against the Company, the Employer or any other Subsidiary, or their respective board, officers or employees related to Tax-Related Items arising from the Restricted Stock Units. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to the relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, to satisfy any applicable withholding obligations with regard to Tax-Related Items by withholding Shares to be issued upon vesting. Alternatively, if the Company determines in its sole discretion that withholding Shares is not feasible under applicable tax or securities laws or has materially adverse accounting consequences, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion and with no obligation to do so, to satisfy any applicable withholding obligations with regard to Tax-Related Items by one or a combination of the following:

(i) withholding from the Participant’s wages or other cash compensation paid to the Participant by the Company, the Employer or any other Subsidiary;

(ii) withholding from proceeds of the sale of Shares acquired at vesting either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant’s behalf pursuant to this authorization) without further consent; and/or

(iii) any other methods approved by the Committee and permitted by applicable laws.
(c) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount and will have no entitlement to the Share equivalent or, if not refunded, the Participant may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Participant is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items. Finally, the Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his obligations in connection with the Tax-Related Items.

(d) Notwithstanding the foregoing, Participant may, at Participant’s option, satisfy, in whole or in part, any tax withholding obligations through a “net settlement” procedure by requiring that the Company (x) withhold Shares (that would otherwise be deliverable to Participant upon settlement of the Restricted Stock Units) with a fair market value equal to the amount of such tax withholding liability (up to the maximum permissible amount), and (y) remit such withholding taxes to the appropriate taxing authorities (with any fractional amount of such withholding paid by Participant in cash).

Section 9. Nature of Grant. In accepting the Restricted Stock Units, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(c) the Participant is voluntarily participating in the Plan;

(d) the Restricted Stock Units and any Shares acquired upon vesting, and the income and value of same, are not intended to replace any pension rights or compensation;

(e) the Restricted Stock Units and any Shares acquired upon vesting, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement or welfare benefits or similar mandatory payments;

(f) the future value of the Shares underlying the Restricted Stock Units is unknown, indeterminable, and cannot be predicted with certainty;

(g) if the Restricted Stock Units vest and the Participant acquires Shares, the value of such Stock may increase or decrease in value;
(h) unless otherwise agreed with the Company, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from a Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant’s employment or service agreement, if any);

(j) unless otherwise provided in the Plan or by the Company in its sole discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;

(k) neither the Company, the Employer nor any other Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to the Participant pursuant to the vesting of the Restricted Stock Units or the subsequent sale of any Shares acquired upon vesting; and

(m) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant’s participation in the Plan or the Participant’s acquisition or sale of the Shares. The Participant should consult with his personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

Section 10. Data Privacy Consent.

The Company is located at 1 Fanatical Place, Windcrest, TX 78218, USA and grants employees of the Company and its other Subsidiaries and Affiliates, the opportunity to participate in the Plan, at the Company’s sole discretion. If the Participant would like to participate in the Plan, the Participant understands that he should review the following information about the Company’s data processing practices and declare his consent.

(a) Data Collection and Usage. The Company collects, processes and uses the Participant’s personal data, including, but without limitation, name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), passport number, salary, citizenship, job title, any Shares of stock or directorships held in the Company, and details of all awards, canceled, vested, or outstanding in the Participant’s favor, which the Company receives from the Participant or the Participant’s Employer. If the Company offers the Participant the opportunity to participate in the Plan, then the Company will collect the Participant’s personal data for purposes of allocating stock and implementing, administering and managing the Plan. The Company’s legal basis for the processing of the Participant’s personal data would be the Participant’s consent.

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(b) Stock Plan Administration Service Providers. The Company transfers participant data to E*Trade, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan, and if the Participant's Restricted Stock Units vest, the Company transfers shareholder data to Computershare, an independent service provider based in the United States, which assists the Company with its stock administration. In the future, the Company may select different service provider(s) and share the Participant's personal data with another company that serves in similar capacities. The Company's service providers may open an account for the Participant. The Participant will be asked to agree on separate terms and data processing practices with the applicable service providers, which, as it relates to Plan administration service provider, is a condition to the Participant's ability to participate in the Plan.

(c) International Data Transfers. The Company and its service providers are based in the United States. If the Participant is outside of the United States, the Participant should note that his country may have enacted data privacy laws that are different from the United States.

(d) Data Retention. The Company will use the Participant's personal data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs the Participant's personal data, the Company will remove it from its systems.

(e) Voluntariness and Consequences of Consent Denial or Withdrawal. The Participant's participation in the Plan and the Participant's grant of consent is purely voluntary. The Participant may deny or withdraw his consent at any time. If the Participant does not consent, or if the Participant withdraws his consent, the Participant cannot participate in the Plan. This would not affect the Participant's salary as an employee; the Participant would merely forfeit the opportunities associated with the Plan.

(f) Data Subject Rights. The Participant has a number of rights under data privacy laws in his country. Depending on where the Participant is based, his rights may include the right to (i) request access or copies of personal data the Company processes, (ii) rectification of incorrect data, (iii) deletion of data, (iv) restrictions on processing, (v) portability of data, (vi) to lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and addresses of any potential recipients of the Participant's personal data. To receive clarification regarding the Participant's rights or to exercise his rights, the Participant should please contact the Company at Attn: Stock Plan Administrator, 1 Fanatical Place, Windcrest, TX 78218, USA.

(g) The Participant also understands that the Company may rely on a different legal basis for the processing or transfer of data in the future and/or request the Participant to provide another data privacy consent. If applicable and upon request of the Company, the Participant agrees to provide an executed acknowledgement or data privacy consent form to the Company or the Employer (or any other acknowledgements, agreements or consents) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in the Participant's country, either now or in the future. The Participant understands that he will not be able to participate in the Plan if the Participant fails to execute any such acknowledgement, agreement or consent requested by the Company and/or the Employer.
Section 11. **Compliance with Law.** Notwithstanding any other provisions of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon vesting of the Restricted Stock Units prior to the completion of any registration or qualification of the Shares under any U.S. or non-U.S. local, state or federal securities or exchange control law or regulation or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any U.S. or non-U.S. local, state or federal governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC or any U.S. or non-U.S. state or other securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares and the inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary for the lawful issuance and sale of any Shares pursuant to the Restricted Stock Units shall relieve the Company of any liability with respect to the non-issuance or sale of the Shares as to which such approval shall not have been obtained.

Section 12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Section 13. **Language.** The Participant acknowledges that he is sufficiently proficient in English to understand the terms and conditions of this Agreement. Furthermore, if the Participant has received this Agreement, or any other document related to the Restricted Stock Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Section 14. **Reserved,**

Section 15. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the Restricted Stock Units and on any Shares purchased upon vesting of the Restricted Stock Units, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Section 16. **Notices.** All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by an internationally recognized overnight courier, by facsimile, by email, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:
If to the Company, to it at its current executive offices and to:
Stefanie Box, Vice President and Deputy General Counsel
1 Fanatical Place
Windcrest, TX 78218
legalnotice@rackspace.com

If to the Participant, to him at the address set forth on the signature page hereto or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith.

Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of such delivery (or if such date is not a business day, on the next business day after the date of delivery), (b) in the case of internationally recognized overnight courier, on the next business day after the date sent, (c) in the case of facsimile transmission, when received (or if not sent on a business day, on the next business day after the date sent), (d) in the case of email, when transmitted via email (in each case, if no “system error” or other notice of non-delivery is generated) to the applicable party and its legal counsel set forth above, and (e) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

Section 17. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

Section 18. Participant’s Undertaking. The Participant hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the express provisions of this Agreement and the Plan.

Section 19. Modification of Rights. The rights of the Participant are subject to modification and termination in certain events as provided in this Agreement and the Plan (with respect to the Restricted Stock Units granted hereby). Notwithstanding the foregoing, the Participant’s rights under this Agreement and the Plan may not be materially impaired without the Participant’s consent.

Section 20. Governing Law; Consent to Jurisdiction.

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY SERVICE AGREEMENT, THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED EXCLUSIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY
JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION’S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(b) Notwithstanding anything to the contrary contained in any service agreement, each of the parties hereto irrevocably (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereof or any restrictive covenants to which the Participant is subject to under any service agreement, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement or any restrictive covenants to which the Participant is subject to under any service agreement in any court other than the courts of the State of Delaware, as described above. Each party to this Agreement hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement or any restrictive covenants to which the Participant is subject to under any service agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any restrictive covenants to which the Participant is subject to under any service agreement, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a party hereto is entitled pursuant to the final judgment of any court having jurisdiction.

Section 21. Insider Trading/Market Abuse Restrictions. Depending on the Participant’s country, the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect the Participant’s ability to, directly or indirectly, acquire, sell or attempt to sell Shares or otherwise dispose of Shares or rights to Shares (e.g., the Restricted Stock Units) under the Plan during such times as the Participant is considered to have “inside information” regarding the Company (as defined by the laws in the applicable jurisdictions or the Participant’s country). The Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees (other than on a “need to know” basis); (ii) “tipping” third parties or causing them to otherwise buy or sell securities; and (iii) cancelling or amending orders the Participant placed before he possessed inside information. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant is responsible for ensuring the Participant’s compliance with any applicable restrictions and is advised to speak with his personal legal advisor on this matter.
Section 22. Exchange Control, Tax And/Or Foreign Asset/Account Reporting. The Participant acknowledges that, depending on his country, the Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash derived from his participation in the Plan, in, to and/or from a brokerage/bank account or legal entity located outside the Participant’s country. The applicable laws of the Participant’s country may require that the Participant report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. The Participant acknowledges that he is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and is advised to consult his personal legal advisor on this matter.

Section 23. Section 409A. It is the intent of this Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

Section 24. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

Section 25. Entire Agreement. This Agreement and the Plan (and the other writings referred to herein) constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto, except for other agreements between the parties that contain restrictive covenants included in an employment agreement or in the standard Rackspace Confidentiality, Dispute Resolution and Intellectual Property Agreement. In the event of a conflict between agreements containing restrictive covenants, the restriction that provides the most protection to the company shall supersede and apply.

Section 26. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
Section 27. Enforcement. In the event the Company or the Participant institutes litigation to enforce or protect its rights under this Agreement or the Plan, each party shall be solely responsible for all attorneys’ fees, out-of-pocket costs and disbursements it incurs relating to such litigation.

Section 28. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT THAT IT MAY LEGALLY AND EFFECTIVELY DO SO, TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING HEREUNDER.

Section 29. Required Acceptance. This Agreement is conditioned upon the Participant’s agreement to all terms of this Agreement including the Restrictive Covenants which include, among other provisions, certain non-solicitation, nondisclosure, and non-disparagement rights. If the Participant does not agree (whether electronically or otherwise) to this Agreement within thirty (30) days from the Grant Date of the Restricted Stock Units, the Restricted Stock Units shall be terminable by the Company.
IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Unit Agreement as of the date first written above.

RACKSPACE TECHNOLOGY, INC.

By:  
Name:  
Title:  

PARTICIPANT

Dustin Semach

Residence Address:

Number of Restricted Stock [*]
Units Granted:
INCREMENTAL ASSUMPTION AGREEMENT NO. 4

Dated as of July 20, 2020

among

INCEPTION PARENT, INC.,
as Holdings,

RACKSPACE TECHNOLOGY GLOBAL, INC. (formerly known as Rackspace Hosting, Inc.),
as Borrower,

THE SUBSIDIARY LOAN PARTIES,

THE LENDERS PARTY HERETO

and

CITIBANK, N.A.,
as Administrative Agent,

CITIBANK, N.A.,

GOLDMAN SACHS BANK USA,

JPMORGAN CHASE BANK, N.A.,

RBC CAPITAL MARKETS1,

BARCLAYS BANK PLC,

BANK OF MONTREAL,

CREDIT SUISSE LOAN FUNDING LLC,

DEUTSCHE BANK SECURITIES INC.,

and

HSBC SECURITIES (USA) INC.,
as Joint Lead Arrangers and Joint Bookrunners,

1 RBC Capital Markets is a brand name for the capital markets activities of Royal Bank of Canada and its affiliates.
This INCREMENTAL ASSUMPTION AGREEMENT NO. 4 (this "Agreement"), dated as of July 20, 2020, is made by and among Inception Parent, Inc., a Delaware corporation ("Holdings"), Rackspace Technology Global, Inc. (formerly known as Rackspace Hosting, Inc.), a Delaware corporation (the "Borrower"), each "Subsidiary Loan Party" listed on the signature pages hereto (each, a "Subsidiary Loan Party" and, collectively, jointly and severally, the "Subsidiary Loan Parties"), Citibank, N.A., as Administrative Agent under the Existing Credit Agreement (as defined below) (the "Administrative Agent"), and each of the Lenders party hereto.

PRELIMINARY STATEMENTS:

(1) Holdings, the Borrower, the lenders party thereto from time to time and the Administrative Agent are party to that certain First Lien Credit Agreement, dated as of November 3, 2016 (as modified by the Joinder Agreement dated as of November 3, 2016, as amended and restated on December 20, 2016 and June 21, 2017, as further amended on November 15, 2017 and as further amended, restated, supplemented, waived or otherwise modified from time to time prior to the date hereof, the "Existing Credit Agreement").

(2) The Borrower has requested that the 2020 Incremental Revolving Facility Lenders (as defined below), refinance and replace, pursuant to Section 2.21(l) of the Existing Credit Agreement, all of the Revolving Facility Commitments outstanding immediately prior to the 2020 Effective Date (as defined below) with the 2020 Incremental Revolving Facility Commitments (as defined below), such Replacement Revolving Facility Commitments to be in an aggregate principal amount of $225,000,000.

(3) The Borrower has also requested that the 2020 Incremental Revolving Facility Lenders provide, pursuant to Section 2.21(a) of the Existing Credit Agreement, 2020 Incremental Revolving Facility Commitments in an aggregate principal amount of up to $150,000,000.

(4) On the 2020 Effective Date, after giving effect to the effectiveness of this Agreement, the total aggregate amount of the 2020 Incremental Revolving Facility Commitments will be $375,000,000.

(5) Each 2020 Incremental Revolving Facility Lender who executes and delivers this Agreement as a 2020 Incremental Revolving Facility Lender will provide 2020 Incremental Revolving Facility Commitments and make Borrowings thereunder available to the Borrower on and following the 2020 Effective Date in an aggregate principal amount equal to its 2020 Incremental Revolving Facility Commitment.

(6) With respect to the 2020 Incremental Revolving Facility Commitments, Citi, Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A., RBC Capital Markets3, Barclays Bank PLC, Bank of Montreal, Credit Suisse Loan Funding LLC, Deutsche Bank Securities Inc., and HSBC Securities (USA) Inc. will act as joint bookrunners and joint lead arrangers (the "2020 Incremental Revolving Facility Arrangers").

2 "Citi" shall mean Citigroup Global Markets Inc., Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as Citi shall determine to be appropriate to provide the services contemplated herein.

3 RBC Capital Markets is a brand name for the capital markets activities of Royal Bank of Canada and its affiliates.
(7) The Administrative Agent, Holdings, the Borrower and the 2020 Incremental Revolving Facility Lenders desire to memorialize the terms of this Agreement by amending, in accordance with Section 9.08(e) of the Existing Credit Agreement, the Existing Credit Agreement as set forth below, such amendment to become effective on the 2020 Effective Date.

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

SECTION 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Amended Credit Agreement (as defined below). In addition, as used in this Agreement, the following terms have the meanings specified:

“2020 Incremental Revolving Facility Lender” shall mean a Lender with a 2020 Incremental Revolving Facility Commitment on the 2020 Effective Date.

“2020 Incremental Revolving Facility Commitment” shall mean, with respect to each 2020 Incremental Revolving Facility Lender, the commitment of such 2020 Incremental Revolving Facility Lender to provide 2020 Incremental Revolving Facility Commitments and make Borrowings thereunder available to the Borrower on and following the 2020 Effective Date. The amount of each Lender’s 2020 Incremental Revolving Facility Commitment as of the 2020 Effective Date is set forth on Schedule 1 hereto. The aggregate amount of the 2020 Incremental Revolving Facility Commitments of all 2020 Incremental Revolving Facility Lenders as of the 2020 Effective Date is $375,000,000.

SECTION 2. Commitments. On the 2020 Effective Date, each of the 2020 Incremental Revolving Facility Lenders agrees to provide 2020 Incremental Revolving Facility Commitments and to make Borrowings thereunder available to the Borrower on and following the 2020 Effective Date in a principal amount not to exceed its 2020 Incremental Revolving Facility Commitment.

SECTION 3. 2020 Effective Date.

(a) On the 2020 Effective Date, the Revolving Facility Commitments outstanding immediately prior to the 2020 Effective Date shall be refinanced and replaced, pursuant to Section 2.21(l) of the Existing Credit Agreement, by the 2020 Incremental Revolving Facility Commitments as Replacement Revolving Facility Commitments, such Replacement Revolving Facility Commitments to be in an aggregate principal amount of $225,000,000.

(b) On the 2020 Effective Date, the 2020 Incremental Revolving Facility Lenders shall provide, pursuant to Section 2.21(a) of the Existing Credit Agreement, 2020 Incremental Revolving Facility Commitments in an aggregate principal amount of up to $150,000,000.

(c) On the 2020 Effective Date, after giving effect to the foregoing clauses (a) and (b), the total aggregate amount of 2020 Incremental Revolving Facility Commitments will be $375,000,000.
SECTION 4. Requests for Borrowings under the 2020 Incremental Revolving Facility Commitments. To request a Borrowing of Revolving Facility Loans under the 2020 Incremental Revolving Facility Commitments on the 2020 Effective Date, the Borrower shall notify the Administrative Agent of such request in writing not later than 12:00 noon, New York City time, one Business Day prior to the 2020 Effective Date (or such later time as the Administrative Agent may agree).

SECTION 5. Representations of the Loan Parties. Each Loan Party hereby represents and warrants to the other parties hereto as of the 2020 Effective Date that this Agreement has been duly authorized, executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors’ rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 6. Conditions to Effectiveness of this Agreement. The effectiveness of this Agreement is subject to the satisfaction (or waiver by the 2020 Incremental Revolving Facility Lenders) of the following conditions (the date of such satisfaction or waiver, the “Agreement Effective Date”):

(a) The Administrative Agent (or its counsel) shall have received (i) from each 2020 Incremental Revolving Facility Lender and (ii) from each of Holdings, the Borrower and the Subsidiary Loan Parties, either (x) a counterpart of this Agreement signed on behalf of such party or (y) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., “pdf”)) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party dated the Agreement Effective Date:

(i) attaching a copy of the certificate or articles of incorporation, certificate of limited partnership, certificate of formation or other equivalent constituent and governing documents, including all amendments thereto, of such Loan Party, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization,

(ii) attaching a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of such Loan Party as of a recent date from such Secretary of State (or other similar official),

(iii) certifying that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement or other equivalent constituent and governing documents) of such Loan Party as in effect on the Agreement Effective Date and at all times since a date prior to the date of the resolutions described in clause (iv) below,

(iv) certifying that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents executed in connection with this Agreement to which such Loan Party is a party and, in the case of the Borrower, the Borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Agreement Effective Date,
(v) certifying as to the incumbency and specimen signature of each officer executing any Loan Document executed in connection with this Agreement on behalf of such Loan Party, and

(vi) certifying as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party.

(c) The Administrative Agent shall have received, on behalf of itself and the 2020 Incremental Revolving Facility Lenders, a written opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP (A) dated the Agreement Effective Date, (B) addressed to the Administrative Agent and the 2020 Incremental Revolving Facility Lenders on the Agreement Effective Date and (C) in form and substance reasonably satisfactory to the Administrative Agent covering such matters relating to this Agreement as the Administrative Agent shall reasonably request.

(d) On the Agreement Effective Date, (i) the conditions set forth in paragraphs (b) and (c) of Section 4.01 of the Existing Credit Agreement shall be satisfied and (ii) the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower, dated the Agreement Effective Date, confirming compliance with the conditions set forth in the foregoing clause (i) of this paragraph (d).

(e) All documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the PATRIOT Act and a Beneficial Ownership Certificate for the Borrower or any Guarantor that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation (at least three Business Days prior to the Agreement Effective Date, in each case to the extent requested of the Borrower at least 10 Business Days prior to the Agreement Effective Date).

For purposes of determining compliance with the conditions specified in this Section 6, each 2020 Incremental Revolving Facility Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the 2020 Incremental Revolving Facility Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received notice from such 2020 Incremental Revolving Facility Lender prior to the Agreement Effective Date specifying its objection thereto. No representations or warranties under the Loan Documents will be deemed made on the Agreement Effective Date other than those referred to in paragraph (d) above. For the avoidance of doubt, the Borrower, the Administrative Agent and the 2020 Incremental Revolving Facility Lenders acknowledge and agree that the Amendment Effective Date has occurred as of July 20, 2020.

SECTION 7. Conditions to Amendments and 2020 Incremental Revolving Facility Commitments. The amendments to the Existing Credit Agreement and the obligations of the 2020 Incremental Revolving Facility Lenders to provide the 2020 Incremental Revolving Facility Commitments and make the Borrowings thereunder available to the Borrower are subject to the satisfaction (or waiver by the 2020 Incremental Revolving Facility Lenders) of the following conditions (the date of such satisfaction or waiver, the “2020 Effective Date”):

(a) The effectiveness of the Agreement Effective Date.

(b) The closing of the initial underwritten public offering of the common stock of Rackspace Technology, Inc., a Delaware corporation, or any other Parent Entity
On the 2020 Effective Date, (i) the conditions set forth in paragraphs (b) and (c) of Section 4.01 of the Existing Credit Agreement shall be satisfied and (ii) the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower, dated the Agreement Effective Date, confirming compliance with the conditions set forth in the foregoing clause (i) of this paragraph (c).

Notwithstanding anything in this Incremental Assumption Agreement No. 4 to the contrary, it is hereby agreed that if the 2020 Effective Date does not occur on or before December 18, 2020, the amendments to the Existing Credit Agreement and the obligations of the 2020 Incremental Revolving Facility Lenders to provide the 2020 Incremental Revolving Facility Commitments and make the Borrowings thereunder available to the Borrower set forth herein shall automatically terminate without further action or notice and without further obligation to the Borrower or any other Loan Party.

SECTION 8. Consent and Affirmation of the Subsidiary Loan Parties. Each of the Subsidiary Loan Parties, in its capacity as a guarantor under the Subsidiary Guarantee Agreement and a pledgor under the other Security Documents, hereby (i) consents to the execution, delivery and performance of this Agreement and agrees that each of the Subsidiary Guarantee Agreement and the other Security Documents is, and shall continue to be, in full force and effect and is hereby in all respects ratified and confirmed on the 2020 Effective Date, except that, on and after the 2020 Effective Date, each reference to “Credit Agreement”, “First Lien Credit Agreement”, “thereunder”, “thereof” or words of like import shall, unless the context otherwise requires, mean and be a reference to the Amended Credit Agreement and (ii) confirms that the Security Documents to which each of the Subsidiary Loan Parties is a party and all of the Liens on Collateral described therein do, and shall continue to, secure the payment of all of the Obligations.

SECTION 9. Amendment of the Existing Credit Agreement. Effective on and as of the 2020 Effective Date, the Existing Credit Agreement is hereby amended in accordance with Section 9.08(e) of the Existing Credit Agreement to delete the bold, stricken text (indicated textually in the same manner as the following example: stricken text) and to add the bold, double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the Existing Credit Agreement attached as Annex A hereto (the Existing Credit Agreement, as so amended, the "Amended Credit Agreement").

SECTION 10. Reference to and Effect on the Loan Documents. (a) On and after the 2020 Effective Date, each reference in the Amended Credit Agreement to “hereunder”, “hereof”, “Agreement”, “this Agreement” or words of like import and each reference in the other Loan Documents to “Credit Agreement”, “First Lien Credit Agreement”, “thereunder”, “thereof” or words of like import shall, unless the context otherwise requires, mean and be a reference to the Amended Credit Agreement. From and after the 2020 Effective Date, this Agreement shall be a Loan Document under the Existing Credit Agreement and the Amended Credit Agreement.

(b) The Security Documents and each other Loan Document, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed, and the respective guarantees, pledges, grants of security interests and other agreements, as applicable, under each of the Security Documents, notwithstanding the consummation of the transactions contemplated hereby, shall continue to be in full force and effect and shall accrue to the benefit of the Secured Parties under the Existing Credit Agreement and the Amended Credit Agreement. Without limiting the generality of the foregoing, the Security Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case, as amended by this Agreement.
(c) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(d) This Agreement shall constitute an “Incremental Assumption Agreement”, the 2020 Incremental Revolving Facility Lenders shall constitute “Incremental Revolving Facility Lenders”, “Revolving Facility Lenders” and “Lenders”, the Revolving Facility Loans made under the 2020 Incremental Revolving Facility Commitments shall constitute “Incremental Revolving Loans”, “Revolving Facility Loans” and “Loans”, and the 2020 Incremental Revolving Facility Commitments shall constitute “Incremental Revolving Facility Commitments”, “Revolving Facility Commitments” and “Commitments”, in each case, for all purposes of the Amended Credit Agreement and the other Loan Documents.

(e) This Agreement shall constitute notice to the Administrative Agent required under Sections 2.21(a) and 2.21(l), as applicable, of the Existing Credit Agreement.

SECTION 11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by .pdf or other electronic form shall be effective as delivery of a manually executed original counterpart of this Agreement. The words “execution,” “execute”, “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it. Without limiting the generality of the foregoing, the Borrower and each other Loan Party hereby (i) agrees that, for all purposes, electronic images of this Agreement or any other Loan Documents (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto.

SECTION 12. Amendments; Headings; Severability. This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by Holdings, the Borrower, the Administrative Agent and the 2020 Incremental Revolving Facility Lenders. The Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting this Agreement. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.
SECTION 13. Governing Law; Etc.

(a) THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLE OF CONFLICTS OF LAW THAT COULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

(b) EACH PARTY HERETO HEREBY AGREES AS SET FORTH IN SECTIONS 9.11 AND 9.15 OF THE EXISTING CREDIT AGREEMENT AS IF SUCH SECTIONS WERE SET FORTH IN FULL HEREIN.

SECTION 14. No Novation. This Agreement shall not extinguish the obligations for the payment of money outstanding under the Existing Credit Agreement or discharge or release the Lien or priority of any Security Document or any other security therefor. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Existing Credit Agreement or instruments securing the same, which shall remain in full force and effect, except to any extent modified hereby or by instruments executed concurrently herewith and except to the extent repaid as provided herein. Nothing implied in this Agreement or in any other document contemplated hereby shall be construed as a release or other discharge of any of the Loan Parties under any Loan Document from any of its obligations and liabilities as a borrower, guarantor or pledgor under any of the Loan Documents.

SECTION 15. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Amended Credit Agreement.

[Signature Pages Follow]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**HOLDINGS:**

INCEPTION PARENT, INC., a Delaware corporation

By: /s/ Christopher Rosas
   Name: Christopher Rosas
   Title: Assistant Treasurer

**BORROWER:**

RACKSPACE TECHNOLOGY GLOBAL, INC., a Delaware corporation

By: /s/ Subroto Mukerji
   Name: Subroto Mukerji
   Title: President and Chief Operating Officer

**SUBSIDIARY LOAN PARTIES:**

MACRO CAPITAL MANAGEMENT, INC.
RACKSPACE DAL1DC MANAGEMENT, LLC
OBJECTROCKET, LLC
GEEKSPACE, LLC
RACKSPACE CLOUD ACADEMY, LLC
RACKSPACE RENO ACQUISITION, LLC
TRICORE SOLUTIONS, LLC
GROUP BASIS, LLC
TRICORE DBS, LLC
DATABASE SPECIALISTS, LLC
DRAKE MERGER SUB II, LLC
DUALSPARK PARTNERS LLC
GOGRID, LLC
RACKSPACE INTERNATIONAL HOLDINGS, INC.
SPINUP CLOUD, LLC
RACKSPACE CLOUD OFFICE, LLC

By: /s/ Subroto Mukerji
   Name: Subroto Mukerji
   Title: President

[Incremental Assumption Agreement No. 4]
[Incremental Assumption Agreement No. 4]
CITIBANK, N.A., as Administrative Agent and as a Lender

By: /s/ Scott Slavik
Name: Scott Slavik
Title: Vice President & Managing Director

[Incremental Assumption Agreement No. 4]
GOLDMAN SACHS BANK USA, as a Lender

By: /s/ Rebecca Kratz
Name: Rebecca Kratz
Title: Authorized Signatory

[Incremental Assumption Agreement No. 4]
JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Caitlin Stewart

Name: Caitlin Stewart
Title: Executive Director

[Incremental Assumption Agreement No. 4]
BARCLAYS BANK PLC, as a Lender

By: /s/ Martin Corrigan
Name: Martin Corrigan
Title: Vice President

[Incremental Assumption Agreement No. 4]
BANK OF MONTREAL, as a Lender

By: /s/ Jeff LaRue
Name: Jeff LaRue
Title: Vice President

[Incremental Assumption Agreement No. 4]
CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By: /s/ Lingzi Huang
Name: Lingzi Huang
Title: Authorized Signatory

By: /s/ Bastien Dayer
Name: Bastien Dayer
Title: Authorized Signatory

[Incremental Assumption Agreement No. 4]
DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ Phillip Tancorra
Name: Phillip Tancorra
Title: Vice President
phillip.tancorra@db.com
212-250-6576

By: /s/ Susan Onal
Name: Susan Onal
Title: Vice President
suzanonal@db.com
212-250-3174

[Incremental Assumption Agreement No. 4]
HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By: /s/ Mark Epley
Name: Mark Epley
Title: Managing Director

[Incremental Assumption Agreement No. 4]
### 2020 Incremental Revolving Facility Commitments

<table>
<thead>
<tr>
<th>Lender</th>
<th>Commitment</th>
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<tbody>
<tr>
<td>Citibank, N.A.</td>
<td>$50,000,000</td>
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<tr>
<td>Goldman Sachs Bank USA</td>
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<td>JPMorgan Chase Bank, N.A.</td>
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<td>Royal Bank of Canada</td>
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<td>Bank of Montreal</td>
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<tr>
<td>Credit Suisse AG, Cayman Islands Branch</td>
<td>$35,000,000</td>
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<td>Deutsche Bank AG New York Branch</td>
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<tr>
<td>HSBC Bank USA, National Association</td>
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<td><strong>Total:</strong></td>
<td><strong>$375,000,000</strong></td>
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SECOND AMENDED AND RESTATED FIRST LIEN CREDIT AGREEMENT

dated as of November 3, 2016
as amended and restated as of December 20, 2016
as further amended and restated on June 21, 2017
as amended on November 15, 2017
as further amended on July 20, 2020

among

INCEPTION PARENT, INC.,
as Holdings,

RACKSPACE TECHNOLOGY GLOBAL, INC. (formerly known as Rackspace Hosting, Inc.)
as Borrower,

THE LENDERS AND ISSUING BANKS PARTY HERETO,

CITIBANK, N.A.,
as Administrative Agent,

CITIGROUP GLOBAL MARKETS INC.,
DEUTSCHE BANK SECURITIES INC.,
BARCLAYS BANK PLC,
RBC CAPITAL MARKETS,

and

CREDIT SUISSE SECURITIES (USA) LLC
as Joint Lead Arrangers and Joint Bookrunners,

DEUTSCHE BANK SECURITIES INC.,
BARCLAYS BANK PLC,
ROYAL BANK OF CANADA,

and

CREDIT SUISSE SECURITIES (USA) LLC,
as Syndication Agents,

and

DEUTSCHE BANK SECURITIES INC.,
BARCLAYS BANK PLC,
ROYAL BANK OF CANADA,

and

CREDIT SUISSE SECURITIES (USA) LLC,
as Documentation Agents

APOLLO GLOBAL SECURITIES, LLC,
as Co-Manager
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SECOND AMENDED AND RESTATED FIRST LIEN CREDIT AGREEMENT, dated as of June 21, 2017 (this “Agreement”), among INCCEPTION PARENT, INC., a Delaware corporation (“Holdings”), RACKSPACE TECHNOLOGY GLOBAL, INC. (formerly known as Rackspace Hosting, Inc.), a Delaware corporation (the “Company” or the “Borrower”), the LENDERS party hereto from time to time, and CITIBANK, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) for the Lenders and Collateral Agent for the Secured Parties.

WHEREAS, Holdings, Inception Merger Sub, Inc., a Delaware corporation (“Merger Sub”), the Lenders party thereto and the Administrative Agent entered into that certain First Lien Credit Agreement, dated as of November 3, 2016 (as modified by the Joinder dated November 3, 2016, the “Original Credit Agreement”);

WHEREAS, Holdings, Merger Sub and the Company entered into the Merger Agreement (as defined below) pursuant to which Merger Sub was merged with and into the Company (the “Merger”), with the Company surviving as a wholly-owned subsidiary of Holdings;

WHEREAS, the Borrower entered into that certain Incremental Assumption and Amendment Agreement (the “2016 Incremental Assumption and Amendment Agreement”), dated as of December 20, 2016, by and among Holdings, the Borrower, the Subsidiary Loan Parties party thereto, the Lenders party thereto and the Administrative Agent, under which (i) certain Lenders extended credit to the Borrower in the form of Refinancing Term Loans consisting of Term B Loans in an aggregate principal amount of $2,000,000,000 and (ii) the Original Credit Agreement was amended and restated (the “Amended and Restated First Lien Credit Agreement”);

WHEREAS, the Borrower has entered into that certain Incremental Assumption and Amendment Agreement No. 2 (the “June 2017 Incremental Assumption and Amendment Agreement”), dated as of June 21, 2017 (the “June 2017 Effective Date”), by and among Holdings, the Borrower, the Subsidiary Loan Parties party thereto, the Lenders party thereto and the Administrative Agent, under which certain Lenders (such Lenders, the “June 2017 Term B Lenders”) are extending credit to the Borrower in the form of (i) Refinancing Term Loans consisting of Term B Loans in an aggregate principal amount of $1,995,000,000 (the “June 2017 Refinancing Term B Loans”) and (ii) Incremental Term Loans consisting of Term B Loans in an aggregate principal amount of $100,000,000 (the “June Incremental Term B Loans” and, together with the June 2017 Refinancing Term B Loans, the “June 2017 Term B Loans”); and

WHEREAS, the Administrative Agent, Holdings, the Borrower and the June 2017 Term B Lenders have agreed to amend and restate the Amended and Restated First Lien Credit Agreement as provided in this Agreement.

NOW, THEREFORE, the Amended and Restated First Lien Credit Agreement shall be, and hereby is, amended and restated in its entirety as follows:

ARTICLE I

Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“2016 Incremental Assumption and Amendment Agreement” shall have the meaning assigned to such term in the recitals hereto.
“2016 Repricing Transactions” shall mean (a) the execution, delivery and performance of the 2016 Incremental Assumption and Amendment Agreement and the initial borrowings thereunder, (b) the repayment in full of the Existing Term B Loans (as defined in the 2016 Incremental Assumption and Amendment Agreement) and (c) the payment of all fees and expenses to be paid and owing in connection with any of the foregoing.

“2020 Effective Date” shall have the meaning assigned to the term “2020 Effective Date” in the 2020 Incremental Assumption Agreement.

“2020 Incremental Assumption Agreement” shall mean that certain Incremental Assumption Agreement No. 4, dated as of July 20, 2020, by and among Holdings, the Borrower, the Subsidiary Loan Parties party thereto, the Lenders party thereto and the Administrative Agent.

“ABR” shall mean, for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate in effect for such day plus 0.50%, (b) the Prime Rate in effect on such day and (c) the Adjusted LIBO Rate for Eurocurrency Borrowings of Loans of the same Class for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; provided, that for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate determined on such day at approximately 11:00 a.m. (London time) by reference to the ICE Benchmark Administration Interest Settlement Rates (or the successor thereto if the ICE Benchmark Administration is no longer making a LIBO Rate available) for deposits in Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration (or the successor thereto if the ICE Benchmark Administration is no longer making a LIBO Rate available) as an authorized vendor for the purpose of displaying such rates). Any change in such rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, as the case may be.

“ABR Borrowing” shall mean a Borrowing comprised of ABR Loans.

“ABR Loan” shall mean any ABR Term Loan, ABR Revolving Loan or Swingline Loan.

“ABR Revolving Facility Borrowing” shall mean a Borrowing comprised of ABR Revolving Loans.

“ABR Revolving Loan” shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

“ABR Term Loan” shall mean any Term Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

“Adjusted LIBO Rate” shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum equal to the greater of (x) (a) the LIBO Rate in effect for such Interest Period divided by (b) one minus the Statutory Reserves applicable to such Eurocurrency Borrowing, if any; provided that if the Adjusted LIBO Rate shall be less than zero pursuant to this clause (x), such interest rate shall be deemed to be zero and (y) in the case of Eurocurrency Borrowings composed of Eurocurrency Term Loans and Eurocurrency Revolving Facility Borrowings made pursuant to the Revolving Facility Commitments in effect on the 2020 Effective Date, 1.00%.

“Adjustment Date” shall have the meaning assigned to such term in the definition of “Pricing Grid.”
“Administrative Agent” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, together with its successors and assigns.

“Administrative Agent Fees” shall have the meaning assigned to such term in Section 2.12(c).

“Administrative Questionnaire” shall mean an Administrative Questionnaire in the form of Exhibit B to the Original Credit Agreement or such other form supplied by the Administrative Agent.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Administrative Questionnaire” shall mean an Administrative Questionnaire in the form of Exhibit B to the Original Credit Agreement or such other form supplied by the Administrative Agent.

“Affected Financial Institution” shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Alternate Currency” shall mean (i) with respect to any Letter of Credit, Canadian Dollars, Euros, Pound Sterling, Swiss Francs, Mexican Pesos, Australian Dollars and any other currency other than Dollars as may be acceptable to the Administrative Agent and the Issuing Bank with respect thereto in their sole discretion and (ii) with respect to any Loan, any currency other than Dollars that is approved in accordance with Section 1.05.

“Alternative Currency Equivalent” shall mean, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternate Currency as determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternate Currency with Dollars.

“Alternative Currency Letter of Credit” shall mean any Letter of Credit denominated in an Alternate Currency.

“Alternative Currency Loan” shall mean any Loan denominated in an Alternate Currency.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Affiliate Lender” shall have the meaning assigned to such term in Section 9.21(a).

“Agents” shall mean the Administrative Agent and the Collateral Agent.

“Agreement” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, as may be amended, restated, supplemented or otherwise modified from time to time.

“Agreement Currency” shall have the meaning assigned to such term in Section 9.19.

“All-in Yield” shall mean, as to any Loans (or Pari Term Loans, if applicable), the yield thereon payable to all Lenders (or other lenders, as applicable) providing such Loans (or Pari Term Loans, if applicable) in the primary syndication thereof, as reasonably determined by the Administrative Agent in consultation with the Borrower, whether in the form of interest rate, margin, original issue discount, up-front fees, rate floors or otherwise; provided, that original issue discount and up-front fees shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the life of such Loans (or Pari Term Loans, if applicable)); and provided, further, that “All-in Yield” shall not include arrangement, commitment, underwriting, structuring or similar fees and customary consent fees for an amendment paid generally to consenting lenders.

“Alternate Currency Letter of Credit” shall mean any Letter of Credit denominated in an Alternate Currency.

“Alternate Currency Loan” shall mean any Loan denominated in an Alternate Currency.
“Amended and Restated First Lien Credit Agreement” shall have the meaning assigned to such term in the recitals hereto.

“Anti-Corruption Laws” shall have the meaning assigned to such term in Section 3.26.

“Applicable Commitment Fee” shall mean for any day (i) with respect to any Revolving Facility Commitments relating to Initial Revolving Loans, 0.50% per annum; provided, however, that on and after the first Adjustment Date occurring after delivery of the financial statements and certificates required by Section 5.04 upon the completion of one full fiscal quarter of the Borrower after the 2020 Effective Date, the “Applicable Commitment Fee” will be determined pursuant to the Pricing Grid; or (ii) with respect to any Other Revolving Facility Commitments, the “Applicable Commitment Fee” set forth in the applicable Incremental Assumption Agreement.

“Applicable Date” shall have the meaning assigned to such term in Section 9.08(f).

“Applicable Margin” shall mean for any day (i) with respect to any Term B Loan, 3.00% per annum in the case of any Eurocurrency Loan and 2.00% per annum in the case of any ABR Loan; (ii) with respect to any Initial Revolving Loan, 3.00% per annum in the case of any Eurocurrency Loan and 2.00% per annum in the case of any ABR Loan; provided, however, that on and after the first Adjustment Date occurring after delivery of the financial statements and certificates required by Section 5.04 upon the completion of one full fiscal quarter of the Borrower after the 2020 Effective Date, the “Applicable Margin” with respect to an Initial Revolving Loan will be determined pursuant to the Pricing Grid; and (iii) with respect to any Other Term Loan or Other Revolving Loan, the “Applicable Margin” set forth in the Incremental Assumption Agreement relating thereto.

“Applicable Period” shall mean an Excess Cash Flow Period or an Excess Cash Flow Interim Period, as the case may be.

“Approved Fund” shall have the meaning assigned to such term in Section 9.04(b)(ii).

“Arrangers” shall mean, collectively, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Barclays Bank PLC, RBC Capital Markets1 and Credit Suisse Securities (USA) LLC.

“Asset Sale” shall mean any loss, damage, destruction or condemnation of, or any Disposition (including any sale and leaseback of assets and any mortgage or lease of Real Property) to any person of, any asset or assets of the Borrower or any Subsidiary.

“Assignee” shall have the meaning assigned to such term in Section 9.04(b)(i).

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an Assignee, and accepted by the Administrative Agent and the Borrower (if required by Section 9.04), in the form of Exhibit A to the Original Credit Agreement or such other form (including electronic documentation generated by use of an electronic platform) as shall be approved by the Administrative Agent and reasonably satisfactory to the Borrower.

“Assignor” shall have the meaning assigned to such term in Section 9.04(i).

1 RBC Capital Markets is a brand name for the capital markets businesses of Royal Bank of Canada and its Affiliates.
“Availability Period” shall mean, with respect to any Class of Revolving Facility Commitments, the period from and including the 2020 Effective Date (or, if later, the effective date for such Class of Revolving Facility Commitments) to but excluding the earlier of the Revolving Facility Maturity Date for such Class and, in the case of each of the Revolving Facility Loans, Revolving Facility Borrowings, Swingline Loans, Swingline Borrowings and Letters of Credit, the date of termination of the Revolving Facility Commitments of such Class.

“Available Unused Commitment” shall mean, with respect to a Revolving Facility Lender under any Class of Revolving Facility Commitments at any time, an amount equal to the Dollar Equivalent of the amount by which (a) the applicable Revolving Facility Commitment of such Revolving Facility Lender at such time exceeds (b) the applicable Revolving Facility Credit Exposure of such Revolving Facility Lender at such time.

“Bail-In Action” shall mean the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” shall mean, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Below Threshold Asset Sale Proceeds” shall have the meaning assigned to such term in the definition of the term “Cumulative Credit”.

“Beneficial Ownership Certificate” shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” shall mean 31 C.F.R. § 1010.230.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” shall mean, as to any person, the board of directors or other governing body of such person, or if such person is owned or managed by a single entity, the board of directors or other governing body of such entity.

“Borrower” shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“Borrower Materials” shall have the meaning assigned to such term in Section 9.17(a).

“Borrowing” shall mean a group of Loans of a single Type under a single Facility, and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Minimum” shall mean (a) in the case of Eurocurrency Loans, $1,000,000, (b) in the case of ABR Loans, $1,000,000 and (c) in the case of Swingline Loans, $500,000.

“Borrowing Multiple” shall mean (a) in the case of Eurocurrency Loans, $500,000, (b) in the case of ABR Loans, $250,000 and (c) in the case of Swingline Loans, $100,000.
“Borrowing Request” shall mean a request by the Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit D-1 to the Original Credit Agreement or another form approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent).

“Budget” shall have the meaning assigned to such term in Section 5.04(e).

“Business Day” shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided, that when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in Dollars in the London interbank market.

“Capital Expenditures” shall mean, for any person in respect of any period, the aggregate of all expenditures incurred by such person during such period that, in accordance with GAAP, are or should be included in “additions to property, plant or equipment” or similar items reflected in the statement of cash flows of such person.

“Capitalized Lease Obligations” shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of the Borrower or its Subsidiaries, or of a special purpose or other entity not consolidated with the Borrower and its Subsidiaries, either existing on the Closing Date or created thereafter that (a) initially were not included on the consolidated balance sheet of the Borrower as capital lease obligations and were subsequently recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with the Borrower and its Subsidiaries, were required to be recharacterized as capital lease obligations upon such consolidation, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on the Closing Date and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on the Closing Date had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

“Capitalized Software Expenditures” shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a person during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in accordance with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of such person and its subsidiaries.

“Cash Collateralize” shall mean to pledge and deposit with or deliver to the Collateral Agent, for the benefit of one or more of the Issuing Banks or Lenders, as collateral for Revolving L/C Exposure or obligations of the Lenders to fund participations in respect of Revolving L/C Exposure, cash or deposit account balances or, if the Administrative Agent and each applicable Issuing Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and each applicable Issuing Bank. “Cash Collateral” and “Cash Collateralization” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Interest Expense” shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis for any period, Interest Expense for such period to the extent such amounts are paid in cash for such period, excluding, without duplication, in any event (a) pay-in-kind Interest Expense or other non-cash Interest Expense (including as a result of the effects of purchase accounting), (b) to the extent included in Interest Expense, the amortization of any financing fees paid by, or on behalf of, the Borrower or any Subsidiary, including such fees paid in connection with the Transactions, the 2016
Repricing Transactions, the June 2017 Transactions or upon entering into a Permitted Securitization Financing, and (c) the amortization of debt discounts, if any, or fees in respect of Hedging Agreements; provided, that Cash Interest Expense shall exclude any one time financing fees, including those paid in connection with the Transactions, the 2016 Repricing Transactions, the June 2017 Transactions or upon entering into a Permitted Securitization Financing or any amendment of this Agreement.

“Cash Management Agreement” shall mean any agreement to provide to Holdings, the Borrower or any Subsidiary cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

“Cash Management Bank” shall mean any person that, at the time it enters into a Cash Management Agreement (or on the Closing Date), is (a) an Agent, an Arranger, a Lender or an Affiliate of any such person, in each case, in its capacity as a party to such Cash Management Agreement or (b) listed in Schedule 1.01(G) to the Original Credit Agreement.

“CFC” shall mean a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

A “Change in Control” shall be deemed to occur if:

(a) (i) at any time prior to aQualified IPO, (x) the Permitted Holders in the aggregate shall at any time cease to have, directly or indirectly, the power to vote or direct the voting of at least 35% of the Voting Stock of the Borrower or (y) any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding any employee benefit plan of such person, entity or “group” and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than the Permitted Holders, shall at any time have acquired direct or indirect beneficial ownership (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act) of a percentage of the voting power of the outstanding Voting Stock of the Borrower that is greater than the percentage of such voting power of such Voting Stock in the aggregate, directly or indirectly, beneficially owned by the Permitted Holders or (ii) at any time on and after a Qualified IPO, any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding any employee benefit plan of such person, entity or “group” and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than the Permitted Holders (or any holding company parent of the Borrower owned directly or indirectly by the Permitted Holders), shall at any time have acquired direct or indirect beneficial ownership (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act) of voting power of the outstanding Voting Stock of the Borrower having more than 50.1% of the ordinary voting power for the election of directors of the Borrower, unless in the case of either clause (i) or (ii) of this clause (a), the Permitted Holders have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the members of the Board of Directors of the Borrower; or

(b) a “Change of Control” (as defined in (i) the Senior Unsecured Notes Indenture, (ii) any indenture or credit agreement in respect of Permitted Refinancing Indebtedness with respect to the Senior Unsecured Notes constituting Material Indebtedness or (iii) any indenture or credit agreement in respect of any Junior Financing constituting Material Indebtedness) shall have occurred; or
Holdings shall fail to beneficially own, directly or indirectly, 100% of the issued and outstanding Equity Interests of the Borrower (other than in connection with or after a Qualified IPO of the Borrower).

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any Lending Office of such Lender or by such Lender’s holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided, however, that notwithstanding anything herein to the contrary, (x) all requests, rules, guidelines or directives under or issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, all interpretations and applications thereof and any compliance by a Lender with any request or directive relating thereto and (y) all requests, rules, guidelines or directives promulgated under or in connection with, all interpretations and applications of, or any compliance by a Lender with any request or directive relating to International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case under clauses (x) and (y) be deemed to be a "Change in Law" but only to the extent a Lender is imposing applicable increased costs or costs in connection with capital adequacy requirements similar to those described in clauses (a) and (b) of Section 2.15 generally on other borrowers of loans under United States of America cash flow term loan credit facilities.

"Charges" shall have the meaning assigned to such term in Section 9.09.

"Class" shall mean, (a) when used in respect of any Loan or Borrowing, whether such Loan or the Loans comprising such Borrowing are June 2017 Term B Loans, November 2017 Term B Loans, Other Term Loans, Initial Revolving Loans, Extended Revolving Loans or Other Revolving Loans; and (b) when used in respect of any Commitment, whether such Commitment is in respect of a commitment to make June 2017 Term B Loans, November 2017 Term B Loans, Other Term Loans, Initial Revolving Loans, Extended Revolving Loans or Other Revolving Loans; provided that from and after the November 2017 Effective Date, the June 2017 Term B Loans and the November 2017 Term B Loans shall be treated as Loans of the same “Class” for purposes of this Agreement and the other Loan Documents. Other Term Loans, Extended Revolving Loans or Other Revolving Loans that have different terms and conditions (together with the Commitments in respect thereof) from the June 2017 Term B Loans, November 2017 Term B Loans or the Initial Revolving Loans, respectively, or from other Other Term Loans or other Extended Revolving Loans or Other Revolving Loans, as applicable, shall each be construed to be in separate and distinct Classes.

"Class Loans" shall have the meaning assigned to such term in Section 9.08(f).

"Closing Date" shall mean November 3, 2016.

"Co-Manager" shall mean Apollo Global Securities, LLC.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Co-Investors" shall mean (a) the Fund and Fund Affiliates (excluding any of their portfolio companies), (b) one or more investment funds affiliated with Searchlight Capital Partners, L.P. and their respective Affiliates (excluding any of their portfolio companies) and (c) the Management Group.
“Collateral” shall mean all the “Collateral” as defined in any Security Document and shall also include the Mortgaged Properties and all other property that is subject to any Lien in favor of the Administrative Agent, the Collateral Agent or any Subagent for the benefit of the Secured Parties pursuant to any Security Document.

“Collateral Agent” shall mean the Administrative Agent acting as collateral agent for the Secured Parties, together with its successors and permitted assigns in such capacity.

“Collateral Agreement” shall mean the Collateral Agreement, dated as of the Closing Date, as may be amended, restated, supplemented or otherwise modified from time to time, among the Borrower, each Subsidiary Loan Party and the Collateral Agent.

“Collateral and Guarantee Requirement” shall mean the requirement that (in each case subject to Sections 5.10(d), (e) and (g) and Schedule 5.12 to the Original Credit Agreement):

(a) on the Closing Date, the Collateral Agent shall have received (i) from the Borrower and each Subsidiary Loan Party, a counterpart of the Collateral Agreement and (ii) from each Subsidiary Loan Party, a counterpart of the Subsidiary Guarantee Agreement and (iii) from Holdings, a counterpart of the Holdings Guarantee and Pledge Agreement, in each case duly executed and delivered on behalf of such person;

(b) on the Closing Date, (i)(x) all outstanding Equity Interests of the Borrower and all other outstanding Equity Interests, in each case, directly owned by the Loan Parties, other than Excluded Securities, and (y) all Indebtedness owing to any Loan Party, other than Excluded Securities, shall have been pledged pursuant to the Collateral Agreement or the Holdings Guarantee and Pledge Agreement, as applicable, and (ii) the Collateral Agent shall have received certificates or other instruments (if any) representing such Equity Interests (other than certificates or instruments issued by subsidiaries of the Company that are not received from the Company on or prior to the Closing Date after using commercially reasonable efforts) and any notes or other instruments required to be delivered pursuant to the applicable Security Documents, together with stock powers, note powers or other instruments of transfer (if any) with respect thereto endorsed in blank;

(c) in the case of any person that becomes a Subsidiary Loan Party after the Closing Date, the Collateral Agent shall have received (i) a supplement to the Collateral Agreement and the Subsidiary Guarantee Agreement and (ii) supplements to the other Security Documents, if applicable, in the form specified therefor or otherwise reasonably acceptable to the Administrative Agent, in each case, duly executed and delivered on behalf of such Subsidiary Loan Party;

(d) after the Closing Date, (x) all outstanding Equity Interests of any person that becomes a Subsidiary Loan Party after the Closing Date and (y) subject to Section 5.10(g), all Equity Interests directly acquired by the Borrower or a Subsidiary Loan Party (and any Equity Interests of the Borrower directly acquired by Holdings) after the Closing Date, other than Excluded Securities, shall have been pledged pursuant to the Collateral Agreement (or the Holdings Guaranty and Pledge Agreement, as applicable), together with stock powers or other instruments of transfer (if any) with respect thereto endorsed in blank;

(e) except as otherwise contemplated by this Agreement or any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, and filings with the United States Copyright Office and the United States Patent and Trademark Office, and all other actions reasonably requested by the Administrative Agent (including those
required by applicable Requirements of Law) to be delivered, filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been delivered, filed, registered or recorded to the Collateral Agent for filing, registration or the recording concurrently with, or promptly following, the execution and delivery of each such Security Document;

(f) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to said Section 5.10, the Collateral Agent shall have received (i) counterparts of each Mortgage to be entered into with respect to each such Mortgaged Property duly executed and delivered by the record owner of such Mortgaged Property and suitable for recording or filing in all filing or recording offices that the Administrative Agent may reasonably deem necessary or desirable in order to create a valid and enforceable Lien subject to no other Liens except Permitted Liens, at the time of recordation thereof, (ii) with respect to the Mortgage encumbering each such Mortgaged Property, opinions of counsel regarding the enforceability, due authorization, execution and delivery of the Mortgages and such other matters customarily covered in real estate counsel opinions as the Administrative Agent may reasonably request, in form and substance reasonably acceptable to the Administrative Agent, (iii) with respect to each such Mortgaged Property, the Flood Documentation and (iv) such other documents as the Administrative Agent may reasonably request that are available to the Borrower without material expense with respect to any such Mortgage or Mortgaged Property;

(g) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to said Section 5.10, the Collateral Agent shall have received (i) a policy or policies or marked up unconditional binder of title insurance with respect to properties located in the United States of America, or a date-down and modification endorsement, if available, paid for by the Borrower, issued by a nationally recognized title insurance company insuring the Lien of each Mortgage as a valid Lien on the Mortgaged Property described therein, free of any other Liens except Permitted Liens, together with such customary endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request and which are available at commercially reasonable rates in the jurisdiction where the applicable Mortgaged Property is located and (ii) a survey of each Mortgaged Property (including all improvements, easements and other customary matters reasonably required by the Administrative Agent), as applicable, for which all necessary fees (where applicable) have been paid with respect to properties located in the United States of America, which is (A) complying in all material respects with the minimum detail requirements of the American Land Title Association and American Congress of Surveying and Mapping as such requirements are in effect on the date of preparation of such survey and (B) sufficient for such title insurance company to remove all standard survey exceptions from the title insurance policy relating to such Mortgaged Property and issue the customary survey related endorsements or otherwise reasonably acceptable to the Administrative Agent;

(h) the Collateral Agent shall have received evidence of the insurance required by the terms of Section 5.02 hereof; and

(i) after the Closing Date, the Collateral Agent shall have received (i) such other Security Documents as may be required to be delivered pursuant to Section 5.10 or the Collateral Agreement, and (ii) upon reasonable request by the Administrative Agent, evidence of compliance with any other requirements of Section 5.10.

"Commitment Fee" shall have the meaning assigned to such term in Section 2.12(a).
“Commitments” shall mean (a) with respect to any Lender, such Lender’s Revolving Facility Commitment and Term Facility Commitment and (b) with respect to any Swingline Lender, its Swingline Commitment (it being understood that a Swingline Commitment does not increase the applicable Swingline Lender’s Revolving Facility Commitment).

“Commodity Exchange Act” shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Company” shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“Conduit Lender” shall mean any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender; provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Sections 2.15, 2.16, 2.17 or 9.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender unless the designation of such Conduit Lender is made with the prior written consent of the Borrower (not to be unreasonably withheld or delayed), which consent shall specify that it is being made pursuant to the proviso in the definition of “Conduit Lender” and provided that the designating Lender provides such information as the Borrower reasonably requests in order for the Borrower to determine whether to provide its consent or (b) be deemed to have any Commitment.

“Consolidated Debt” at any date shall mean the sum of (without duplication) all Indebtedness (other than letters of credit or bank guarantees, to the extent undrawn) consisting of Indebtedness for borrowed money and Disqualified Stock of the Borrower and the Subsidiaries determined on a consolidated basis on such date in accordance with GAAP.

“Consolidated Net Income” shall mean, with respect to any person for any period, the aggregate of the Net Income of such person and its subsidiaries for such period, on a consolidated basis; provided, however, that, without duplication,

(i) any net after-tax extraordinary, exceptional, nonrecurring or unusual gains or losses or income or expense or charge (less all fees and expenses relating thereto), any severance, relocation or other restructuring expenses (including any cost or expense related to employment of terminated employees), any expenses related to any New Project or any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, fees, expenses or charges relating to closing costs, rebranding costs, curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges, acquisition integration costs, opening costs, recruiting costs, signing, retention or completion bonuses, and expenses or charges related to any offering of Equity Interests or debt securities of the Borrower, Holdings or any Parent Entity, any Investment, acquisition, Disposition, recapitalization or incurrence, issuance, repayment, repurchase, refinancing, amendment or modification of Indebtedness (in each case, whether or not successful), and any fees, expenses, charges or change in control payments related to the Transactions, the 2016 Repricing Transactions or the June 2017 Transactions (including any costs relating to auditing prior periods, any transition-related expenses, and Transaction Expenses incurred before, on or after the Closing Date), in each case, shall be excluded,
(ii) any net after-tax income or loss from Disposed of, abandoned, closed or discontinued operations or fixed assets and any net after-tax gain or loss on the Dispositions of Disposed of, abandoned, closed or discontinued operations or fixed assets shall be excluded,

(iii) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) attributable to business Dispositions or asset Dispositions other than in the ordinary course of business (as determined in good faith by the management of the Borrower) shall be excluded,

(iv) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment or buy-back of indebtedness, Hedging Agreements or other derivative instruments shall be excluded,

(v) (A) the Net Income for such period of any person that is not a subsidiary of such person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent person or a subsidiary thereof (other than an Unrestricted Subsidiary of such referent person) in respect of such period and (B) the Net Income for such period shall include any dividend, distribution or other payment in cash (or to the extent converted into cash) received by the referent person or a subsidiary thereof (other than an Unrestricted Subsidiary of such referent person) from any person in excess of, but without duplication of, the amounts included in subclause (A),

(vi) the cumulative effect of a change in accounting principles during such period shall be excluded,

(vii) effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such person and its subsidiaries and including the effects of adjustments to (A) deferred rent, (B) Capitalized Lease Obligations or other obligations or deferrals attributable to capital spending funds with suppliers or (C) any deferrals of revenue) in component amounts required or permitted by GAAP, resulting from the application of purchase accounting or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded,

(viii) any impairment charges or asset write-offs, in each case pursuant to GAAP, and the amortization of intangibles and other fair value adjustments arising pursuant to GAAP, shall be excluded,

(ix) any (a) non-cash compensation charge or (b) costs or expenses realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded,

(x) accruals and reserves that are established or adjusted within twelve months after the Closing Date and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded,

(xi) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretation shall be excluded,

(xii) any gain, loss, income, expense or charge resulting from the application of any LIFO method shall be excluded,
(xiii) any non-cash charges for deferred tax asset valuation allowances shall be excluded,

(xiv) any currency translation gains and losses related to currency remeasurements of Indebtedness, and any net loss or gain resulting from Hedging Agreements for currency exchange risk, shall be excluded,

(xv) any deductions attributable to minority interests shall be excluded,

(xvi) [reserved],

(xvii) (A) to the extent covered by insurance and actually reimbursed, or, so long as such person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (x) not denied by the applicable carrier in writing within 180 days and (y) in fact reimbursed within 365 days following the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded; and (B) amounts estimated in good faith to be received from insurance in respect of lost revenues or earnings in respect of liability or casualty events or business interruption shall be included (with a deduction for amounts actually received up to such estimated amount to the extent included in Net Income in a future period),

(xviii) without duplication, an amount equal to the amount of distributions actually made to any parent or equity holder of such person in respect of such period in accordance with Section 6.06(b)(v) shall be included as though such amounts had been paid as income taxes directly by such person for such period, and

(xix) Capitalized Software Expenditures and software development costs shall be excluded.

"Consolidated Total Assets" shall mean, as of any date of determination, the total assets of the Borrower and the consolidated Subsidiaries without giving effect to any impairment or amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the last day of the fiscal quarter most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), as applicable, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a person or assets that may have occurred on or after the last day of such fiscal quarter.

"Continuing Letter of Credit" shall have the meaning assigned to such term in Section 2.05(k).

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Covered Party" shall have the meaning assigned to such term in Section 9.25(a).

"Credit Event" shall have the meaning assigned to such term in Article IV.
"Cumulative Credit" shall mean, at any date, an amount, not less than zero in the aggregate, determined on a cumulative basis equal to, without duplication:

(a) $75,000,000, plus

(b) the Cumulative Retained Excess Cash Flow Amount at such time, plus

(c) the aggregate amount of proceeds received after the Closing Date and prior to such time that would have constituted Net Proceeds pursuant to clause (a) of the definition thereof, except for the operation of clause (x), (y) or (z) of the second proviso thereof (the "Below Threshold Asset Sale Proceeds"), plus

(d) the aggregate amount of any Declined Proceeds, plus

(e) (i) the cumulative amount of proceeds (including cash and the fair market value (as determined in good faith by the Borrower) of property other than cash) from the sale of Equity Interests of the Borrower, Holdings or any Parent Entity after the Closing Date and on or prior to such time (including upon exercise of warrants or options), which proceeds have been contributed as common equity to the capital of the Borrower, and (ii) common Equity Interests of Holdings, the Borrower or any Parent Entity issued upon conversion of Indebtedness (other than Indebtedness that is contractually subordinated to the Loan Obligations in right of payment) of the Borrower or any Subsidiary owed to a person other than the Borrower or a Subsidiary; provided, that this clause (e) shall exclude Permitted Cure Securities, sales of Equity Interests financed as contemplated by Section 6.04(e) or used as described in clause (ix) of the definition of "EBITDA", any amount used to incur Indebtedness under Section 6.01(l) and any amounts used to finance the payments or distributions in respect of any Junior Financing pursuant to Section 6.09(b), plus

(f) 100% of the aggregate amount of contributions as common equity to the capital of the Borrower received in cash (and the fair market value (as determined in good faith by the Borrower) of property other than cash) after the Closing Date (subject to the same exclusions as are applicable to clause (e) above); plus

(g) 100% of the aggregate principal amount of any Indebtedness (including the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock) of the Borrower or any Subsidiary thereof issued after the Closing Date (other than Indebtedness issued to a Subsidiary), which has been converted into or exchanged for Equity Interests (other than Disqualified Stock) in the Borrower, Holdings or any Parent Entity, plus

(h) 100% of the aggregate amount received by the Borrower or any Subsidiary in cash (and the fair market value (as determined in good faith by the Borrower) of property other than cash received by the Borrower or any Subsidiary) after the Closing Date from:

(A) the issuance or sale (other than to the Borrower or any Subsidiary) of the Equity Interests of an Unrestricted Subsidiary, or

(B) any dividend or other distribution by an Unrestricted Subsidiary, plus

(i) in the event any Unrestricted Subsidiary has been redesignated as a Subsidiary or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, Holdings, the Borrower or any Subsidiary, the fair market value (as determined in good faith by the Borrower) of the Investments of Holdings, the Borrower or any Subsidiary in such Unrestricted Subsidiary at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable), plus
(j) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received by the Borrower or any Subsidiary in respect of any Investments made pursuant to Section 6.04(j)(Y), minus

(k) any amounts thereof used to make Investments pursuant to Section 6.04(j)(Y) after the Closing Date prior to such time, minus

(l) the cumulative amount of Restricted Payments made pursuant to Section 6.06(e) prior to such time, minus

(m) any amount thereof used to make payments or distributions in respect of Junior Financings pursuant to Section 6.09(b)(i)(E) (other than payments made with proceeds from the issuance of Equity Interests that were excluded from the calculation of the Cumulative Credit pursuant to clause (e) above);

provided, however, (A) for purposes of Section 6.06(e), the calculation of the Cumulative Credit shall not include any Below Threshold Asset Sale Proceeds except to the extent they are used as contemplated in clauses (k) and (m) above, and (B) Cumulative Credit shall only be increased pursuant to clause (a) above to the extent that Excess Cash Flow for any Excess Cash Flow Period exceeds the ECF Threshold Amount (or, with respect to any Excess Cash Flow Interim Period, a pro rata portion of such amount).

"Cumulative Retained Excess Cash Flow Amount" shall mean, at any date, an amount (which shall not be less than zero in the aggregate) determined on a cumulative basis equal to:

(a) the aggregate cumulative sum of the Retained Percentage of Excess Cash Flow for all Excess Cash Flow Periods ending after the Closing Date and prior to such date, plus

(b) for each Excess Cash Flow Interim Period ended prior to such date but as to which the corresponding Excess Cash Flow Period has not ended, an amount equal to the Retained Percentage of Excess Cash Flow for such Excess Cash Flow Interim Period, minus

(c) the cumulative amount of all Retained Excess Cash Flow Overfundings as of such date.

"Cure Amount" shall have the meaning assigned to such term in Section 7.03.

"Cure Right" shall have the meaning assigned to such term in Section 7.03.

"Current Assets" shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis at any date of determination, the sum of (a) all assets (other than cash and Permitted Investments or other cash equivalents) that would, in accordance with GAAP, be classified on a consolidated balance sheet of the Borrower and the Subsidiaries as current assets at such date of determination, other than amounts related to current or deferred Taxes based on income or profits, and (b) gross accounts receivable comprising part of the Securitization Assets subject to such Permitted Securitization Financing.
"Current Liabilities" shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis at any date of determination, all liabilities that would, in accordance with GAAP, be classified on a consolidated balance sheet of the Borrower and the Subsidiaries as current liabilities at such date of determination, other than (a) the current portion of any Indebtedness, (b) accruals of Interest Expense (excluding Interest Expense that is due and unpaid), (c) accruals for current or deferred Taxes based on income or profits, (d) accruals, if any, of transaction costs resulting from the Transactions, the 2016 Repricing Transactions or the June 2017 Transactions, (e) accruals of any costs or expenses related to (i) severance or termination of employees prior to the Closing Date or (ii) bonuses, pension and other post-retirement benefit obligations, and (f) accruals for add-backs to EBITDA included in clauses (a)(iv), (a)(v), and (a)(vii) of the definition of such term.

"Datapipe" shall have the meaning assigned to such term in Section 3.12(c).

"Debt Fund Affiliate Lender" shall mean entities managed by the Fund or funds advised by its affiliated management companies that are primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or securities in the ordinary course and for which no personnel making investment decisions in respect of any equity fund which has a direct or indirect equity investment in Holdings, the Borrower or the Subsidiaries has the right to make any investment decisions.

"Debt Service" shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis for any period, Cash Interest Expense for such period, plus scheduled principal amortization of Consolidated Debt for such period.

"Debtor Relief Laws" shall mean the U.S. Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions from time to time in effect.

"Declined Proceeds" shall have the meaning assigned to such term in Section 2.10(c)(i).

"Declining Lender" shall have the meaning assigned to such term in Section 2.10(c)(i).

"Deemed Date" shall have the meaning assigned to such term in Section 6.01.

"Default" shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

"Defaulting Lender" shall mean, subject to Section 2.22, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder or (ii) pay to the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Swingline Lender, Administrative Agent or any Issuing Bank in writing that it does not intend or expect to comply with its funding obligations hereunder or generally under other agreements in which it commits to extend credit, or has made a public statement to that effect, (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization
or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided, that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.22) upon delivery of written notice of such determination to the Borrower, each Issuing Bank, the Swingline Lender and each Lender.

“Designated Non-Cash Consideration” shall mean the fair market value (as determined in good faith by the Borrower) of non-cash consideration received by the Borrower or one of its Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer of the Borrower, setting forth such valuation, less the amount of cash or cash equivalents received in connection with a subsequent disposition of such Designated Non-Cash Consideration.

“Disinterested Director” shall mean, with respect to any person and transaction, a member of the Board of Directors of such person who does not have any material direct or indirect financial interest in or with respect to such transaction.

“Dispose” or “Disposed of” shall mean to convey, sell, lease, sell and leaseback, assign, farm-out, transfer or otherwise dispose of any property, business or asset. The term “Disposition” shall have a correlative meaning to the foregoing.

“Disqualified Stock” shall mean, with respect to any person, any Equity Interests of such person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Loan Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payment of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is ninety-one (91) days after the Latest Maturity Date in effect at the time of issuance thereof (provided, that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock). Notwithstanding the foregoing: (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of the Borrower or the Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability and (ii) any class of Equity Interests of such person that by its terms authorizes such person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.
“Documentation Agents” shall mean Deutsche Bank Securities Inc., Barclays Bank PLC, Royal Bank of Canada and Credit Suisse Securities (USA) LLC.

“Dollar Equivalent” shall mean, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any currency other than Dollars, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date or other applicable date of determination) for the purchase of Dollars with such currency.

“Dollars” or “$” shall mean lawful money of the United States of America.

“Domestic Subsidiary” shall mean any Subsidiary that is not a Foreign Subsidiary.

“EBITDA” shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of the Borrower and the Subsidiaries for such period plus (a) the sum of (in each case without duplication and to the extent the respective amounts described in subclauses (i) through (xiii) of this clause (a) reduced such Consolidated Net Income (and were not excluded therefrom) for the respective period for which EBITDA is being determined):

(i) provision for Taxes based on income, profits or capital of the Borrower and the Subsidiaries for such period, including, without limitation, state, franchise and similar taxes and foreign withholding taxes (including penalties and interest related to taxes or arising from tax examinations),

(ii) Interest Expense (and to the extent not included in Interest Expense, (x) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock or Disqualified Stock and (y) costs of surety bonds in connection with financing activities) of the Borrower and the Subsidiaries for such period,

(iii) depreciation and amortization expenses of the Borrower and the Subsidiaries for such period including the amortization of intangible assets, deferred financing fees, original issue discount and Capitalized Software Expenditures, amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits,

(iv) business optimization expenses and other restructuring charges or reserves (which, for the avoidance of doubt, shall include the effect of inventory optimization programs, facility, branch, office or business unit closures, facility, branch, office or business unit consolidations, retention, severance, systems establishment costs, contract termination costs, future lease commitments and excess pension charges) and Pre-Opening Expenses,

(v) any other non-cash charges; provided, that for purposes of this subclause (v) of this clause (a), any non-cash charges or losses shall be treated as cash charges or losses in any subsequent period during which cash disbursements attributable thereto are made (but excluding, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period),

(vi) the amount of management, consulting, monitoring, transaction, advisory and similar fees and related expenses paid to the Co-Investors (or any accruals related to such fees and related expenses) during such period not in contravention of this Agreement,
(vii) any expenses or charges (other than depreciation or amortization expense as described in the preceding subclause (iii)) related to any issuance of Equity Interests, Investment, acquisition, New Project, Disposition, recapitalization or the incurrence, modification or repayment of Indebtedness permitted to be incurred by this Agreement (including a refinancing thereof) (whether or not successful), including (x) such fees, expenses or charges related to the Senior Unsecured Notes, the 2016 Incremental Assumption and Amendment Agreement, the June 2017 Incremental Assumption and Amendment Agreement and this Agreement, (y) any amendment or other modification of the Obligations or other Indebtedness and (z) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Permitted Securitization Financing,

(viii) the amount of loss or discount in connection with a Permitted Securitization Financing, including amortization of loan origination costs and amortization of portfolio discounts,

(ix) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Borrower or a Subsidiary Loan Party (other than contributions received from the Borrower or another Subsidiary Loan Party) or net cash proceeds of an issuance of Equity Interests of the Borrower (other than Disqualified Stock),

(x) [reserved],

(xi) the amount of any loss attributable to a New Project, until the date that is 12 months after the date of completing the construction, acquisition, assembling or creation of such New Project, as the case may be; provided, that (A) such losses are reasonably identifiable and factually supportable and certified by a Responsible Officer of the Borrower and (B) losses attributable to such New Project after 12 months from the date of completing such construction, acquisition, assembling or creation, as the case may be, shall not be included in this subclause (xi),

(xii) with respect to any joint venture that is not a Subsidiary and solely to the extent relating to any net income referred to in clause (v) of the definition of “Consolidated Net Income,” an amount equal to the proportion of those items described in subclauses (i) and (ii) above relating to such joint venture corresponding to the Borrower’s and the Subsidiaries’ proportionate share of such joint venture’s Consolidated Net Income (determined as if such joint venture were a Subsidiary), and

(xiii) one-time costs associated with commencing Public Company Compliance;

minus (b) the sum of (without duplication and to the extent the amounts described in this clause (b) increased such Consolidated Net Income for the respective period for which EBITDA is being determined) non-cash items increasing Consolidated Net Income of the Borrower and the Subsidiaries for such period (but excluding any such items (A) in respect of which cash was received in a prior period or will be received in a future period or (B) which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period).

“ECF Threshold Amount” shall have the meaning assigned to such term in Section 2.11(c).

“EEA Financial Institution” shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.
“EEA Member Country” shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“EMU Legislation” shall mean the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environment” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

“Environmental Laws” shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, binding agreements, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the Environment, preservation or reclamation of natural resources, the generation, use, transport, management, Release or threatened Release of, or exposure to, any Hazardous Material or to public or employee health and safety matters (to the extent relating to the Environment or Hazardous Materials).

“Environmental Permits” shall have the meaning assigned to such term in Section 3.16.

“Equity Interests” of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time and any final regulations promulgated and the rulings issued thereunder.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrower or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in “at-risk” status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator

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of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (g) the
incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any
Plan or Multiemployer Plan; (h) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any
Multiemployer Plan from Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, concerning the impending imposition of
Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA, or in
"endangered" or "critical" status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for imposition of a lien
under Section 303(k) of ERISA shall have been met with respect to any Plan; or (j) the withdrawal of any of Holdings, the Borrower, a Subsidiary or
any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in
Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any
successor person), as in effect from time to time.

"Euro" shall mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Loan" shall mean any Eurocurrency Term Loan or Eurocurrency Revolving Loan.

"Eurocurrency Revolving Facility Borrowing" shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

"Eurocurrency Revolving Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted
LIBO Rate in accordance with the provisions of Article II.

"Eurocurrency Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in
accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Section 7.01.

"Excess Cash Flow" shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any Applicable Period,
EBITDA of the Borrower and its Subsidiaries on a consolidated basis for such Applicable Period, minus, without duplication, (A):

(a) Debt Service for such Applicable Period,

(b) the amount of any voluntary payment permitted hereunder of term Indebtedness during such Applicable Period (other than any voluntary
prepayment of the Term Loans, which shall be the subject of Section 2.11(c)(ii)(A)) and the amount of any voluntary payments of revolving
Indebtedness to the extent accompanied by permanent reductions of any revolving facility commitments during such Applicable Period (other than
any voluntary prepayments of the Revolving Facility Commitment, which shall be the subject of Section 2.11(c)(ii)(B)), so long as the amount of
such prepayment is not already reflected in Debt Service,
(c) (i) Capital Expenditures by the Borrower and the Subsidiaries on a consolidated basis during such Applicable Period that are paid in cash and (ii) the aggregate consideration paid in cash during the Applicable Period in respect of Permitted Business Acquisitions, New Project expenditures and other Investments permitted hereunder (excluding Permitted Investments, intercompany Investments in Subsidiaries and Investments made pursuant to Section 6.04(j)(Y) (unless made pursuant to clause (a) of the definition of Cumulative Credit)) and payments in respect of restructuring activities,

(d) Capital Expenditures, Permitted Business Acquisitions, New Project expenditures or other permitted Investments (excluding Permitted Investments and intercompany Investments in Subsidiaries), or payments in respect of planned restructuring activities, that the Borrower or any Subsidiary shall, during such Applicable Period, become obligated to make or otherwise anticipated to make payments with respect thereto but that are not made during such Applicable Period; provided, that (i) the Borrower shall deliver a certificate to the Administrative Agent not later than the date required for the delivery of the certificate pursuant to Section 2.11(c), signed by a Responsible Officer of the Borrower and certifying that payments in respect of such Capital Expenditures, Permitted Business Acquisitions, New Project expenditures or other permitted Investments or planned restructuring activities are expected to be made in the following Excess Cash Flow Period, and (ii) any amount so deducted shall not be deducted again in a subsequent Applicable Period,

(e) Taxes paid in cash by Holdings and its Subsidiaries on a consolidated basis during such Applicable Period or that will be paid within six months after the close of such Applicable Period or that will be paid within six months after the close of such Applicable Period; provided, that with respect to any such amounts to be paid or distributed after the close of such Applicable Period, (i) any amount so deducted shall not be deducted again in a subsequent Applicable Period, and (ii) appropriate reserves shall have been established in accordance with GAAP,

(f) an amount equal to any increase in Working Capital (other than any increase arising from the recognition or de-recognition of any Current Assets or Current Liabilities upon an acquisition or disposition of a business) of the Borrower and its Subsidiaries for such Applicable Period and, at the Borrower’s option, any anticipated increase, estimated by the Borrower in good faith, for the following Excess Cash Flow Period,

(g) cash expenditures made in respect of Hedging Agreements during such Applicable Period, to the extent not reflected in the computation of EBITDA or Interest Expense,

(h) permitted Restricted Payments paid in cash by the Borrower during such Applicable Period and permitted Restricted Payments paid by any Subsidiary to any person other than Holdings, the Borrower or any of the Subsidiaries during such Applicable Period, in each case in accordance with Section 6.06 (other than Section 6.06(e) (unless made pursuant to clause (a) of the definition of Cumulative Credit)),

(i) amounts paid in cash during such Applicable Period on account of (A) items that were accounted for as non-cash reductions of Net Income in determining Consolidated Net Income or as non-cash reductions of Consolidated Net Income in determining EBITDA of the Borrower and its Subsidiaries in a prior Applicable Period and (B) reserves or accruals established in purchase accounting,
(j) to the extent not deducted in the computation of Net Proceeds in respect of any asset disposition or condemnation giving rise thereto, the amount of any mandatory prepayment of Indebtedness (other than Indebtedness created hereunder or under any other Loan Document), together with any interest, premium or penalties required to be paid (and actually paid) in connection therewith,

(k) the amount related to items that were added to or not deducted from Net Income in calculating Consolidated Net Income or were added to or not deducted from Consolidated Net Income in calculating EBITDA to the extent such items represented a cash payment (other than in respect of Transaction Expenses) which had not reduced Excess Cash Flow upon the accrual thereof in a prior Applicable Period, or an accrual for a cash payment, by the Borrower and its Subsidiaries or did not represent cash received by the Borrower and its Subsidiaries, in each case on a consolidated basis during such Applicable Period, and

(l) the amount of (A) any deductions attributable to minority interests that were added to or not deducted from Net Income in calculating Consolidated Net Income and (B) EBITDA of joint ventures and minority investees added to Consolidated Net Income in calculating EBITDA,

plus, without duplication, (B):

(a) an amount equal to any decrease in Working Capital (other than any decrease arising from the recognition or de-recognition of any Current Assets or Current Liabilities upon an acquisition or disposition of a business) of the Borrower and its Subsidiaries for such Applicable Period,

(b) all amounts referred to in clauses (A)(b), (A)(c) and (A)(d) above to the extent funded with the proceeds of the issuance or the incurrence of Indebtedness (including Capitalized Lease Obligations and purchase money Indebtedness, but excluding proceeds of extensions of credit under any revolving credit facility), the sale or issuance of any Equity Interests (including any capital contributions) and any loss, damage, destruction or condemnation of, or any sale, transfer or other disposition (including any sale and leaseback of assets and any mortgage or lease of Real Property) to any person of any asset or assets, in each case to the extent there is a corresponding deduction from Excess Cash Flow above,

(c) to the extent any permitted Capital Expenditures, Permitted Business Acquisitions, New Project expenditures or permitted Investments or payments in respect of planned restructuring activities referred to in clause (A)(d) above do not occur in the following Applicable Period of the Borrower specified in the certificate of the Borrower provided pursuant to clause (A)(d) above, the amount of such Capital Expenditures, Permitted Business Acquisitions, New Project expenditures or permitted Investments or payments in respect of planned restructuring activities that were not so made in such following Applicable Period,

(d) cash payments received in respect of Hedging Agreements during such Applicable Period to the extent (i) not included in the computation of EBITDA or (ii) such payments do not reduce Cash Interest Expense,

(e) any extraordinary or nonrecurring gain realized in cash during such Applicable Period (except to the extent such gain consists of Net Proceeds subject to Section 2.11(b)), and
(f) the amount related to items that were deducted from or not added to Net Income in connection with calculating Consolidated Net Income or were deducted from or not added to Consolidated Net Income in calculating EBITDA to the extent either (i) such items represented cash received by the Borrower or any Subsidiary or (ii) such items do not represent cash paid by the Borrower or any Subsidiary, in each case on a consolidated basis during such Applicable Period.

“Excess Cash Flow Interim Period” shall mean, (x) during any Excess Cash Flow Period, any one, two, or three-quarter period (a) commencing on the later of (i) the end of the immediately preceding Excess Cash Flow Period and (ii) if applicable, the end of any prior Excess Cash Flow Interim Period occurring during the same Excess Cash Flow Period and (b) ending on the last day of the most recently ended fiscal quarter (other than the last day of the fiscal year) during such Excess Cash Flow Period for which financial statements are available and (y) during the period from the Closing Date until the beginning of the first Excess Cash Flow Period, any period commencing on the Closing Date and ending on the last day of the most recently ended fiscal quarter for which financial statements are available.

“Excess Cash Flow Period” shall mean each fiscal year of the Borrower, commencing with the fiscal year of the Borrower ending December 31, 2017.


“Excluded Contributions” shall mean the cash and the fair market value of assets other than cash (as determined by the Borrower in good faith) received by the Borrower after the Closing Date from: (a) contributions to its common Equity Interests, and (b) the sale or issuance (other than to a Subsidiary of the Borrower or to any Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Qualified Equity Interests of the Borrower, in each case designated as Excluded Contributions pursuant to a certificate of a Responsible Officer of Holdings or the Borrower or promptly after the date such capital contributions are made or the date such Equity Interest is sold or issued, as the case may be.

“Excluded Indebtedness” shall mean all Indebtedness not incurred in violation of Section 6.01.

“Excluded Property” shall have the meaning assigned to such term in Section 5.10(g).

“Excluded Securities” shall mean any of the following:

(a) any Equity Interests or Indebtedness with respect to which the Administrative Agent and the Borrower reasonably agree that the cost or other consequences of pledging such Equity Interests or Indebtedness in favor of the Secured Parties under the Security Documents are likely to be excessive in relation to the value to be afforded thereby;

(b) in the case of any pledge of voting Equity Interests of any Foreign Subsidiary (in each case, that is owned directly by the Borrower or a Subsidiary Loan Party) to secure the Obligations, any voting Equity Interest of such Foreign Subsidiary in excess of 65% of the outstanding Equity Interests of such class;

(c) in the case of any pledge of voting Equity Interests of any FSHCO (in each case, that is owned directly by the Borrower or a Subsidiary Loan Party) to secure the Obligations, any voting Equity Interest of such FSHCO in excess of 65% of the outstanding Equity Interests of such class;
(d) any Equity Interests or Indebtedness to the extent the pledge thereof would be prohibited by any Requirement of Law;

(e) any Equity Interests of any person that is not a Wholly Owned Subsidiary to the extent (A) that a pledge thereof to secure the Obligations is prohibited by (i) any applicable organizational documents, joint venture agreement or shareholder agreement or (ii) any other contractual obligation with an unaffiliated third party not in violation of Section 6.09(c) binding on such Equity Interests to the extent in existence on the Closing Date or on the date of acquisition thereof and not entered into in contemplation thereof (other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.01(i)) (other than, in this subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable Requirements of Law), (B) any organizational documents, joint venture agreement or shareholder agreement (or other contractual obligation referred to in subclause (A)(ii) above) prohibits such a pledge without the consent of any other party; provided, that this clause (B) shall not apply if (1) such other party is a Loan Party or a Wholly Owned Subsidiary or (2) consent has been obtained to consummate such pledge (it being understood that the foregoing shall not be deemed to oblige the Borrower or any Subsidiary to obtain any such consent) and shall only apply for so long as such organizational documents, joint venture agreement or shareholder agreement or replacement or renewal thereof is in effect, or (C) a pledge thereof to secure the Obligations would give any other party (other than a Loan Party or a Wholly Owned Subsidiary) to any organizational documents, joint venture agreement or shareholder agreement governing such Equity Interests (or other contractual obligation referred to in subclause (A)(ii) above) the right to terminate its obligations thereunder (other than, in the case of other contractual obligations referred to in subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable Requirement of Law);

(f) any Equity Interests of any Immaterial Subsidiary, any Unrestricted Subsidiary or any Special Purpose Securitization Subsidiary;

(g) any Equity Interests of any Subsidiary of, or other Equity Interests owned by, a Foreign Subsidiary;

(h) any Equity Interests of any Subsidiary to the extent that the pledge of such Equity Interests could reasonably be expected to result in material adverse tax consequences to the Borrower or any Subsidiary as determined in good faith by the Borrower;

(i) any Equity Interests or Indebtedness that are set forth on Schedule 1.01(A) to the Original Credit Agreement or that have been identified on or prior to the Closing Date in writing to the Agent by a Responsible Officer of the Borrower and agreed to by the Administrative Agent;

(j) (x) any Equity Interests owned by Holdings, other than Equity Interests of the Borrower, and (y) any Indebtedness owned by or owing to Holdings; and

(k) any Margin Stock.

“Excluded Subsidiary” shall mean any of the following (except as otherwise provided in clause (b) of the definition of Subsidiary Loan Party):

(a) each Immaterial Subsidiary,
(b) each Domestic Subsidiary that is not a Wholly Owned Subsidiary (for so long as such Subsidiary remains a non-Wholly Owned Subsidiary),

c) each Domestic Subsidiary that is prohibited from Guaranteeing or granting Liens to secure the Obligations by any Requirement of Law or that would require consent, approval, license or authorization of a Governmental Authority to Guarantee or grant Liens to secure the Obligations (unless such consent, approval, license or authorization has been received),

d) each Domestic Subsidiary that is prohibited by any applicable contractual requirement from Guaranteeing or granting Liens to secure the Obligations on the Closing Date or at the time such Subsidiary becomes a Subsidiary not in violation of Section 6.09(c) (and for so long as such restriction or any replacement or renewal thereof is in effect),

e) any Special Purpose Securitization Subsidiary,

f) any Foreign Subsidiary,

g) any Domestic Subsidiary (i) that is an FSHCO or (ii) that is a Subsidiary of a Foreign Subsidiary that is a CFC,

h) any other Domestic Subsidiary with respect to which, (x) the Administrative Agent and the Borrower reasonably agree that the cost or other consequences of providing a Guarantee of or granting Liens to secure the Obligations are likely to be excessive in relation to the value to be afforded thereby or (y) in the case of any person that becomes a Domestic Subsidiary after the Closing Date, providing such a Guarantee or granting such Liens could reasonably be expected to result in material adverse tax consequences as determined in good faith by the Borrower,

(i) each Unrestricted Subsidiary, and

(j) with respect to any Swap Obligation, any Subsidiary that is not an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder.

“Excluded Swap Obligation” shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation, unless otherwise agreed between the Administrative Agent and the Borrower. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder or under any other Loan Document, (i) Taxes imposed on or measured by its overall net income or branch profits (however denominated, and including (for the avoidance of doubt) any backup withholding in respect thereof under Section 3406 of the Code or any similar provision of state, local or foreign law), and franchise (and similar) Taxes imposed on it (in lieu of net income Taxes), in each case
by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, or in the case of any Lender, having its applicable Lending Office in, such jurisdiction, or as a result of any other present or former connection with such jurisdiction (other than any such connection arising solely from this Agreement or any other Loan Documents or any transactions contemplated thereunder), (ii) U.S. federal withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document that is required to be imposed on amounts payable to a Lender (other than to the extent such Lender is an assignee pursuant to a request by the Borrower under Section 2.19(b) or 2.19(c)) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new Lending Office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new Lending Office (or assignment), to receive additional amounts or indemnification payments from any Loan Party with respect to such withholding Tax pursuant to Section 2.17, (iii) any withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document that is attributable to the Administrative Agent’s, any Lender’s or any other recipient’s failure to comply with Section 2.17(d) or (e) or (iv) any Tax imposed under FATCA.

“Excluded Transaction Debt” shall mean all Indebtedness incurred by the Borrower in connection with the Transactions consisting of, or incurred to fund the payment of, any original issue discount or upfront fees in respect of the Term B Loans, the Revolving Facility and/or the Senior Unsecured Notes, in each case, pursuant to the “market flex” provisions of the Fee Letter.

“Existing Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“Existing Credit Agreement” shall mean the Credit Agreement, dated as of November 25, 2015 and as amended, restated, supplemented or otherwise modified prior to the Closing Date, by and among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

“Existing Notes” shall mean, collectively, the 6.5% Senior Notes due 2024 of the Company issued pursuant to the indenture, dated as of November 25, 2015, as amended, restated, supplemented or otherwise modified prior to the Closing Date, between the Company and Wells Fargo Bank, National Association, as trustee.

“Existing Roll-Over Letters of Credit” shall mean those letters of credit or bank guarantees issued and outstanding as of the Closing Date and set forth on Schedule 1.01(C) to the Original Credit Agreement, which shall each be deemed to constitute a Letter of Credit issued hereunder on the Closing Date.

“Extended Revolving Facility Commitment” shall have the meaning assigned to such term in Section 2.21(e).

“Extended Revolving Loan” shall have the meaning assigned to such term in Section 2.21(e).

“Extended Term Loan” shall have the meaning assigned to such term in Section 2.21(e).

“Extending Lender” shall have the meaning assigned to such term in Section 2.21(e).

“Extension” shall have the meaning assigned to such term in Section 2.21(e).

“Facility” shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that, (i) from and after the 2020 Effective Date there are two Facilities (i.e., the Term B Facility and the Revolving Facility Commitments in effect on the 2020 Effective Date and the extensions of credit thereunder) and (ii) thereafter, the term “Facility” may include any other Class of Commitments and the extensions of credit thereunder.
“FATCA” shall mean Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), or any Treasury Regulations promulgated thereunder or official administrative interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

“Federal Funds Effective Rate” shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average (rounded upward, if necessary, to a whole multiple of 1/100 of 1.00%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it and (c) if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero.

“Fee Letter” shall mean that certain Fee Letter dated as of August 26, 2016 (as supplemented by that certain Additional Lender Agreement dated as of September 9, 2016) by and among Holdings, Citigroup Global Markets Inc., Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Islands Branch, Deutsche Bank Securities Inc., Barclays Bank PLC, Royal Bank of Canada, Credit Suisse AG, Cayman Islands Branch, Credit Suisse Securities (USA) LLC, and the other parties thereto.

“Fees” shall mean the Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Administrative Agent Fees.

“Financial Covenant” shall mean the covenant of the Borrower set forth in Section 6.11.

“Financial Officer” of any person shall mean the Chief Financial Officer or an equivalent financial officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

“First Lien/First Lien Intercreditor Agreement” shall mean an intercreditor agreement substantially in the form of Exhibit G to the Original Credit Agreement, or such other customary form reasonably acceptable to the Administrative Agent and the Borrower, in each case, as such document may be amended, restated, supplemented or otherwise modified from time to time.

“First Lien/Second Lien Intercreditor Agreement” shall mean an intercreditor agreement substantially in the form of Exhibit H to the Original Credit Agreement, or such other customary form reasonably acceptable to the Administrative Agent and the Borrower, in each case, as such document may be amended, restated, supplemented or otherwise modified from time to time.

“Flood Documentation” shall mean, with respect to each Mortgaged Property located in the United States of America or any territory thereof, (i) a completed “life-of-loan” Federal Emergency Management Agency standard flood hazard determination (to the extent a Mortgaged Property is located in a Special Flood Hazard Area, together with a notice about Special Flood Hazard Area status and flood disaster assistance duly executed by the Borrower and the applicable Loan Party relating thereto) and
(ii) evidence of flood insurance as required by Section 5.02(c) hereof and the applicable provisions of the Security Documents, each of which shall (A) be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable or mortgagee endorsement (as applicable), (B) name the Collateral Agent, on behalf of the Secured Parties, as additional insured and loss payee/mortgagee, (C) identify the address of each property located in a Special Flood Hazard Area, the applicable flood zone designation and the flood insurance coverage and deductible relating thereto and (D) be otherwise in form and substance reasonably satisfactory to the Administrative Agent.

“Flood Insurance Laws” shall mean, collectively, (i) the National Flood Insurance Reform Act of 1994 (which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973) as now or hereafter in effect or any successor statute thereto, (ii) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (iii) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

“Foreign Lender” shall mean any Lender (a) that is not disregarded as separate from its owner for U.S. federal income tax purposes and that is not a “United States person” as defined by Section 7701(a)(30) of the Code or (b) that is disregarded as separate from its owner for U.S. federal income tax purposes and whose regarded owner is not a “United States person” as defined in Section 7701(a)(30) of the Code.

“Foreign Subsidiary” shall mean any Subsidiary that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia.

“Fronting Exposure” shall mean, at any time there is a Defaulting Lender, (a) with respect to any Issuing Bank, such Defaulting Lender’s Revolving Facility Percentage of Revolving L/C Exposure with respect to Letters of Credit issued by such Issuing Bank other than such Revolving L/C Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof and (b) with respect to the Swingline Lender, such Defaulting Lender’s Swingline Exposure other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

“FSHCO” shall mean any Subsidiary that owns no material assets other than the Equity Interests of one or more Foreign Subsidiaries that are CFCs and/or of one or more FSHCOs.

“Fund” shall mean, collectively, investment funds managed by Affiliates of Apollo Global Management, LLC.

“Fund Affiliate” shall mean (i) each Affiliate of the Fund that is neither a “portfolio company” (which means a company actively engaged in providing goods or services to unaffiliated customers), whether or not controlled, nor a company controlled by a “portfolio company” and (ii) any individual who is a partner or employee of Apollo Management, L.P. or Apollo Management VIII, L.P.

“GAAP” shall mean generally accepted accounting principles in effect from time to time in the United States of America, applied on a consistent basis, subject to the provisions of Section 1.02; provided, that any reference to the application of GAAP in Sections 3.13(b), 3.20, 5.03, 5.07 and 6.02(e) to a Foreign Subsidiary (and not as a consolidated Subsidiary of the Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.
“Governmental Authority” shall mean any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body.

“Guarantee” of or by any person (the “guarantor”) shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided, however, that the term “Guarantee” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted by this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such person in good faith.

“guarantor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Guarantors” shall mean the Loan Parties other than the Borrower.

“Hazardous Materials” shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum by products or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas or pesticides, fungicides, fertilizers or other agricultural chemicals, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

“Hedge Bank” shall mean any person that is (or an Affiliate thereof is) (a) an Agent, an Arranger or a Lender on the Closing Date (or any person that becomes an Agent, Arranger or Lender or Affiliate thereof after the Closing Date) and that enters into a Hedging Agreement, in each case, in its capacity as a party to such Hedging Agreement or (b) listed in Schedule 1.01(G) to the Original Credit Agreement.

“Hedging Agreement” shall mean any agreement with respect to any swap, forward, future or derivative transaction, or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or credit spread transaction, repurchase transaction, reserve repurchase transaction, securities lending transaction, weather index transaction, spot contracts, fixed price physical delivery contracts, or any similar transaction or any combination of these transactions, in each case of the foregoing, whether or not exchange traded; provided, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings, the Borrower or any of the Subsidiaries shall be a Hedging Agreement.
“Holdings" shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“Holdings Guarantee and Pledge Agreement” shall mean the Holdings Guarantee and Pledge Agreement, dated as of the Closing Date, as may be amended, restated, supplemented or otherwise modified from time to time, between Holdings and the Collateral Agent.

“Immaterial Subsidiary” shall mean any Subsidiary that (a) did not, as of the last day of the fiscal quarter of the Borrower most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), have assets with a value in excess of 5.0% of the Consolidated Total Assets or revenues representing in excess of 5.0% of total revenues of the Borrower and the Subsidiaries on a consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of such date, did not have assets with a value in excess of 10% of Consolidated Total Assets or revenues representing in excess of 10% of total revenues of the Borrower and the Subsidiaries on a consolidated basis as of such date; provided, that the Borrower may elect in its sole discretion to exclude as an Immaterial Subsidiary any Subsidiary that would otherwise meet the definition thereof.

“Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of original issue discount or deferred financing fees, the payment of interest or dividends in the form of additional Indebtedness or in the form of Equity Interests, as applicable, the accretion of original issue discount, deferred financing fees or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies.

“Incremental Amount” shall mean, at the time of the establishment of the commitments in respect of the Indebtedness to be incurred utilizing this definition (or, at the option of the Borrower, at the time of incurrence of such Indebtedness), the sum of:

(i) the excess (if any) of (a) $700,000,000 over (b) the sum of (x) the aggregate outstanding principal amount of all Incremental Term Loans and Incremental Revolving Facility Commitments, in each case incurred or established after the Closing Date and outstanding at such time pursuant to Section 2.21 utilizing this clause (i) (other than Incremental Term Loans and Incremental Revolving Facility Commitments in respect of Refinancing Term Loans, Extended Term Loans, Extended Revolving Facility Commitments or Replacement Revolving Facility Commitments, respectively) and (y) the aggregate principal amount of Indebtedness outstanding under Section 6.01(z) at such time that was incurred utilizing this clause (i); plus

(ii) any amounts so long as immediately after giving effect to the establishment of the commitments in respect thereof utilizing this clause (ii) (and assuming any Incremental Revolving Facility Commitments established at such time utilizing this clause (ii) are fully drawn unless such commitments have been drawn or have otherwise been terminated) (or, at the option of the Borrower, immediately after giving effect to the incurrence of the Incremental Loans thereunder) and the use of proceeds of the loans thereunder, (a) in the case of Incremental Loans secured by Liens on the Collateral that rank pari passu with the Liens on the Collateral securing the Term B Loans or the Initial Revolving Loans, the Net First Lien Leverage Ratio on a Pro Forma Basis is not greater than 2.50 to 1.00 and (b) in the case of Incremental Loans secured by Liens on the Collateral that rank junior to the Liens on the Collateral securing the Term B Loans and the Initial Revolving Loans, the Net Secured Leverage Ratio on a Pro Forma Basis is not greater than 3.00 to 1.00; provided that, for purposes of this clause (ii), net cash proceeds funded by financing sources upon the incurrence of Incremental Loans incurred at such time shall not be netted against the applicable amount of Consolidated Debt for purposes of such calculation of the Net First Lien Leverage Ratio or the Net Secured Leverage Ratio at such time; plus

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(iii) the aggregate amount of all voluntary prepayments of Term B Loans outstanding on the Closing Date and Revolving Facility Loans pursuant to Section 2.11(a) (and accompanied by a reduction of Revolving Facility Commitments pursuant to Section 2.08(b) in the case of a prepayment of Revolving Facility Loans) made prior to such time except to the extent funded with the proceeds of long-term Indebtedness (other than revolving Indebtedness);

provided, that, for the avoidance of doubt, (A) amounts may be established or incurred utilizing clause (ii) above prior to utilizing clause (i) or (iii) above and (B) any calculation of the Net First Lien Leverage Ratio or the Net Secured Leverage Ratio on a Pro Forma Basis pursuant to clause (ii) above may be determined, at the option of the Borrower, without giving effect to any simultaneous establishment or incurrence of any amounts utilizing clause (i) or (iii) above.

“Incremental Assumption Agreement” shall mean an Incremental Assumption Agreement in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Administrative Agent and, if applicable, one or more Incremental Term Lenders and/or Incremental Revolving Facility Lenders.

“Incremental Commitment” shall mean an Incremental Term Loan Commitment or an Incremental Revolving Facility Commitment.

“Incremental Loan” shall mean an Incremental Term Loan or an Incremental Revolving Loan.

“Incremental Revolving Borrowing” shall mean a Borrowing comprised of Incremental Revolving Loans.

“Incremental Revolving Facility” shall mean any Class of Incremental Revolving Facility Commitments and the Incremental Revolving Loans made thereunder.

“Incremental Revolving Facility Commitment” shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Revolving Loans to the Borrower.

“Incremental Revolving Facility Lender” shall mean a Lender with an Incremental Revolving Facility Commitment or an outstanding Incremental Revolving Loan.

“Incremental Revolving Loan” shall mean (i) Revolving Facility Loans made by one or more Revolving Facility Lenders to the Borrower pursuant to an Incremental Revolving Facility Commitment to make additional Initial Revolving Loans and (ii) to the extent permitted by Section 2.21 and provided for in the relevant Incremental Assumption Agreement, Other Revolving Loans (including in the form of Extended Revolving Loans or Replacement Revolving Loans, as applicable), or (iii) any of the foregoing.

“Incremental Term Borrowing” shall mean a Borrowing comprised of Incremental Term Loans.

“Incremental Term Facility” shall mean any Class of Incremental Term Loan Commitments and the Incremental Term Loans made thereunder.
"Incremental Term Lender" shall mean a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

"Incremental Term Loan Commitment" shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Term Loans to the Borrower.

"Incremental Term Loan Installment Date" shall have, with respect to any Class of Incremental Term Loans established pursuant to an Incremental Assumption Agreement, the meaning assigned to such term in Section 2.10(a)(ii).

"Incremental Term Loan" shall mean (i) Term Loans made by one or more Lenders to the Borrower pursuant to Section 2.01(b) or 2.01(d) consisting of additional Term B Loans and (ii) to the extent permitted by Section 2.21 and provided for in the relevant Incremental Assumption Agreement, Other Term Loans (including in the form of Extended Term Loans or Refinancing Term Loans, as applicable), or (iii) any of the foregoing.

"Indebtedness" of any person shall mean, if and to the extent (other than with respect to clause (i)) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Capitalized Lease Obligations of such person, (f) all net payments that such person would have to make in the event of an early termination, on the date Indebtedness of such person is being determined, in respect of outstanding Hedging Agreements, (g) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit, (h) the principal component of all obligations of such person in respect of bankers' acceptances, (i) all Guarantees by such person of Indebtedness described in clauses (a) to (h) above and (j) the amount of all obligations of such person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided, that Indebtedness shall not include (A) trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the ordinary course of business, (B) prepaid or deferred revenue, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase prices of an asset to satisfy unperformed obligations of the seller of such asset, (D) Obligations under or in respect of Permitted Securitization Financings, (E) earn-out obligations until such obligations become a liability on the balance sheet of such person in accordance with GAAP, (F) obligations in respect of Third Party Funds, (G) in the case of the Borrower and its Subsidiaries, (H) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (II) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and its Subsidiaries or (H) obligations under or in respect of the Merger Agreement. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness limits the liability of such person in respect thereof.

"Indemnified Taxes" shall mean all Taxes imposed on or with respect to or measured by any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document other than (a) Excluded Taxes and (b) Other Taxes.

"Indemnitee" shall have the meaning assigned to such term in Section 9.05(b).
“Ineligible Institution” shall mean (i) the persons identified as “Disqualified Lenders” in writing to the Arrangers by Holdings or the Borrower on or prior to the Closing Date, and (ii) the persons as may be identified in writing to the Administrative Agent by the Borrower from time to time thereafter (in the case of this clause (ii)) in respect of bona fide business competitors of the Borrower (in the good faith determination of the Borrower), by delivery of a notice thereof to the Administrative Agent setting forth such person or persons (or the person or persons previously identified to the Administrative Agent that are to be no longer considered “Ineligible Institutions”); provided, that no such updates pursuant to this clause (ii) shall be deemed to retroactively disqualify any parties that have previously acquired an assignment or participation interest in respect of the Loans from continuing to hold or vote such previously acquired assignments and participations on the terms set forth herein for Lenders that are not Ineligible Institutions.

“Information” shall have the meaning assigned to such term in Section 3.14(a).

“Information Memorandum” shall mean the Confidential Information Memorandum dated October 2016, as modified or supplemented prior to the Closing Date.

“Initial Revolving Facility Maturity Date” shall mean the date that is five years from the 2020 Effective Date (such date, the “2025 Maturity Date”); provided that, (i) if on the date that is 91 days prior to the Term B Facility Maturity Date the aggregate principal amount of Term B Loans outstanding exceeds $50,000,000, then the Initial Revolving Facility Maturity Date will be such date that is 91 days prior to the Term B Facility Maturity Date; (ii) if (1) the Term B Loans outstanding on the 2020 Effective Date are Refinanced with Indebtedness with a stated maturity date that is prior to the date that is 91 days after the 2025 Maturity Date (such stated maturity date, the “Refinanced Term Loan Early Maturity Date” and, such Indebtedness with such maturity date, the “Term Refinancing Debt”) and (2) on the date that is 91 days prior to the Refinanced Term Loan Early Maturity Date the aggregate principal amount of Term Refinancing Debt outstanding exceeds $50,000,000, then the Initial Revolving Facility Maturity Date will be such date that is 91 days prior to the Refinanced Term Loan Early Maturity Date; (iii) if on the date that is 91 days prior to November 15, 2024 the aggregate principal amount of Senior Unsecured Notes outstanding exceeds $50,000,000, then the Initial Revolving Facility Maturity Date will be such date that is 91 days prior to November 15, 2024; and (iv) if (1) the Senior Unsecured Notes outstanding on the 2020 Effective Date are Refinanced with Indebtedness with a stated maturity date that is prior to the date that is 91 days after the 2025 Maturity Date (such stated maturity date, the “Refinanced Notes Early Maturity Date” and, such Indebtedness with such maturity date, the “Notes Refinancing Debt”) and (2) on the date that is 91 days prior to the Refinanced Notes Early Maturity Date the aggregate principal amount of the Notes Refinancing Debt outstanding exceeds $50,000,000, then the Initial Revolving Facility Maturity Date will be such date that is 91 days prior to the Refinanced Notes Early Maturity Date.

“Initial Revolving Loan” shall mean a Revolving Facility Loan made (i) pursuant to the Revolving Facility Commitments in effect on the 2020 Effective Date (as the same may be amended from time to time in accordance with this Agreement) or (ii) pursuant to any Incremental Revolving Facility Commitment on the same terms as the Revolving Facility Loans referred to in clause (i) of this definition.

“Intellectual Property” shall have the meaning assigned to such term in the Collateral Agreement.

“Intercreditor Agreement” shall have the meaning assigned to such term in Section 8.11.

“Interest Coverage Ratio” shall mean, on any date, the ratio of (a) EBITDA to (b) Cash Interest Expense, in each case, for the Test Period most recently ended as of such date, all determined on a consolidated basis in accordance with GAAP; provided that the Interest Coverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.
“Interest Election Request” shall mean a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07 and substantially in the form of Exhibit E to the Original Credit Agreement or another form approved by the Administrative Agent.

“Interest Expense” shall mean, with respect to any person for any period, the sum of (a) gross interest expense of such person for such period on a consolidated basis, including the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense and excluding amortization of deferred financing fees and original issue discount, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees and non-cash interest expense attributable to movement in mark to market of obligations in respect of Hedging Agreements or other derivatives (in each case permitted hereunder) under GAAP and (b) capitalized interest of such person, minus interest income for such period. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received and costs incurred by the Borrower and the Subsidiaries with respect to Hedging Agreements, and interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

“Interest Payment Date” shall mean, (a) with respect to any Eurocurrency Loan, (i) the last day of the Interest Period applicable to the Borrowing of which such Loan is a part, (ii) in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months’ duration been applicable to such Borrowing and (iii) in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type, (b) with respect to any ABR Loan, the last Business Day of each calendar quarter and (c) with respect to any Swingline Loan, the day that such Swingline Loan is required to be repaid pursuant to Section 2.09(a).

“Interest Period” shall mean, as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or 12 months, if at the time of the relevant Borrowing, all relevant Lenders make interest periods of such length available or, if agreed to by the Administrative Agent, any shorter period), as the Borrower may elect; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; provided, further, notwithstanding anything to the contrary contained in this Agreement, the initial Interest Period with respect to the November 2017 Term B Loans made on the November 2017 Effective Date shall be the period commencing on the November 2017 Effective Date and ending on (x) with respect to $2,005,013 aggregate principal amount of November 2017 Term B Loans, December 29, 2017 and (y) with respect to $797,994,987 aggregate principal amount of November 2017 Term B Loans, February 5, 2018. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

“Intermediate Holdings” shall have the meaning assigned to such term in Section 1.09.

“Investment” shall have the meaning assigned to such term in Section 6.04.

“Investment Incurrence Clauses” shall have the meaning assigned to such term in the last paragraph of Section 6.04.
“IPO Entity” shall have the meaning assigned to such term in the definition of “Qualified IPO”.

“IRS” means the U.S. Internal Revenue Service.

“Issuing Bank” shall mean (i) each of Citibank, N.A., Deutsche Bank AG New York Branch, Barclays Bank PLC, Royal Bank of Canada and Credit Suisse AG, Cayman Islands Branch and, (ii) for purposes of the Existing Roll-Over Letters of Credit, the Issuing Bank set forth on Schedule 1.01(C) to the Original Credit Agreement, and (iii) each other Issuing Bank designated pursuant to Section 2.05(l), in each case in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity. An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by any domestic or foreign branch or Affiliate of such Issuing Bank, in which case the term “Issuing Bank” shall include any such branch or Affiliate with respect to Letters of Credit issued by such branch or Affiliate.

“Issuing Bank Fees” shall have the meaning assigned to such term in Section 2.12(b).

“Joint Bookrunners” shall mean, collectively, Citigroup Global Markets, Inc., Deutsche Bank Securities Inc., Barclays Bank PLC, RBC Capital Markets and Credit Suisse Securities (USA) LLC.

“Judgment Currency” shall have the meaning assigned to such term in Section 9.19.

“June 2017 Effective Date” shall have the meaning assigned to such term in the recitals hereto.

“June 2017 Incremental Assumption and Amendment Agreement” shall have the meaning assigned to such term in the recitals hereto.

“June 2017 Refinancing Term B Loans” shall have the meaning assigned to such term in the recitals hereto.

“June 2017 Term B Lenders” shall have the meaning assigned to such term in the recitals hereto.

“June 2017 Term B Loans” shall have the meaning assigned to such term in the recitals hereto.

“June 2017 Transactions” shall mean (a) the execution, delivery and performance of the June 2017 Incremental Assumption and Amendment Agreement and the initial borrowings thereunder, (b) the repayment in full of the Existing Term B Loans (as defined in the June 2017 Incremental Assumption and Amendment Agreement) and (c) the payment of all fees and expenses to be paid and owing in connection with any of the foregoing.

“June Incremental Term B Loans” shall have the meaning assigned to such term in the recitals hereto.

“Junior Financing” shall mean any Indebtedness that is subordinated in right of payment to the Loan Obligations.

“Junior Liens” shall mean Liens on the Collateral that are junior to the Liens thereon securing the Term B Loans (and other Loan Obligations that are pari passu with the Term B Loans) pursuant to a Permitted Junior Intercreditor Agreement (it being understood that Junior Liens are not required to be pari passu with other Junior Liens, and that Indebtedness secured by Junior Liens may have Liens that are senior in priority to, or pari passu with, or junior in priority to, other Liens constituting Junior Liens).
“L/C Disbursement” shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

“L/C Participation Fee” shall have the meaning assigned to such term in Section 2.12(b).

“Latest Maturity Date” shall mean, at any date of determination, the latest of the latest Revolving Facility Maturity Date and the latest Term Facility Maturity Date, in each case then in effect on such date of determination.

“Lender” shall mean each Lender (other than a Revolving Facility Lender) under this Agreement immediately prior to the 2020 Effective Date and each Revolving Facility Lender with a Revolving Facility Commitment on the 2020 Effective Date (after giving effect to the effectiveness of the 2020 Incremental Assumption Agreement) (in each case, other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance in accordance with Section 9.04), as well as any person that becomes a “Lender” hereunder pursuant to Section 9.04 or Section 2.21. Unless the context clearly indicates otherwise, the term “Lenders” shall include any Swingline Lender.

“Lending Office” shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans.

“Letter of Credit” shall mean any letter of credit or bank guarantee issued pursuant to Section 2.05, including any Alternate Currency Letter of Credit. Each Existing Roll-Over Letter of Credit shall be deemed to constitute a Letter of Credit issued hereunder on the Closing Date for all purposes of the Loan Documents.

“Letter of Credit Commitment” shall mean, with respect to each Issuing Bank, the commitment of such Issuing Bank to issue Letters of Credit pursuant to Section 2.05.

“Letter of Credit Sublimit” shall mean the aggregate Letter of Credit Commitments of the Issuing Banks, in an aggregate amount not to exceed $100,000,000 (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof) or such larger amount not to exceed the Revolving Facility Commitment as the Administrative Agent and the applicable Issuing Bank may agree.

“LIBO Rate” shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the commencement of such Interest Period by reference to the ICE Benchmark Administration Interest Settlement Rates (or the successor thereto if the ICE Benchmark Administration is no longer making such rates available) for Dollar deposits (as set forth by any service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration (or its successor) as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the “LIBO Rate” shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which Dollar deposits are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period.
“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided, that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

“Loan Documents” shall mean (i) this Agreement, (ii) the Subsidiary Guarantee Agreement, (iii) the Security Documents, (iv) each Incremental Assumption Agreement (including the 2016 Incremental Assumption and Amendment Agreement, the June 2017 Incremental Assumption and Amendment Agreement, the November 2017 Incremental Assumption Agreement and the 2020 Incremental Assumption Agreement), (v) any Intercreditor Agreement, (vi) any Note issued under Section 2.09(e), (vii) the Letters of Credit and (viii) solely for the purposes of Section 7.01 hereof, the Fee Letter.

“Loan Obligations” shall mean (a) the due and punctual payment by the Borrower of (i) the unpaid principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to the Borrower under this Agreement, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide Cash Collateral and (iii) all other monetary obligations of the Borrower owed under or pursuant to this Agreement and each other Loan Document, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), and (b) the due and punctual payment of all obligations of each other Loan Party under or pursuant to each of the Loan Documents.

“Loan Parties” shall mean Holdings (prior to a Qualified IPO), the Borrower and the Subsidiary Loan Parties.

“Loans” shall mean the Term Loans, the Revolving Facility Loans and the Swingline Loans.

“Local Time” shall mean New York City time (daylight or standard, as applicable); provided that, with respect to any Alternate Currency Loan, “Local Time” shall mean the local time of the applicable Lending Office.

“Majority Lenders” of any Facility shall mean, at any time, Lenders under such Facility having Loans and unused Commitments representing more than 50% of the sum of all Loans outstanding under such Facility and unused Commitments under such Facility at such time (subject to the last paragraph of Section 9.08(b)).

“Management Group” shall mean the group consisting of the directors, executive officers and other management personnel of the Borrower, Holdings or any Parent Entity, as the case may be, on the Closing Date after giving effect to the Transactions together with (a) any new directors whose election by such boards of directors or whose nomination for election by the equityholders of the Borrower, Holdings or any Parent Entity, as the case may be, was approved by a vote of a majority of the directors.
of the Borrower, Holdings or any Parent Entity, as the case may be, then still in office who were either directors on the Closing Date after giving effect to the Transactions or whose election or nomination was previously so approved and (b) executive officers and other management personnel of the Borrower, Holdings or any Parent Entity, as the case may be, hired at a time when the directors on the Closing Date after giving effect to the Transactions together with the directors so approved constituted a majority of the directors of the Borrower or Holdings, as the case may be.

“Margin Stock” shall have the meaning assigned to such term in Regulation U.

“Market Capitalization” shall mean an amount equal to (i) the total number of issued and outstanding shares of common (or common equivalent) Equity Interests of the IPO Entity on the date of the declaration of the relevant Restricted Payment multiplied by (ii) the arithmetic mean of the closing prices per share of the common (or common equivalent) Equity Interests for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

“Material Adverse Effect” shall mean a material adverse effect on the business, property, operations or financial condition of the Borrower and its Subsidiaries, taken as a whole, or the validity or enforceability of any of the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder.

“Material Indebtedness” shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of the Borrower or any Subsidiary in an aggregate principal amount exceeding $75,000,000; provided that in no event shall any Permitted Securitization Financing be considered Material Indebtedness.

“Material Real Property” shall mean any parcel or parcels of Real Property located in the United States now or hereafter owned in fee by the Borrower or any Subsidiary Loan Party and having a fair market value (on a per-property basis) of at least $5,000,000 as of (x) the Closing Date, for Real Property now owned or (y) the date of acquisition, for Real Property acquired after the Closing Date, in each case as determined by the Borrower in good faith; provided, that “Material Real Property” shall not include (i) any Real Property in respect of which the Borrower or a Subsidiary Loan Party does not own the land in fee simple or (ii) any Real Property which the Borrower or a Subsidiary Loan Party leases to a third party.

“Material Subsidiary” shall mean any Subsidiary other than an Immaterial Subsidiary.

“Maximum Rate” shall have the meaning assigned to such term in Section 9.09.

“Merger” shall have the meaning assigned to such term in the recitals hereto.

“Merger Agreement” shall mean the Agreement and Plan of Merger, dated as of August 26, 2016, by and among Holdings, Merger Sub and the Company, and any other agreements or instruments contemplated thereby, in each case, as may be amended, restated, supplemented or otherwise modified from time to time.

“Merger Sub” shall have the meaning assigned to such term in the recitals hereto.

“Minimum L/C Collateral Amount” shall mean, at any time, in connection with any Letter of Credit, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 102% of the Revolving L/C Exposure with respect to such Letter of Credit at such time and (ii) otherwise, an amount sufficient to provide credit support with respect to such Revolving L/C Exposure as determined by the Administrative Agent and the Issuing Banks in their sole discretion.
“Moody’s” shall mean Moody’s Investors Service, Inc. and its successors and assigns.

“Mortgaged Properties” shall mean each Material Real Property encumbered by a Mortgage pursuant to Section 5.10.

“Mortgages” shall mean, collectively, the mortgages, trust deeds, deeds of trust, deeds to secure debt, assignments of leases and rents, and other security documents (including amendments to any of the foregoing) delivered with respect to Mortgaged Properties in a customary form for Affiliates of the Fund and otherwise reasonably satisfactory to the Administrative Agent and the Borrower, in each case, as amended, supplemented or otherwise modified from time to time.

“Multiemployer Plan” shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, Holdings or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

“Net First Lien Leverage Ratio” shall mean, on any date, the ratio of (A) (i) the sum of, without duplication, (x) the aggregate principal amount of any Consolidated Debt consisting of Loan Obligations outstanding as of the last day of the Test Period most recently ended as of such date (other than Excluded Transaction Debt and other than Loan Obligations secured only by Junior Liens) and (y) the aggregate principal amount of any other Consolidated Debt of the Borrower and its Subsidiaries outstanding as of the last day of such Test Period that is then secured by Liens on the Collateral that are Other First Liens (other than Excluded Transaction Debt) less (ii) without duplication, the Unrestricted Cash and unrestricted Permitted Investments of the Borrower and its Subsidiaries, all determined on a consolidated basis in accordance with GAAP; provided, that the Net First Lien Leverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

“Net Income” shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“Net Proceeds” shall mean:

(a) 100% of the cash proceeds actually received by the Borrower or any Subsidiary (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise and including casualty insurance settlements and condemnation awards, but only as and when received) from any Asset Sale under Section 6.05(g) (or Sale-Leaseback Transactions under Section 6.03(b)(x)), net of (i) attorneys’ fees, accountants’ fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, required debt payments and required payments of other obligations relating to the applicable asset to the extent such debt or obligations are secured by a Lien permitted hereunder (other than pursuant to the Loan Documents) on such asset, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith, (ii) Taxes paid or payable (in the good faith determination of the Borrower) as a result thereof (including the amount of any distributions in respect thereof pursuant to Section 6.06(b)(iii) or Section 6.06(b)(v)), (iii) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clause (i) or (ii) above) (x) related to any of the applicable assets and (y) retained by the Borrower or any of the Subsidiaries including, without limitation, pension and other post-
employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction (however, the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be cash proceeds of such Asset Sale occurring on the date of such reduction) and (iv) payments made on a ratable basis (or less than ratable basis) to holders of non-controlling interests in non-Wholly-Owned Subsidiaries as a result of such Asset Sale; provided, that, if Holdings or the Borrower shall deliver a certificate of a Responsible Officer of Holdings or the Borrower to the Administrative Agent promptly following receipt of any such proceeds setting forth Holdings’ or the Borrower’s intention to use any portion of such proceeds, within 12 months of such receipt, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business of the Borrower and the Subsidiaries or to make Permitted Business Acquisitions and other Investments permitted hereunder (excluding Permitted Investments or intercompany Investments in Subsidiaries) or to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such proceeds was contractually committed, such portion of such proceeds shall not constitute Net Proceeds except to the extent not, within 12 months of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 12 month period but within such 12 month period are contractually committed to be used, then such remaining portion if not so used within six months following the end of such 12 month period shall constitute Net Proceeds as of such date without giving effect to this proviso); provided, further, that (x) no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Net Proceeds unless such net cash proceeds shall exceed $25,000,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds), (y) no net cash proceeds calculated in accordance with the foregoing shall constitute Net Proceeds in any fiscal year until the aggregate amount of all such net cash proceeds otherwise constituting Net Proceeds pursuant to the foregoing clause (x) in such fiscal year shall exceed $75,000,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds) and (z) if at the time of receipt of such net cash proceeds or at any time during the 12 month (or 18 month, as applicable) reinvestment period contemplated by the immediately preceding proviso, if Holdings or the Borrower shall deliver a certificate of a Responsible Officer of Holdings or the Borrower to the Administrative Agent certifying that on a Pro Forma Basis immediately after giving effect to the Asset Sale and the application of the proceeds thereof or at the relevant time during such 12 month (or 18 month, as applicable) period, (I) the Net First Lien Leverage Ratio is less than or equal to 1.75 to 1.00 but greater than 1.25 to 1.00, 50% of such net cash proceeds that would otherwise constitute Net Proceeds under this proviso shall not constitute Net Proceeds or (II) the Net First Lien Leverage Ratio is less than or equal to 1.25 to 1.00, none of such net cash proceeds shall constitute Net Proceeds; and

(b) 100% of the cash proceeds from the incurrence, issuance or sale by the Borrower or any Subsidiary Loan Party of any Indebtedness (other than Excluded Indebtedness), net of all taxes and fees (including investment banking fees), commissions, costs and other expenses, in each case incurred in connection with such incurrence, issuance or sale.

“Net Secured Leverage Ratio” shall mean, on any date, the ratio of (A) (i) the sum of, without duplication, (x) the aggregate principal amount of any Consolidated Debt consisting of Loan Obligations outstanding as of the last day of the Test Period most recently ended as of such date (other than Excluded Transaction Debt) and (y) the aggregate principal amount of any other Consolidated Debt of the Borrower and its Subsidiaries outstanding as of the last day of such Test Period that is then secured by Liens on the Collateral (other than Excluded Transaction Debt) less (ii) without duplication, the Unrestricted Cash and unrestricted Permitted Investments of the Borrower and its Subsidiaries as of the last day of such Test Period, (B) EBITDA for such Test Period, all determined on a consolidated basis in accordance with GAAP; provided, that the Net Secured Leverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

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“Net Total Leverage Ratio” shall mean, on any date, the ratio of (A) (i) without duplication, the aggregate principal amount of any Consolidated Debt of the Borrower and its Subsidiaries outstanding as of the last day of the Test Period most recently ended as of such date (other than Excluded Transaction Debt) less (ii) without duplication, the Unrestricted Cash and unrestricted Permitted Investments of the Borrower and its Subsidiaries as of the last day of such Test Period, to (B) EBITDA for such Test Period, all determined on a consolidated basis in accordance with GAAP; provided, that the Net Total Leverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

“New Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“New Project” shall mean (x) each plant, facility, branch, office or business unit which is either a new plant, facility, branch, office or business unit or an expansion, relocation, remodeling, refurbishment or substantial modernization of an existing plant, facility, branch, office or business unit owned by the Borrower or the Subsidiaries which in fact commences operations and (y) each creation (in one or a series of related transactions) of a business unit, product line or information technology offering to the extent such business unit commences operations or such product line or information technology is offered or each expansion (in one or a series of related transactions) of business into a new market or through a new distribution method or channel.

“Non-Bank Tax Certificate” shall have the meaning assigned to such term in Section 2.17(e)(i).

“Non-Consenting Lender” shall have the meaning assigned to such term in Section 2.19(c).

“Non-Defaulting Lender” shall mean, at any time, each Lender that is not a Defaulting Lender at such time.

“Note” shall have the meaning assigned to such term in Section 2.09(e).

“November 2017 Effective Date” shall have the meaning assigned to the term “November 2017 Effective Date” in the November 2017 Incremental Assumption Agreement.

“November 2017 Incremental Assumption Agreement” shall mean that certain Incremental Assumption Agreement No. 3, dated as of November 15, 2017, by and among Holdings, the Borrower, the Subsidiary Loan Parties party thereto, the November 2017 Term B Lenders and the Administrative Agent.

“November 2017 Term B Facility” shall mean the November 2017 Term B Loan Commitments and the November 2017 Term B Loans made hereunder.

“November 2017 Term B Lenders” shall mean each Lender with a November 2017 Term B Loan Commitment.

“November 2017 Term B Loan Commitments” shall have the meaning assigned to the term “November 2017 Incremental Term B Loan Commitments” in the November 2017 Incremental Assumption Agreement. The amount of each Lender’s November 2017 Term B Loan Commitment as of the November 2017 Effective Date is set forth on Schedule 1 to the November 2017 Incremental Assumption Agreement or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its November 2017 Term B Loan Commitment, as applicable. The aggregate amount of the November 2017 Term B Loan Commitments as of the November 2017 Effective Date is $800,000,000.
“November 2017 Term B Loans” shall mean the Term B Loans made by the November 2017 Term B Lenders to the Borrower pursuant to Section 2.01(b).

“Obligations” shall mean, collectively, (a) the Loan Obligations, (b) obligations in respect of any Secured Cash Management Agreement and (c) obligations in respect of any Secured Hedge Agreement.

“OFAC” shall have the meaning provided in Section 3.25(b).

“Original Credit Agreement” shall have the meaning assigned to such term in the recitals hereto.

“Other First Lien Debt” shall mean obligations secured by Other First Liens.

“Other First Liens” shall mean Liens on the Collateral that are pari passu with the Liens thereon securing the Term B Loans (and other Loan Obligations that are pari passu with the Term B Loans) pursuant to a Permitted Pari Passu Intercreditor Agreement.

“Other Revolving Facility Commitments” shall mean Incremental Revolving Facility Commitments to make Other Revolving Loans.

“Other Revolving Loans” shall have the meaning assigned to such term in Section 2.21.

“Other Taxes” shall mean any and all present or future stamp or documentary Taxes or any other excise, transfer, sales, property, intangible, mortgage recording or similar Taxes arising from any payment made hereunder or under any other Loan Document or from the execution, registration, delivery or enforcement of, consummation or administration of, from the receipt or perfection of security interest under, or otherwise with respect to, the Loan Documents (but excluding any Excluded Taxes).

“Other Term Loans” shall have the meaning assigned to such term in Section 2.21 (including in the form of Extended Term Loans or Refinancing Term Loans, as applicable).

“Parent Entity” shall mean any direct or indirect parent of the Borrower.

“Pari Term Loans” shall have the meaning assigned to such term in Section 6.02.

“Pari Yield Differential” shall have the meaning assigned to such term in Section 6.02.

“Participant” shall have the meaning assigned to such term in Section 9.04(d)(i).

“Participant Register” shall have the meaning assigned to such term in Section 9.04(d)(ii).

“Participating Member State” shall mean each state so described in any EMU Legislation.

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.
“Perfection Certificate” shall mean the Perfection Certificate with respect to the Borrower and the other Loan Parties in a form reasonably satisfactory to the Administrative Agent, as the same may be supplemented from time to time to the extent required by Section 5.04(f).

“Permitted Business Acquisition” shall mean any acquisition of all or substantially all the assets of, or all or substantially all the Equity Interests (other than directors’ qualifying shares) not previously held by the Borrower and its Subsidiaries in, or merger, consolidation or amalgamation with, a person or division or line of business of a person (or any subsequent investment made in a person or division or line of business previously acquired in a Permitted Business Acquisition), if immediately after giving effect thereto: (i) no Event of Default under clause (b), (c), (h) or (i) of Section 7.01 shall have occurred and be continuing or would result therefrom, provided, however, that with respect to a proposed acquisition pursuant to an executed acquisition agreement, at the option of the Borrower, the determination of whether such an Event of Default shall exist shall be made solely at the time of the execution of the acquisition agreement related to such Permitted Business Acquisition; (ii) all transactions related thereto shall be consummated in accordance with applicable laws; (iii) with respect to any such acquisition or investment with cash consideration in excess of $50,000,000, the Borrower shall be in Pro Forma Compliance immediately after giving effect to such acquisition or investment and any related transaction; (iv) any acquired or newly formed Subsidiary shall not be liable for any Indebtedness except for Indebtedness permitted by Section 6.01; (v) to the extent required by Section 5.10, any person acquired in such acquisition, if acquired by the Borrower or a Domestic Subsidiary, shall be merged into the Borrower or a Subsidiary Loan Party or become upon consummation of such acquisition a Subsidiary Loan Party; and (vi) the aggregate cash consideration in respect of such acquisitions and investments by the Borrower or a Subsidiary Loan Party in assets that are not owned by the Borrower or Subsidiary Loan Parties or in Equity Interests of persons that are not Subsidiary Loan Parties or do not become Subsidiary Loan Parties, in each case upon consummation of such acquisition, shall not exceed the greater of (x) $225,000,000 and (y) 0.35 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period (excluding for purposes of the calculation in this clause (vi), (A) any such assets or Equity Interests that are not directly owned by the Borrower or any of its Subsidiaries and (B) acquisitions and investments made at a time when, immediately after giving effect thereto, the Net Total Leverage Ratio on a Pro Forma Basis would not exceed 3.00 to 1.00, which acquisitions and investments shall be permitted under this clause (v) without regard to such calculation).

“Permitted Cure Securities” shall mean any Equity Interests of the Borrower, Holdings or any Parent Entity issued pursuant to the Cure Right other than Disqualified Stock.

“Permitted Holder Group” shall have the meaning assigned to such term in the definition of “Permitted Holders.”

“Permitted Holders” shall mean (i) the Co-Investors (and each other person that owns Equity Interests of the Borrower, Holdings or any Parent Entity on the Closing Date after giving effect to the Transactions), (ii) any person that has no material assets other than the Equity Interests of the Borrower, Holdings or any Parent Entity and that, directly or indirectly, holds or acquires beneficial ownership of 100% on a fully diluted basis of the voting Equity Interests of the Borrower, and of which no other person or “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), other than any of the other Permitted Holders, beneficially owns more than 50% on a fully diluted basis of the voting Equity Interests thereof and (iii) any “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) the members of which include any of the other Permitted Holders and that, directly or indirectly, hold or acquire beneficial ownership of the voting Equity Interests of the Borrower (a “Permitted Holder Group”), so long as (1) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member (or more favorable voting rights, in the case of any Permitted Holders specified in clause (i) or (ii)) and (2) no person or other “group” (other than the other Permitted Holders) beneficially owns more than 50% on a fully diluted basis of the voting Equity Interests held by the Permitted Holder Group.
"Permitted Investments" shall mean:

(a) direct obligations of the United States of America or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years from the date of acquisition thereof;

(b) time deposit accounts, certificates of deposit, money market deposits, banker’s acceptances and other bank deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits in excess of $250,000,000 and whose long-term debt, or whose parent holding company’s long-term debt, is rated A (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(c) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (a) above entered into with a bank meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P 1 (or higher) according to Moody’s, F 1 (or higher) according to Fitch, or A 1 (or higher) according to S&P (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(e) securities with maturities of two years or less from the date of acquisition, issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P, A by Moody’s or A by Fitch (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(f) shares of mutual funds whose investment guidelines restrict 95% of such funds’ investments to those satisfying the provisions of clauses (a) through (e) above;

(g) money market funds that (i) comply with the criteria set forth in Rule 2a 7 under the Investment Company Act of 1940, (ii) are rated by any two of (1) AAA by S&P, (2) Aaa by Moody’s or (3) AAA by Fitch and (iii) have portfolio assets of at least $5,000,000,000;

(h) time deposit accounts, certificates of deposit, money market deposits, banker’s acceptances and other bank deposits in an aggregate face amount not in excess of 0.5% of the total assets of the Borrower and the Subsidiaries, on a consolidated basis, as of the end of the Borrower’s most recently completed fiscal year; and
(i) instruments equivalent to those referred to in clauses (a) through (h) above denominated in any foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States of America to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction.

“Permitted Junior Intercreditor Agreement” shall mean, with respect to any Liens on Collateral that are intended to be junior to any Liens securing the Term B Loans (and other Loan Obligations that are pari passu with the Term B Loans) (including, for the avoidance of doubt, junior Liens pursuant to Section 2.21(b)(ii) or (v)), either (as the Borrower shall elect) (x) the First Lien/Second Lien Intercreditor Agreement if such Liens secure “Second Lien Obligations” (as defined therein), (y) another intercreditor agreement not materially less favorable to the Lenders vis-à-vis such junior Liens than the First Lien/Second Lien Intercreditor Agreement (as determined by the Borrower in good faith) or (z) another intercreditor agreement the terms of which are consistent with market terms governing security arrangements for the sharing of liens on a junior basis at the time such intercreditor agreement is proposed to be established in light of the type of Indebtedness to be secured by such liens, as determined by the Administrative Agent and the Borrower in the exercise of reasonable judgment.

“Permitted Liens” shall have the meaning assigned to such term in Section 6.02.

“Permitted Loan Purchase” shall have the meaning assigned to such term in Section 9.04(i).

“Permitted Loan Purchase Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender as an Assignor and Holdings, the Borrower or any of the Subsidiaries as an Assignee, as accepted by the Administrative Agent (if required by Section 9.04) in the form of Exhibit F to the Original Credit Agreement or such other form as shall be approved by the Administrative Agent and the Borrower (such approval not to be unreasonably withheld or delayed).

“Permitted Pari Passu Intercreditor Agreement” shall mean, with respect to any Liens on Collateral that are intended to be pari passu with the Liens securing the Term B Loans (and other Loan Obligations that are pari passu with the Term B Loans), either (as the Borrower shall elect) (x) the First Lien/First Lien Intercreditor Agreement, (y) another intercreditor agreement not materially less favorable to the Lenders vis-à-vis such pari passu Liens than the First Lien/First Lien Intercreditor Agreement (as determined by the Borrower in good faith) or (z) another intercreditor agreement the terms of which are consistent with market terms governing security arrangements for the sharing of liens on a pari passu basis at the time such intercreditor agreement is proposed to be established in light of the type of Indebtedness to be secured by such liens, as determined by the Administrative Agent and the Borrower in the exercise of reasonable judgment.

“Permitted Refinancing Indebtedness” shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to “Refinance”), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided, that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions, expenses, plus an amount equal to any existing commitment unutilized thereunder and letters of credit undrawn thereunder), (b) except with respect to Section 6.01(i), (i) the final maturity date of such Permitted Refinancing Indebtedness is on or after the earlier of (x) the final maturity date of the Indebtedness being Refinanced and (y) the Latest Maturity Date in effect at the time of incurrence thereof and (ii) the Weighted Average Life to Maturity of such Permitted Refinancing Indebtedness is greater than or equal to the lesser of (i) the Weighted Average Life to Maturity of the Indebtedness being Refinanced and (ii) the Weighted Average Life to Maturity of the Class of Term Loans then outstanding.
with the greatest remaining Weighted Average Life to Maturity, (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Loan Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Loan Obligations on terms in the aggregate not materially less favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, (d) no Permitted Refinancing Indebtedness shall have obligors that are not (or would not have been) obligated with respect to the Indebtedness being so Refinanced (except that a Loan Party may be added as an additional obligor) and (e) if the Indebtedness being Refinanced is secured by Liens on any Collateral (whether senior to, equally and ratably with, or junior to the Liens on such Collateral securing the Loan Obligations or otherwise), such Permitted Refinancing Indebtedness may be secured by such Collateral (including any Collateral pursuant to after-acquired property clauses to the extent any such Collateral secured (or would have secured) the Indebtedness being Refinanced) on terms in the aggregate that are substantially similar to, or not materially less favorable to the Secured Parties than, the Indebtedness being refinanced or on terms otherwise permitted by Section 6.02.

“Permitted Securitization Documents” shall mean all documents and agreements evidencing, relating to or otherwise governing a Permitted Securitization Financing.

“Permitted Securitization Financing” shall mean one or more transactions pursuant to which (i) Securitization Assets or interests therein are sold or transferred to or financed by one or more Special Purpose Securitization Subsidiaries, and (ii) such Special Purpose Securitization Subsidiaries finance (or refinance) their acquisition of such Securitization Assets or interests therein, or the financing thereof, by selling or borrowing against Securitization Assets (including conduit and warehouse financings) and any Hedging Agreements entered into in connection with such Securitization Assets; provided, that recourse to the Borrower or any Subsidiary (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the Borrower in good faith) for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a “true sale”/“absolute transfer” opinion with respect to any transfer by the Borrower or any Subsidiary (other than a Special Purpose Securitization Subsidiary).

“person” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

“Plan” shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (i) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, (ii) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Holdings, the Borrower, any Subsidiary or any ERISA Affiliate, and (iii) in respect of which Holdings, the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” shall have the meaning assigned to such term in Section 9.17(a).

“Pledged Collateral” shall have the meaning assigned to such term in the Collateral Agreement.

“Pre-Opening Expenses” shall mean, with respect to any fiscal period, the amount of expenses (other than interest expense) incurred that are classified as “pre-opening rent”, “pre-opening expenses” or “opening costs” (or any similar or equivalent caption).
“Pricing Grid” shall mean, with respect to the Loans and Revolving Facility Commitments, the table set forth below:

<table>
<thead>
<tr>
<th>Net First Lien Leverage Ratio</th>
<th>Applicable Margin for ABR Loans</th>
<th>Applicable Margin for Eurocurrency Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 1.50 to 1.00</td>
<td>2.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Less than or equal to 1.50 to 1.00 but greater than 1.00 to 1.00</td>
<td>1.75%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Less than or equal to 1.00 to 1.00</td>
<td>1.50%</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

For the purposes of the Pricing Grid, changes in the Applicable Margin and Applicable Commitment Fee resulting from changes in the Net First Lien Leverage Ratio shall become effective on the date (the “Adjustment Date”) that is three Business Days after the date on which the relevant financial statements are delivered to the Administrative Agent pursuant to Section 5.04 for each fiscal quarter beginning with the first full fiscal quarter of the Borrower ended after the Closing Date, and shall remain in effect until the next change to be effected pursuant to this paragraph. If any financial statements referred to in the preceding sentence are not delivered within the time periods specified in Section 5.04, then, at the option of the Administrative Agent or the Required Lenders, until the date that is three Business Days after the date on which such financial statements are delivered, the pricing level that is one pricing level higher than the pricing level theretofore in effect shall apply as of the first Business Day after the date on which such financial statements were to have been delivered but were not delivered. Each determination of the Net First Lien Leverage Ratio pursuant to the Pricing Grid shall be made in a manner consistent with the determination thereof pursuant to Section 6.11.

“primary obligor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Prime Rate” shall mean the rate of interest per annum as announced from time to time by Citibank, N.A. as its prime rate in effect at its principal office in New York City.

“Pro Forma Basis” shall mean, as to any person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the “Reference Period”): (i) pro
forma effect shall be given to any Disposition, any acquisition, Investment, capital expenditure, construction, repair, replacement, improvement, development, disposition, merger, amalgamation, consolidation (including the Transactions, the 2016 Repricing Transactions and the June 2017 Transactions) (or any similar transaction or transactions not otherwise permitted under Section 6.04 or 6.05 that require a waiver or consent of the Required Lenders and such waiver or consent has been obtained), any dividend, distribution or other similar payment, any designation of any Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation, New Project, and any restructurings of the business of the Borrower or any of its Subsidiaries that the Borrower or any of the Subsidiaries has determined to make and/or made and in the good faith determination of a Responsible Officer of the Borrower are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction, closure of facilities and similar operational and other cost savings, which adjustments the Borrower determines are reasonable as set forth in a certificate of a Financial Officer of the Borrower (the foregoing, together with any transactions related thereto or in connection therewith, the “relevant transactions”), in each case that occurred during the Reference Period (or, in the case of determinations made pursuant to Section 2.21 or Article VI (other than Section 6.11), occurring during the Reference Period or thereafter and through and including the date upon which the relevant transaction is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise, but excluding normal fluctuations in revolving Indebtedness incurred for working capital purposes and amounts outstanding under any Permitted Securitization Financing, in each case not to finance any acquisition) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determinations made pursuant to Section 2.21 or Article VI (other than Section 6.11), occurring during the Reference Period or thereafter and through and including the date upon which the relevant transaction is consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period, (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in the preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods, and (z) in giving effect to clause (i) above with respect to each New Project which commences operations and records not less than one full fiscal quarter’s operations during the Reference Period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Borrower in good faith, and (iii) (A) for any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) for any designation of a Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Subsidiary as an Unrestricted Subsidiary, collectively.

In the event that EBITDA or any financial ratio is being calculated for purposes of determining whether Indebtedness or any Lien relating thereto may be incurred or whether any Investment may be made, the Borrower may elect pursuant to a certificate of a Responsible Officer delivered to the Administrative Agent to treat all or any portion of the commitment relating thereto as being incurred at the time of such commitment, in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.
Pro forma calculations made pursuant to the definition of the term “Pro Forma Basis” shall be determined in good faith by a Responsible Officer of the Borrower and may include adjustments to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from any relevant pro forma event (including, to the extent applicable, the Transactions), (2) all adjustments of the nature used in connection with the calculation of “Pro Forma Adjusted EBITDA” as set forth in the “Summary Historical and Pro Forma Consolidated Financial Data” portion of the “Summary” section of the Senior Unsecured Notes Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such Reference Period and (3) adjustments to EBITDA anticipated to result from (i) the termination of contracts with existing customers and (ii) the anticipated run-rate earnings expected to be achieved from new business with such customers under new contracts to be entered into and the achievement of the related operational efficiencies associated therewith, in each case as determined by the Borrower in good faith as of the date of determination and, in each case, such adjustments pursuant to this clause (3) (i) are expected by the Borrower in good faith to be achieved within 15 months of the relevant contract termination and (ii) shall not exceed 15% of EBITDA for the applicable four fiscal quarter period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped pro forma adjustments)). The Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the Borrower in good faith as of the date of determination and, in each case, such adjustments pursuant to clause (2) above, and information and calculations supporting them in reasonable detail.

For purposes of this definition, any amount in a currency other than Dollars will be converted to Dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

“Pro Forma Compliance” shall mean, at any date of determination, that the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with the Financial Covenant recomputed as at the last day of the most recently ended fiscal quarter of the Borrower and its Subsidiaries for which the financial statements and certificates required pursuant to Section 5.04 have been delivered. For the avoidance of doubt, Pro Forma Compliance shall be tested without regard to whether or not the Financial Covenant was or was required to be tested on the applicable quarter end date.

“Pro Rata Extension Offers” shall have the meaning assigned to such term in Section 2.21(e).

“Pro Rata Share” shall have the meaning assigned to such term in Section 9.08(f).

“Projections” shall mean the projections and any forward-looking statements (including statements with respect to booked business) of the Borrower and the Subsidiaries furnished to the Lenders or the Administrative Agent by or on behalf of the Borrower or any of the Subsidiaries prior to the Closing Date.

“Public Company Compliance” shall mean compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, the provisions of the Securities Act and the Exchange Act, and the rules of national securities exchange listed companies (in each case, as applicable to companies with equity or debt securities held by the public), including procuring directors’ and officers’ insurance, legal and other professional fees, and listing fees.

“Public Lender” shall have the meaning assigned to such term in Section 9.17(b).

“QFC Credit Support” shall have the meaning assigned to such term in Section 9.25.
“Qualified Equity Interests” shall mean any Equity Interest other than Disqualified Stock.

“Qualified IPO” shall mean an underwritten public offering of the Equity Interests of the Borrower, Holdings or any Parent Entity (the “IPO Entity”) which generates (individually or in the aggregate together with any prior underwritten public offering) gross cash proceeds of at least $50,000,000.

“Rate” shall have the meaning assigned to such term in the definition of the term “Type.”

“Real Property” shall mean, collectively, all right, title and interest (including any leasehold estate) in and to any and all parcels of or interests in real property owned in fee or leased by any Loan Party, whether by lease, license, or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof.

“Receivables Assets” shall mean accounts receivable (including any bills of exchange) and related assets and property from time to time originated, acquired or otherwise owned by the Borrower or any Subsidiary.

“Reference Period” shall have the meaning assigned to such term in the definition of the term “Pro Forma Basis.”

“Refinance” shall have the meaning assigned to such term in the definition of the term “Permitted Refinancing Indebtedness,” and “Refinanced” and “Refinancings” shall have a meaning correlative thereto.

“Refinancing Effective Date” shall have the meaning assigned to such term in Section 2.21(j).

“Refinancing Notes” shall mean any secured or unsecured notes or loans issued by the Borrower or any Subsidiary Loan Party (whether under an indenture, a credit agreement or otherwise) and the Indebtedness represented thereby; provided, that (a) 100% of the Net Proceeds of such Refinancing Notes are used to permanently reduce Loans and/or replace Commitments substantially simultaneously with the issuance thereof; (b) the principal amount (or accreted value, if applicable) of such Refinancing Notes does not exceed the principal amount (or accreted value, if applicable) of the aggregate portion of the Loans so reduced and/or Commitments so replaced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwritings discounts, defeasance costs, fees, commissions and expenses); (c) the final maturity date of such Refinancing Notes is on or after the Term Facility Maturity Date or the Revolving Facility Maturity Date, as applicable, of the Term Loans so reduced or the Revolving Facility Commitments so replaced; (d) the Weighted Average Life to Maturity of such Refinancing Notes is greater than or equal to the Weighted Average Life to Maturity of the Term Loans so reduced or the Revolving Facility Commitments so replaced, as applicable; (e) in the case of Refinancing Notes in the form of notes issued under an indenture, the terms thereof do not provide for any scheduled repayment, mandatory redemption or sinking fund obligations prior to the Term Facility Maturity Date of the Term Loans so reduced or the Revolving Facility Maturity Date of the Revolving Facility Commitments so replaced, as applicable; (f) the other terms of such Refinancing Notes (other than interest rates, fees, floors, funding discounts and redemption or prepayment premiums and other pricing terms), taken as a whole, are substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than the terms, taken as a whole, applicable to the Term B Loans (except for covenants or other provisions applicable only to periods after the Latest Maturity Date in effect at the time such Refinancing
Notes are issued or those that are otherwise reasonably acceptable to the Administrative Agent, as determined by the Borrower in good faith (or, if more restrictive, the Loan Documents are amended to contain such more restrictive terms to the extent required to satisfy the foregoing standard); (g) there shall be no obligor in respect of such Refinancing Notes that is not a Loan Party; and (h) Refinancing Notes that are secured by Collateral shall be subject to the provisions of a Permitted Pari Passu Intercreditor Agreement or a Permitted Junior Intercreditor Agreement, as applicable.

“Refinancing Term Loans” shall have the meaning assigned to such term in Section 2.21(j).

“Register” shall have the meaning assigned to such term in Section 9.04(b)(iv).

“Regulation T” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Fund” shall mean, with respect to any Lender that is a fund that invests in bank or commercial loans and similar extensions of credit, any other fund that invests in bank or commercial loans and similar extensions of credit and is advised or managed by (a) such Lender, (b) an Affiliate of such Lender or (c) an entity (or an Affiliate of such entity) that administers, advises or manages such Lender.

“Related Parties” shall mean, with respect to any specified person, such person’s Controlled or Controlling Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person’s Controlled or Controlling Affiliates.

“Related Sections” shall have the meaning assigned to such term in Section 6.04.

“Release” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

“Replacement Revolving Facilities” shall have the meaning assigned to such term in Section 2.20(l).

“Replacement Revolving Facility Commitments” shall have the meaning assigned to such term in Section 2.21(l).

“Replacement Revolving Facility Effective Date” shall have the meaning assigned to such term in Section 2.21(l).

“Replacement Revolving Loans” shall have the meaning assigned to such term in Section 2.21(l).

“Reportable Event” shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).
“Required Amount of Loans” shall have the meaning assigned to such term in the definition of the term “Required Lenders.”

“Required Lenders” shall mean, at any time, Lenders having (a) Loans (other than Swingline Loans) outstanding, (b) Revolving L/C Exposures, (c) Swingline Exposures and (d) Available Unused Commitments that, taken together, represent more than 50% of the sum of (w) all Loans (other than Swingline Loans) outstanding, (x) all Revolving L/C Exposures, (y) all Swingline Exposure and (z) the total Available Unused Commitments at such time; provided, that (i) the Loans, Revolving L/C Exposures, Swingline Exposures and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Lenders at any time and (ii) the portion of any Term Loans held by Debt Fund Affiliate Lenders in the aggregate in excess of 49.9% of the Required Amount of Loans shall be disregarded in determining Required Lenders at any time. For purposes of the foregoing, “Required Amount of Loans” shall mean, at any time, the amount of Loans required to be held by Lenders in order for such Lenders to constitute “Required Lenders” (without giving effect to the foregoing clause (ii)).

“Required Percentage” shall mean, with respect to an Applicable Period, 50%; provided, that (a) if the Net First Lien Leverage Ratio as at the end of the Applicable Period is less than or equal to 1.75 to 1.00 but greater than 1.25 to 1.00, such percentage shall be 25% and (b) if the Net First Lien Leverage Ratio as at the end of the Applicable Period is less than or equal to 1.25 to 1.00, such percentage shall be 0%.

“Required Prepayment Lenders” shall mean, at any time, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans at such time (subject to the last paragraph of Section 9.08(b)).

“Required Revolving Facility Lenders” shall mean, at any time, Revolving Facility Lenders having (a) Revolving Facility Loans (other than Swingline Loans) outstanding, (b) Revolving L/C Exposures, (c) Swingline Exposures and (d) Available Unused Commitments that, taken together, represent more than 50% of the sum of (w) all Revolving Facility Loans (other than Swingline Loans) outstanding, (x) all Revolving L/C Exposures, (y) all Swingline Exposures and (z) the total Available Unused Commitments at such time; provided, that the Revolving Facility Loans, Revolving L/C Exposures, Swingline Exposures and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Revolving Facility Lenders at any time.

“Requirement of Law” shall mean, as to any person, any law, treaty, rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such person or any of its property or assets or to which such person or any of its property or assets is subject.

“Resolution Authority” shall mean an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” of any person shall mean any executive officer or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement, or any other duly authorized employee or signatory of such person.
“Restricted Payments” shall have the meaning assigned to such term in Section 6.06. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Borrower in good faith).

“Restricted Payments Incurrence Clause” shall have the meaning assigned to such term in the last paragraph of Section 6.06.

“Retained Excess Cash Flow Overfunding” shall mean, at any time, in respect of any Excess Cash Flow Period, the amount, if any, by which the portion of the Cumulative Credit attributable to the Retained Percentage of Excess Cash Flow for all Excess Cash Flow Interim Periods used in such Excess Cash Flow Period exceeds the actual Retained Percentage of Excess Cash Flow for such Excess Cash Flow Period.

“Retained Percentage” shall mean, with respect to any Excess Cash Flow Period (or Excess Cash Flow Interim Period), (a) 100% minus (b) the Required Percentage with respect to such Excess Cash Flow Period (or Excess Cash Flow Interim Period).

“Revaluation Date” shall mean (a) with respect to any Alternate Currency Letter of Credit, each of the following: (i) each date of issuance, extension or renewal of an Alternate Currency Letter of Credit, (ii) each date of an amendment of any Alternate Currency Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by the applicable Issuing Bank under any Alternate Currency Letter of Credit, and (iv) such additional dates as the Administrative Agent or the applicable Issuing Bank shall determine or the Required Lenders shall require and (b) with respect to any Alternate Currency Loans, each of the following: (i) each date of a Borrowing of Eurocurrency Revolving Loans denominated in an Alternate Currency, (ii) each date of a continuation of a Eurocurrency Revolving Loan denominated in an Alternate Currency pursuant to Section 2.07, and (iii) such additional dates as the Administrative Agent shall determine or the Majority Lenders under the Revolving Facility shall require.

“Revolving Facility” shall mean the Revolving Facility Commitments of any Class and the extensions of credit made hereunder by the Revolving Facility Lenders of such Class and, for purposes of Section 9.08(b), shall refer to all such Revolving Facility Commitments as a single Class.

“Revolving Facility Borrowing” shall mean a Borrowing comprised of Revolving Facility Loans of the same Class.

“Revolving Facility Commitment” shall mean, with respect to each Revolving Facility Lender, the commitment of such Revolving Facility Lender to make Revolving Facility Loans pursuant to Section 2.01(c), expressed as an amount representing the maximum aggregate permitted amount of such Revolving Facility Lender’s Revolving Facility Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08, (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04, and (c) increased (or replaced) as provided under Section 2.21. The initial amount of each Lender’s Revolving Facility Commitment as of the 2020 Effective Date is set forth on Schedule 1 to the 2020 Incremental Assumption Agreement, or in the Assignment and Acceptance or Incremental Assumption Agreement pursuant to which such Lender shall have assumed its Revolving Facility Commitment (or Incremental Revolving Facility Commitment), as applicable. The aggregate amount of the Lenders’ Revolving Facility Commitments on the 2020 Effective Date is $375,000,000. On the 2020 Effective Date, there is only one Class of Revolving Facility Commitments. After the 2020 Effective Date, additional Classes of Revolving Facility Commitments may be added or created pursuant to Incremental Assumption Agreements.
"Revolving Facility Credit Exposure" shall mean, at any time with respect to any Class of Revolving Facility Commitments, the sum of (a) the aggregate principal amount of the Revolving Facility Loans of such Class outstanding at such time (calculated, in the case of Alternate Currency Loans, based on the Dollar Equivalent thereof), (b) the Swingline Exposure applicable to such Class at such time and (c) the Revolving L/C Exposure applicable to such Class at such time, minus, for the purpose of Sections 6.11 and 7.03, the amount of Letters of Credit that have been Cash Collateralized in an amount equal to the Minimum L/C Collateral Amount at such time. The Revolving Facility Credit Exposure of any Revolving Facility Lender at any time shall be the product of (x) such Revolving Facility Lender’s Revolving Facility Percentage of the applicable Class and (y) the aggregate Revolving Facility Credit Exposure of such Class of all Revolving Facility Lenders, collectively, at such time.

"Revolving Facility Lender" shall mean a Lender (including an Incremental Revolving Facility Lender) with a Revolving Facility Commitment or with outstanding Revolving Facility Loans.

"Revolving Facility Loan" shall mean a Loan made by a Revolving Facility Lender pursuant to Section 2.01(c). Unless the context otherwise requires, the term “Revolving Facility Loans” shall include the Other Revolving Loans.

"Revolving Facility Maturity Date" shall mean, as the context may require, (a) with respect to the Revolving Facility in effect on the 2020 Effective Date, the Initial Revolving Facility Maturity Date and (b) with respect to any other Classes of Revolving Facility Commitments, the maturity dates specified therefor in the applicable Incremental Assumption Agreement.

"Revolving Facility Percentage" shall mean, with respect to any Revolving Facility Lender of any Class, the percentage of the total Revolving Facility Commitments of such Class represented by such Lender’s Revolving Facility Commitment of such Class. If the Revolving Facility Commitments of such Class have terminated or expired, the Revolving Facility Percentages of such Class shall be determined based upon the Revolving Facility Commitments of such Class most recently in effect, giving effect to any assignments pursuant to Section 9.04.

"Revolving Facility Termination Event" shall have the meaning assigned to such term in Section 2.05(k).

"Revolving L/C Exposure" of any Class shall mean at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit applicable to such Class outstanding at such time (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof) and (b) the aggregate principal amount of all L/C Disbursements applicable to such Class that have not yet been reimbursed at such time (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof). The Revolving L/C Exposure of any Class of any Revolving Facility Lender at any time shall mean its applicable Revolving Facility Percentage of the aggregate Revolving L/C Exposure applicable to such Class at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the International Standby Practices, International Chamber of Commerce No. 590, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, that with respect to any Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

"S&P" shall mean Standard & Poor’s Ratings Group, Inc. and its successors and assigns.

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“Sale and Lease-Back Transaction” shall have the meaning assigned to such term in Section 6.03.

“Sanctions” shall have the meaning assigned to such term in Section 3.25(b).

“Sanctions Laws” shall have the meaning assigned to such term in Section 3.25(b).

“SEC” shall mean the Securities and Exchange Commission or any successor thereto.

“Secured Cash Management Agreement” shall mean any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank, or any Guarantee by any Loan Party of any Cash Management Agreement entered into by and between any Subsidiary and any Cash Management Bank, in each case to the extent that such Cash Management Agreement or such Guarantee, as applicable, is not otherwise designated in writing by the Borrower and such Cash Management Bank to the Administrative Agent to not be included as a Secured Cash Management Agreement.

“Secured Hedge Agreement” shall mean any Hedging Agreement that is entered into by and between any Loan Party or any Subsidiary and any Hedge Bank, or any Guarantee by any Loan Party of any Hedging Agreement entered into by and between any Subsidiary and any Hedge Bank, in each case to the extent that such Hedging Agreement or such Guarantee, as applicable, is not otherwise designated in writing by the Borrower and such Hedge Bank to the Administrative Agent to not be included as a Secured Hedge Agreement. Notwithstanding the foregoing, for all purposes of the Loan Documents, any Guarantee of, or grant of any Lien to secure, any obligations in respect of a Secured Hedge Agreement by a Guarantor shall not include any Excluded Swap Obligations.

“Secured Parties” shall mean, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Issuing Bank, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is party to any Secured Cash Management Agreement and each sub-agent appointed pursuant to Section 8.02 by the Administrative Agent with respect to matters relating to the Loan Documents or by the Collateral Agent with respect to matters relating to any Security Document.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Securitization Assets” shall mean any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Borrower or any Subsidiary or in which the Borrower or any Subsidiary has any rights or interests, in each case, without regard to where such assets or interests are located: (a) Receivables Assets, (b) franchise fees, royalties and other similar payments made related to the use of trade names and other Intellectual Property, business support, training and other services, (c) revenues related to distribution and merchandising of the products of the Borrower and its Subsidiaries, (d) rents, real estate taxes and other non-royalty amounts due from franchisees, (e) Intellectual Property rights relating to the generation of any of the types of assets listed in this definition, (f) parcels of or interests in real property, together with all easements, hereditaments and appurtenances thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof, (g) any Equity Interests of any Special Purpose Securitization Subsidiary or any Subsidiary of a Special Purpose Securitization Subsidiary and any rights under any limited liability company agreement, trust agreement, shareholders agreement, organization or formation documents or other agreement entered into in furtherance of the organization of such entity, (h) any equipment, contractual rights with unaffiliated third parties, website domains and associated property and rights necessary for a Special Purpose Securitization Subsidiary to operate in accordance with its stated purposes; (i) any rights and obligations associated with gift card or similar programs, and (j) other assets and property (or proceeds of such assets or property) to the extent customarily included in securitization transactions of the relevant type in the applicable jurisdictions (as determined by the Borrower in good faith).
“Security Documents” shall mean the Mortgages, the Collateral Agreement, the Holdings Guarantee and Pledge Agreement, the IP Security Agreements (as defined in the Collateral Agreement), and each of the security agreements, pledge agreements and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.10.

“Senior Unsecured Note Documents” shall mean the Senior Unsecured Notes Indenture and the other “Note Documents” under and as defined in the Senior Unsecured Notes Indenture, as each such document may be amended, restated, supplemented or otherwise modified from time to time.

“Senior Unsecured Notes” shall mean the $1,200,000,000 in aggregate principal amount of the Borrower’s Senior Unsecured Notes due 2024 issued pursuant to the Senior Unsecured Notes Indenture.

“Senior Unsecured Notes Indenture” shall mean the Senior Unsecured Notes Indenture, dated November 3, 2016, among the Borrower, as issuer, and Wells Fargo Bank, National Association, as indenture trustee, as such document may be amended, restated, supplemented or otherwise modified from time to time.

“Senior Unsecured Notes Offering Memorandum” shall mean the Preliminary Offering Memorandum, dated October 17, 2016, as supplemented by the supplement dated October 24, 2016, as supplemented by the pricing supplement dated October 25, 2016, in respect of the Senior Unsecured Notes.

“Similar Business” shall mean any business, the majority of whose revenues are derived from (i) business or activities conducted by the Borrower and its Subsidiaries on the Closing Date, (ii) any business that is a natural outgrowth or reasonable extension, development or expansion of any such business or any business similar, reasonably related, incidental, complementary or ancillary to any of the foregoing or (iii) any business that in the Borrower’s good faith business judgment constitutes a reasonable diversification of businesses conducted by the Borrower and its Subsidiaries.

“Special Flood Hazard Area” shall have the meaning assigned to such term in Section 5.02(c).

“Special Purpose Securitization Subsidiary” shall mean (i) a direct or indirect Subsidiary of the Borrower established in connection with a Permitted Securitization Financing for the acquisition of Securitization Assets or interests therein, and which is organized in a manner (as determined by the Borrower in good faith) intended to reduce the likelihood that it would be substantively consolidated with Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries (other than Special Purpose Securitization Subsidiaries) in the event Holdings (prior to a Qualified IPO), the Borrower or any such Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law) and (ii) any subsidiary of a Special Purpose Securitization Subsidiary.

“Specified L/C Sublimit” shall mean, with respect to any Issuing Bank, the amounts set forth beside such Issuing Bank’s name on Schedule 1.01(F) to the Original Credit Agreement or, in each case, such other amount as specified in the agreement pursuant to which such person becomes an Issuing Bank hereunder or, in each case, such larger amount not to exceed the Revolving Facility Commitment as the Administrative Agent and the applicable Issuing Bank may agree or, with respect to the Issuing Bank under an Existing Roll-Over Letter of Credit, the additional amount of such Existing Roll-Over Letter of Credit.
“Spot Rate” shall mean, with respect to any currency, the rate determined by the Administrative Agent or the applicable Issuing Bank, as applicable, to be the rate quoted by the person acting in such capacity as the spot rate for the purchase by such person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m., Local Time on the date three Business Days prior to the date as of which the foreign exchange computation is made or if such rate cannot be computed as of such date such other date as the Administrative Agent or such Issuing Bank shall reasonably determine is appropriate under the circumstances; provided, that the Administrative Agent or such Issuing Bank may obtain such spot rate from another financial institution designated by the Administrative Agent or such Issuing Bank if the person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

“Standby Letters of Credit” shall have the meaning assigned to such term in Section 2.05(a).

“Statutory Reserves” shall mean the aggregate of the maximum reserve percentages (including any marginal, special, emergency or suplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). Eurocurrency Loans shall be deemed to constitute Eurocurrency Liabilities (as defined in Regulation D of the Board) and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subagent” shall have the meaning assigned to such term in Section 8.02.

“subsidiary” shall mean, with respect to any person (herein referred to as the “parent”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” shall mean, unless the context otherwise requires, a subsidiary of the Borrower. Notwithstanding the foregoing (and except for purposes of the definition of “Unrestricted Subsidiary” contained herein) an Unrestricted Subsidiary shall be deemed not to be a Subsidiary of the Borrower or any of its Subsidiaries for purposes of this Agreement.

“Subsidiary Guarantee Agreement” shall mean the Subsidiary Guarantee Agreement dated as of the Closing Date as may be amended, restated, supplemented or otherwise modified from time to time, between each Subsidiary Loan Party and the Collateral Agent.

“Subsidiary Loan Party” shall mean (a) each Wholly Owned Domestic Subsidiary of the Borrower that is not an Excluded Subsidiary and (b) any other Subsidiary of the Borrower that may be designated by the Borrower (by way of delivering to the Collateral Agent a supplement to the Collateral Agreement and a supplement to the Subsidiary Guarantee Agreement, in each case, duly executed by such Subsidiary) in its sole discretion from time to time to be a guarantor in respect of the Obligations and the obligations in respect of the Loan Documents, whereupon such Subsidiary shall be obligated to comply with the other requirements of Section 5.10(d) as if it were newly acquired.
“Subsidiary Redesignation” shall have the meaning provided in the definition of “Unrestricted Subsidiary” contained in this Section 1.01.

“Successor Borrower” shall have the meaning assigned to such term in Section 6.05(o).

“Supported QFC” shall have the meaning assigned to such term in Section 9.25.

“Swap Obligation” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swingline Borrowing” shall mean a Borrowing comprised of Swingline Loans.

“Swingline Borrowing Request” shall mean a request by the Borrower substantially in the form of Exhibit D-2 to the Original Credit Agreement or such other form as shall be approved by the Swingline Lender.

“Swingline Commitment” shall mean, with respect to each Swingline Lender, the commitment of such Swingline Lender to make Swingline Loans pursuant to Section 2.04. The aggregate amount of the Swingline Commitments on the Closing Date is $30,000,000. The Swingline Commitment is part of, and not in addition to, the Revolving Facility Commitments.

“Swingline Exposure” shall mean at any time the aggregate principal amount of all outstanding Swingline Borrowings at such time (calculated, in the case of Alternate Currency Loans, based on the Dollar Equivalent thereof). The Swingline Exposure of any Revolving Facility Lender at any time shall mean its applicable Revolving Facility Percentage of the aggregate Swingline Exposure at such time.

“Swingline Lender” shall mean (a) the Administrative Agent, in its capacity as a lender of Swingline Loans, and (b) each Revolving Facility Lender that shall have become a Swingline Lender hereunder as provided in Section 2.04(d), each in its capacity as a lender of Swingline Loans hereunder.

“Swingline Loans” shall mean the swingline loans made to the Borrower pursuant to Section 2.04.

“Syndication Agents” shall mean Deutsche Bank Securities Inc., Barclays Bank PLC, Royal Bank of Canada and Credit Suisse Securities (USA) LLC.

“Taxes” shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

“Term B Borrowing” shall mean any Borrowing comprised of Term B Loans.

“Term B Facility” shall mean the commitments to make the Term B Loans under the June 2017 Incremental Assumption and Amendment Agreement, the November 2017 Incremental Assumption Agreement and the Term B Loans made hereunder and thereunder.

“Term B Facility Maturity Date” shall mean November 3, 2023.
“Term B Loan Installment Date” shall have the meaning assigned to such term in Section 2.10(a)(i).

“Term B Loans” shall mean (a) the June 2017 Term B Loans, (b) the November 2017 Term B Loans and (c) any Incremental Term Loans in the form of Term B Loans made by the Incremental Term Lenders to the Borrower pursuant to Section 2.01(d). The aggregate principal amount of the Term B Loans outstanding as of the November 2017 Effective Date after giving effect to the funding of the November 2017 Term B Loans is $2,889,762,500.

“Term Borrowing” shall mean any Term B Borrowing or any Incremental Term Borrowing (other than any November 2017 Term B Borrowing).

“Term Facility” shall mean the Term B Facility and/or any or all of the Incremental Term Facilities (other than the November 2017 Term B Facility).

“Term Facility Commitment” shall mean the commitment of a Lender to make Term Loans, including Term B Loans, Incremental Term Loans and/or Other Term Loans.

“Term Facility Maturity Date” shall mean, as the context may require, (a) with respect to the Term B Facility in effect on the November 2017 Effective Date, the Term B Facility Maturity Date and (b) with respect to any other Class of Term Loans, the maturity dates specified therefor in the applicable Incremental Assumption Agreement.

“Term Loan Installment Date” shall mean any Term B Loan Installment Date or any Incremental Term Loan Installment Date.

“Term Loans” shall mean the Term B Loans and/or the Incremental Term Loans.

“Term Yield Differential” shall have the meaning assigned to such term in Section 2.21(b)(vii).

“Termination Date” shall mean the date on which (a) all Commitments shall have been terminated, (b) the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document and all other Loan Obligations shall have been paid in full (other than in respect of contingent indemnification and expense reimbursement claims not then due) and (c) all Letters of Credit (other than those that have been Cash Collateralized) have been cancelled or have expired and all amounts drawn or paid thereunder have been reimbursed in full.

“Testing Condition” shall be satisfied at any time if as of such time (i) the sum of without duplication (x) the aggregate principal amount of outstanding Revolving Facility Loans and Swingline Loans at such time (calculated, in the case of Alternate Currency Loans, based on the Dollar Equivalent thereof) and (y) the aggregate stated amount (based on the Dollar Equivalent thereof) of Letters of Credit issued hereunder (other than $25,000,000 of undrawn Letters of Credit and any Letters of Credit that have been Cash Collateralized in accordance with Section 2.05(j)) exceeds (ii) an amount equal to 35% of the aggregate amount of the Revolving Facility Commitments at such time.

“Test Period” shall mean, on any date of determination, the period of four consecutive fiscal quarters of the Borrower then most recently ended (taken as one accounting period) for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b); provided that prior to the first date financial statements have been delivered pursuant to Section 5.04(a) or 5.04(b), the Test Period in effect shall be the four fiscal quarter period ended June 30, 2016.
“Third Party Funds” shall mean any segregated accounts or funds, or any portion thereof, received by Borrower or any of its Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon Borrower or one or more of its Subsidiaries to collect and remit those funds to such third parties.

“Trade Letters of Credit” shall have the meaning assigned to such term in Section 2.05(a).

“Transaction Documents” shall mean the Merger Agreement, the Loan Documents and the Senior Unsecured Note Documents.

“Transaction Expenses” shall mean any fees or expenses incurred or paid by the Borrower or any of its Subsidiaries or any of their Affiliates in connection with the Transactions, the 2016 Repricing Transactions, the June 2017 Transactions, this Agreement and the other Loan Documents, the Merger Agreement and the Senior Unsecured Note Documents, and the transactions contemplated hereby and thereby.

“Transactions” shall mean, collectively, the transactions to occur pursuant to the Transaction Documents, including (a) the consummation of the Merger; (b) the execution, delivery and performance of the Loan Documents, the creation of the Liens pursuant to the Security Documents, and the initial borrowings hereunder; (c) the execution, delivery and performance of the Senior Unsecured Notes Documents; (d) the repayment in full of, and the termination of all obligations and commitments under, the Existing Credit Agreement; (e) the redemption and repayment in full, and discharge of, the Existing Notes and (f) the payment of all fees and expenses to be paid and owing in connection with the foregoing.

“Type” shall mean, when used in respect of any Loan or Borrowing, the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “Rate” shall include the Adjusted LIBO Rate and the ABR.

“UK Financial Institution” shall mean any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” shall mean the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Uniform Commercial Code” shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“Unreimbursed Amount” shall have the meaning assigned to such term in Section 2.05(e).

“Unrestricted Cash” shall mean cash or cash equivalents of the Borrower or any of its Subsidiaries that would not appear as “restricted” on a consolidated balance sheet of the Borrower or any of its Subsidiaries.
“Unrestricted Subsidiary” shall mean (1) any Subsidiary of the Borrower identified on Schedule 1.01(D) to the Original Credit Agreement, (2) any other Subsidiary of the Borrower, whether now owned or acquired or created after the Closing Date, that is designated by the Borrower as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent; provided, that the Borrower shall only be permitted to so designate a new Unrestricted Subsidiary after the Closing Date so long as (a) no Default or Event of Default has occurred and is continuing or would result therefrom, (b) immediately after giving effect to such designation, the Borrower shall be in Pro Forma Compliance with the Financial Covenant as of the last day of the then most recently ended Test Period, (c) such Unrestricted Subsidiary shall be capitalized (to the extent capitalized by the Borrower or any of its Subsidiaries) through Investments as permitted by, and in compliance with, Section 6.04, and any prior or concurrent Investments in such Subsidiary by the Borrower or any of its Subsidiaries shall be deemed to have been made under Section 6.04, and (d) without duplication of clause (c), any net assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall be treated as Investments pursuant to Section 6.04; and (3) any subsidiary of an Unrestricted Subsidiary. The Borrower may designate any Unrestricted Subsidiary to be a Subsidiary for purposes of this Agreement (each, a “Subsidiary Redesignation”); provided, that (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower shall have delivered to the Administrative Agent an officer’s certificate executed by a Responsible Officer of the Borrower, certifying to the best of such officer’s knowledge, compliance with the requirements of preceding clause (i).

“U.S. Bankruptcy Code” shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“U.S. Lender” shall mean any Lender other than a Foreign Lender.

“U.S. Special Resolution Regimes” shall have the meaning assigned to such term in Section 9.25.

“USA PATRIOT Act” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

“Voting Stock” shall mean, with respect to any person, such person’s Equity Interests having the right to vote for the election of directors of such person under ordinary circumstances.

“Weighted Average Life to Maturity” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Domestic Subsidiary” shall mean a Wholly Owned Subsidiary that is also a Domestic Subsidiary.

“Wholly Owned Subsidiary” of any person shall mean a wholly owned subsidiary of such person, all of the Equity Interests of which (other than directors’ qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person. Unless the context otherwise requires, “Wholly Owned Subsidiary” shall mean a Subsidiary of the Borrower that is a Wholly Owned Subsidiary of the Borrower.
“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Working Capital” shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis at any date of determination, Current Assets at such date of determination minus Current Liabilities at such date of determination; provided, that, for purposes of calculating Excess Cash Flow, increases or decreases in Working Capital shall be calculated without regard to any changes in Current Assets or Current Liabilities as a result of (a) any reclassification in accordance with GAAP of assets or liabilities, as applicable, between current and noncurrent or (b) the effects of purchase accounting.

“Write-Down and Conversion Powers” shall mean, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.02 Terms Generally. The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context otherwise requires. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any changes in GAAP after the Closing Date, any lease of the Borrower or the Subsidiaries, or of a special purpose or other entity not consolidated with the Borrower and its Subsidiaries at the time of its incurrence of such lease, that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capitalized Lease Obligation of the Borrower or any Subsidiary under this Agreement or any other Loan Document as a result of such changes in GAAP.

Section 1.03 Effectuation of Transactions. Each of the representations and warranties of the Borrower contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions as shall have taken place on or prior to the date of determination, unless the context otherwise requires.

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Section 1.04 Exchange Rates; Currency Equivalents. (a) The Administrative Agent shall determine the Spot Rate as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Alternate Currency Letters of Credit and Alternate Currency Loans. Such Spot Rate shall become effective as of such Revaluation Date and shall be the Spot Rate employed in converting any amounts between the Dollars and each Alternate Currency until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial ratios hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as determined by the Administrative Agent in accordance with this Agreement. No Default or Event of Default shall arise as a result of any limitation or threshold set forth in Dollars in Article VI or clause (i) or (j) of Section 7.01 being exceeded solely as a result of changes in currency exchange rates from those rates applicable on the first day of the fiscal quarter in which such determination occurs or in respect of which such determination is being made.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Eurocurrency Loan or Letter of Credit is denominated in an Alternate Currency, such amount shall be the Alternate Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternate Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the applicable Issuing Bank, as applicable.

Section 1.05 Additional Alternate Currencies for Loans.

(a) The Borrower may from time to time request that Eurocurrency Revolving Loans be made in a currency other than Dollars; provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. Such request shall be subject to the approval of the Administrative Agent.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., 20 Business Days prior to the date of the desired Credit Event (or such other time or date as may be agreed by the Administrative Agent, in its sole discretion). The Administrative Agent shall promptly notify each Revolving Facility Lender thereof. Each Revolving Facility Lender shall notify the Administrative Agent, not later than 11:00 a.m., 10 Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Eurocurrency Revolving Loans in such requested currency.

(c) Any failure by a Revolving Facility Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Revolving Facility Lender to permit Eurocurrency Revolving Loans to be made in such requested currency. If the Administrative Agent and all the Revolving Facility Lenders consent to making Eurocurrency Revolving Loans in such requested currency, the Administrative Agent shall so notify the Borrower and such currency shall thereupon be deemed for all purposes to be an Alternate Currency hereunder for purposes of any Borrowings of Eurocurrency Revolving Loans. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.05, the Administrative Agent shall promptly so notify the Borrower.

Section 1.06 Change of Currency.

(a) Each obligation of the Borrower to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the Closing Date shall be redenominated into Euro at the time of such adoption (in accordance with
the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

Section 1.07 Timing of Payment or Performance. Except as otherwise expressly provided herein, when the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day.

Section 1.08 Times of Day. Unless otherwise specified herein, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

Section 1.09 Holdings. From time to time after the Closing Date, Holdings may form one or more new Subsidiaries to become direct or indirect parent companies of the Borrower; provided that, prior to a Qualified IPO, contemporaneously with the formation of the new direct parent company of the Borrower (an "Intermediate Holdings"), such person enters into a supplement to the Holdings Guarantee and Pledge Agreement (or, at the option of such person, a new Holdings Guarantee and Pledge Agreement in substantially similar form or such other form reasonably satisfactory to the Administrative Agent) duly executed and delivered on behalf of such person. Immediately after any Intermediate Holdings complying with the proviso in the foregoing sentence, the Guarantee incurred by the then existing Holdings of the Obligations shall automatically terminate and Holdings shall be released from its obligations under the Loan Documents, shall cease to be a Loan Party and any Liens created by any Loan Documents on any assets or Equity Interests owned by Holdings shall automatically be released (unless, in each case, the Borrower shall elect in its sole discretion that such release of Holdings shall not be effective), and thereafter Intermediate Holdings shall be deemed to be Holdings for all purposes of this Agreement (until any additional Intermediate Holdings shall be formed in accordance with this Section 1.09).
ARTICLE II
The Credits

Section 2.01 Commitments. Subject to the terms and conditions set forth herein:
(a) on the June 2017 Effective Date, the June 2017 Term B Lenders agreed to make June 2017 Term B Loans to the Borrower in an aggregate principal amount of $2,095,000,000, subject to the terms and conditions in the June 2017 Incremental Assumption and Amendment Agreement,
(b) on the November 2017 Effective Date, the November 2017 Term B Lenders agreed to make November 2017 Term B Loans to the Borrower in an aggregate principal amount of $800,000,000, subject to the terms and conditions in the November 2017 Incremental Assumption Agreement,
(c) each Lender agrees to make Revolving Facility Loans of a Class in Dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender’s Revolving Facility Credit Exposure of such Class exceeding such Lender’s Revolving Facility Commitment of such Class or (ii) the Revolving Facility Credit Exposure of such Class exceeding the total Revolving Facility Commitments of such Class. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Facility Loans,
(d) each Lender having an Incremental Term Loan Commitment agrees, subject to the terms and conditions set forth in the applicable Incremental Assumption Agreement, to make Incremental Term Loans to the Borrower, in an aggregate principal amount not to exceed its Incremental Term Loan Commitment,
(e) amounts of Term B Loans borrowed under Sections 2.01(a), (b) or (d) that are repaid or prepaid may not be reborrowed, and
(f) from and after the November 2017 Effective Date, the June 2017 Term B Loans and the November 2017 Term B Loans shall be treated as a single “Class” and have the same terms and conditions for all purposes of this Agreement and the other Loan Documents, including all scheduled, optional and mandatory prepayments.

Section 2.02 Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans under the same Facility and of the same Type made by the Lenders ratably in accordance with their respective Commitments under the applicable Facility (or, in the case of Swingline Loans, in accordance with their respective Swingline Commitments); provided, however, that Revolving Facility Loans of any Class shall be made by the Revolving Facility Lenders of such Class ratably in accordance with their respective Revolving Facility Percentages on the date such Loans are made hereunder. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make Loans as required.
(b) Subject to Section 2.14, each Borrowing (other than a Swingline Borrowing) shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. ABR Loans shall be denominated in Dollars. Each Swingline Borrowing shall be an ABR Borrowing. Each Lender at its option may make any ABR Loan or Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.15 or 2.17 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.
(c) At the commencement of each Interest Period for any Eurocurrency Revolving Facility Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Revolving Facility Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum; provided, that an ABR Revolving Facility Borrowing may be in an aggregate amount that is equal to the entire unused available balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e). Each Swingline Borrowing shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in more than (i) 10 Eurocurrency Borrowings outstanding under all Term Facilities at any time and (ii) 10 Eurocurrency Borrowings outstanding under all Revolving Facilities at any time. Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing of any Class if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date or the Term Facility Maturity Date for such Class, as applicable.

(e) Notwithstanding any other provision of this Agreement, the November 2017 Term B Loans shall initially consist of Eurocurrency Loans (x) with respect to $2,005,013 aggregate principal amount of November 2017 Term B Loans, with an Interest Period ending on December 29, 2017 and the Adjusted LIBO Rate shall be deemed to be 1.32169% for such Interest Period and (y) with respect to $797,994,987 aggregate principal amount of November 2017 Term B Loans, with an Interest Period ending on February 5, 2018 and the Adjusted LIBO Rate shall be deemed to be 1.38483% for such Interest Period.

Section 2.03 Requests for Borrowings. To request a Revolving Facility Borrowing and/or a Term Borrowing, the Borrower shall notify the Administrative Agent of such request electronically (a) in the case of a Eurocurrency Borrowing, not later than 12:00 noon, Local Time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m. Local Time, on the Business Day of the proposed Borrowing; provided, that, (i) any such notice of an ABR Revolving Facility Borrowing to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e) may be given not later than 12:00 noon, Local Time, on the date of the proposed Borrowing, (ii) to request a Borrowing on the November 2017 Effective Date, the Borrower shall notify the Administrative Agent of such request by telephone no later than 5:00 p.m., Local Time, two Business Days prior to the November 2017 Effective Date, (iii) to request a Borrowing on the 2020 Effective Date, the Borrower shall notify the Administrative Agent of such request in writing not later than 12:00 noon, Local Time, one Business Day prior to the 2020 Effective Date (or such later time as the Administrative Agent may agree) and (iv) any such notice of an Incremental Revolving Borrowing or Incremental Term Borrowing may be given at such time as provided in the applicable Incremental Assumption Agreement. Each such telephonic Borrowing Request shall be irrevocable (other than in the case of any notice given in respect of the Closing Date, which may be conditioned upon the consummation of the Merger or, in the case of notice given in respect of Incremental Commitments, which may be conditioned as provided in the applicable Incremental Assumption Agreement) and shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Borrowing Request signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:
whether such Borrowing is to be a Borrowing of June 2017 Term B Loans, November 2017 Term B Loans, Revolving Facility Loans, Refinancing Term Loans, Other Term Loans, Other Revolving Loans or Replacement Revolving Loans as applicable;

(ii) the aggregate amount of the requested Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”;

(vi) in the case of a Eurocurrency Revolving Facility Borrowing, the currency in which such Borrowing is to be denominated (which shall be Dollars or an Alternate Currency); and

(vii) the location and number of the Borrower’s account to which funds are to be disbursed.

If no election as to the currency of any Revolving Facility Borrowing is made, then the requested Borrowing shall be made in Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration (except in the case of the initial Interest Period of the November 2017 Term B Loans, which shall be determined in accordance with the definition of Interest Period).

Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

Section 2.04 Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in Dollars to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding the Swingline Commitment or (ii) the Revolving Facility Credit Exposure of the applicable Class exceeding the total Revolving Facility Commitments of such Class; provided, that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Borrowing. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Borrowing, the Borrower shall notify the Administrative Agent and the Swingline Lender of such request by telephone (confirmed by a Swingline Borrowing Request by electronic means), not later than 2:00 p.m., Local Time, on the day of a proposed Swingline Borrowing. Each such notice and Swingline Borrowing Request shall be irrevocable and shall specify (i) the requested date of such Swingline Borrowing (which shall be a Business Day) and (ii) the amount of the requested Swingline Borrowing. The Swingline Lender shall consult with the Administrative Agent as to whether the making of the Swingline Loan is in accordance with the terms of this Agreement prior to the Swingline Lender funding such Swingline Loan. The Swingline Lender shall make each Swingline Loan on the proposed date thereof by wire transfer of immediately available funds by 3:00 p.m., Local Time, to the account of the Borrower (or, in the case of a Swingline Borrowing made to finance the reimbursement of an L/C Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank).
(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Local Time, on any Business Day require the Revolving Facility Lenders of the applicable Class to acquire participations on such Business Day in all or a portion of the outstanding Swingline Loans made by it. Such notice shall specify the aggregate amount of such Swingline Loans in which the Revolving Facility Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each such Lender, specifying in such notice such Revolving Facility Lender’s applicable Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent for the account of the Swingline Lender, such Revolving Facility Lender’s applicable Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender acknowledges and agrees that its respective obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Facility Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Facility Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Facility Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph (c), and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

(d) The Borrower may, at any time and from time to time, designate as additional Swingline Lenders one or more Revolving Facility Lenders that agree to serve in such capacity as provided below. The acceptance by a Revolving Facility Lender of an appointment as a Swingline Lender hereunder shall be evidenced by an agreement, which shall be in form and substance reasonably satisfactory to the Administrative Agent and the Borrower, executed by the Borrower, the Administrative Agent and such designated Swingline Lender, and, from and after the effective date of such agreement, (i) such Revolving Facility Lender shall have all the rights and obligations of a Swingline Lender under this Agreement and (ii) references herein to the term “Swingline Lender” shall be deemed to include such Revolving Facility Lender in its capacity as a lender of Swingline Loans hereunder.

Section 2.05 Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of one or more letters of credit or bank guarantees in Dollars or any Alternate Currency in the form of (x) trade letters of credit or bank guarantees in support of trade obligations of the Borrower and its Subsidiaries incurred in the ordinary course of business (such
letters of credit or bank guarantees issued for such purposes, “Trade Letters of Credit”) and (y) standby letters of credit issued for any other lawful purposes of the Borrower and its Subsidiaries (such letters of credit issued for such purposes, “Standby Letters of Credit”; each such letter of credit or bank guarantee, issued hereunder, a “Letter of Credit” and collectively, the “Letters of Credit”) for its own account or for the account of any Subsidiary in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the applicable Availability Period and prior to the date that is five Business Days prior to the applicable Revolving Facility Maturity Date; provided, that (x) Barclays Bank PLC, Deutsche Bank AG New York Branch, Royal Bank of Canada and Credit Suisse AG, Cayman Islands Branch shall not be required to issue Trade Letters of Credit, (y) the Borrower shall remain primarily liable in the case of a Letter of Credit issued for the account of a Subsidiary and (z) the applicable Issuing Bank shall not be obligated to issue Letters of Credit if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, the issuance of such Letter of Credit would violate any Requirements of Law binding upon such Issuing Bank or the issuance of the Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, an Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension: Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal (other than an automatic extension in accordance with paragraph (c) of this Section 2.05) or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (at least three Business Days (or, in the case of an Alternate Currency Letter of Credit where the Issuing Bank is Barclays Bank PLC, at least five Business Days) in advance of the requested date of issuance, amendment or extension or such shorter period as the Administrative Agent and the applicable Issuing Bank in their sole discretion may agree) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended or extended, and specifying the date of issuance, amendment or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section 2.05), the amount and currency (which may be Dollars or any Alternate Currency) of such Letter of Credit, the name and address of the beneficiary thereof, whether such Letter of Credit constitutes a Standby Letter of Credit or a Trade Letter of Credit and such other information as shall be necessary to issue, amend or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank’s standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended or extended only if (and upon issuance, amendment or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment or extension, (i) the Revolving Facility Credit Exposure shall not exceed the applicable Revolving Facility Commitments, (ii) the Revolving L/C Exposure shall not exceed the Letter of Credit Sublimit and (iii) with respect to the applicable Issuing Bank, the stated amount of all outstanding Letters of Credit issued by such Issuing Bank shall not exceed the applicable Specified L/C Sublimit of such Issuing Bank then in effect. For the avoidance of doubt, no Issuing Bank shall be obligated to issue an Alternate Currency Letter of Credit if such Issuing Bank does not otherwise issue letters of credit in such Alternate Currency.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year (unless otherwise agreed upon by the Borrower and the applicable Issuing Bank in their sole discretion) after the date of the issuance of such Letter of Credit (or, in the case of any extension thereof, one year (unless otherwise agreed upon by the Borrower and the applicable Issuing Bank in their sole discretion) after such renewal or extension) and (ii) the date that
is five Business Days prior to the applicable Revolving Facility Maturity Date; provided, that any Letter of Credit with a one year tenor may provide for automatic renewal or extension thereof for additional one year periods (which, in no event, shall extend beyond the date referred to in clause (ii) of this paragraph (c)) so long as such Letter of Credit permits the applicable Issuing Bank to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof within a time period during such twelve-month period to be agreed upon at the time such Letter of Credit is issued; provided, further, that if such Issuing Bank consents in its sole discretion, the expiration date on any Letter of Credit may extend beyond the date referred to in clause (ii) above, provided, that if any such Letter of Credit is outstanding or is issued under the Revolving Facility Commitments of any Class after the date that is five Business Days prior to the Revolving Facility Maturity Date for such Class the Borrower shall provide Cash Collateral pursuant to documentation reasonably satisfactory to the Administrative Agent and the relevant Issuing Bank in an amount equal to the face amount of each such Letter of Credit on or prior to the date that is five Business Days prior to such Revolving Facility Maturity Date or, if later, such date of issuance.

(d) **Participations.** By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) under the Revolving Facility Commitments of any Class and without any further action on the part of the applicable Issuing Bank or the Revolving Facility Lenders, such Issuing Bank hereby grants to each Revolving Facility Lender under such Class, and each such Revolving Facility Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Revolving Facility Lender’s applicable Revolving Facility Percentage of the aggregate amount available to be drawn under such Letter of Credit (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof). In consideration and in furtherance of the foregoing, each Revolving Facility Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, in Dollars, such Revolving Facility Lender’s applicable Revolving Facility Percentage of each L/C Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section 2.05, or of any reimbursement payment required to be refunded to the Borrower for any reason (calculated, in the case of any Alternate Currency Letter of Credit, based on the Dollar Equivalent thereof). Each Revolving Facility Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments or the fact that, as a result of changes in currency exchange rates, such Revolving Facility Lender’s Revolving Facility Credit Exposure at any time might exceed its Revolving Facility Commitment at such time (in which case Section 2.11(f) would apply), and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) **Reimbursement.** If the applicable Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount in Dollars equal to such L/C Disbursement (or, in the case of an Alternate Currency Letter of Credit, the Dollar Equivalent thereof) not later than 2:00 p.m., Local Time, on the first Business Day after the Borrower receives notice under paragraph (g) of this Section 2.05 of such L/C Disbursement (or the second Business Day, if such notice is received after 12:00 noon, Local Time), together with accrued interest thereon from the date of such L/C Disbursement at the rate applicable to ABR Revolving Facility Loans of the applicable Class; provided, that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Facility Borrowing or a Swingline Borrowing of the applicable Class, as applicable, in an equivalent amount and, to the extent so financed, the Borrower’s obligation to make such payment shall be discharged and replaced by the
resulting ABR Revolving Facility Borrowing or Swingline Borrowing. If the Borrower fails to reimburse any L/C Disbursement when due, then the
Administrative Agent shall promptly notify the applicable Issuing Bank and each other applicable Revolving Facility Lender of the applicable L/C
Disbursement, the payment then due from the Borrower in respect thereof (the “Unreimbursed Amount”) and, in the case of a Revolving Facility
Lender, such Lender’s Revolving Facility Percentage thereof. Promptly following receipt of such notice, each Revolving Facility Lender with a
Revolving Facility Commitment of the applicable Class shall pay to the Administrative Agent in Dollars its Revolving Facility Percentage of the
Unreimbursed Amount in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply,
mutatis mutandis, to the payment obligations of the Revolving Facility Lenders), and the Administrative Agent shall promptly pay to the applicable
Issuing Bank the amounts so received by it from the Revolving Facility Lenders. Promptly following receipt by the Administrative Agent of any
payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to
the extent that Revolving Facility Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such
Issuing Bank as their interests may appear. Any payment made by a Revolving Facility Lender pursuant to this paragraph to reimburse an Issuing Bank
for any L/C Disbursement (other than the funding of an ABR Revolving Loan or a Swingline Borrowing as contemplated above) shall not constitute a
Loan and shall not relieve the Borrower of its obligation to reimburse such L/C Disbursement.

(f) Obligations Absolute. The obligation of the Borrower to reimburse L/C Disbursements as provided in paragraph (e) of this
Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and
all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or
provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any
statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of
a draft or other document that does not comply with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or
not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of
setoff against, the Borrower’s obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related
Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or
failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission,
interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any
document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the
control of such Issuing Bank, or any of the circumstances referred to in clauses (i), (ii) or (iii) of the first sentence; provided, that the foregoing shall not
be construed to excuse the applicable Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential
damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are
determined by final and binding decision of a court of competent jurisdiction to have been caused by such Issuing Bank’s failure to exercise care when
determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree
that, in the absence of gross negligence or willful misconduct on the part of the applicable Issuing Bank, such Issuing Bank shall be deemed to have
exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect
to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in
its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or
information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of
such Letter of Credit.

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(g) **Disbursement Procedures.** The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by electronic means) of any such demand for payment under a Letter of Credit and whether such Issuing Bank has made or will make an L/C Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Facility Lenders with respect to any such L/C Disbursement.

(b) **Interim Interest.** If an Issuing Bank shall make any L/C Disbursement, then, unless the Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to the date of reimbursement by the Borrower, at the rate per annum then applicable to ABR Revolving Loans of the applicable Class; provided, that, if such L/C Disbursement is not reimbursed by the Borrower when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Facility Lender pursuant to paragraph (e) of this Section 2.05 to reimburse such Issuing Bank shall be for the account of such Revolving Facility Lender to the extent of such payment.

(i) **Replacement of an Issuing Bank.** An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12. From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term “Issuing Bank” shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement but shall not be required to issue additional Letters of Credit.

(j) **Cash Collateralization Following Certain Events.** If and when the Borrower is required to Cash Collateralize any Revolving L/C Exposure relating to any outstanding Letters of Credit pursuant to any of Section 2.05(e), 2.11(e), 2.11(f), 2.11(g), 2.22(a)(v) or 7.01, the Borrower shall deposit in an account with or at the direction of the Collateral Agent, in the name of the Collateral Agent and for the benefit of the Revolving Lenders, an amount in cash in Dollars equal to the Revolving L/C Exposure as of such date (or, in the case of Sections 2.05(e), 2.11(f), 2.11(g) and 2.22(a)(v), the portion thereof required by such sections). Each deposit of Cash Collateral (x) made pursuant to this paragraph or (y) made by the Administrative Agent pursuant to Section 2.22(a)(ii), in each case, shall be held by the Collateral Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of (i) for so long as an Event of Default shall be continuing, the Collateral Agent and (ii) at any other time, the
Borrower, in each case, in Permitted Investments and at the risk and expense of the Borrower, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Collateral Agent to reimburse each Issuing Bank for L/C Disbursements for which such Issuing Bank has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the Revolving L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with Revolving L/C Exposure representing greater than 50% of the total Revolving L/C Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default or the existence of a Defaulting Lender or the occurrence of a limit under Section 2.11(e), (f) or (g) being exceeded, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived or the termination of the Defaulting Lender status or the limits under Sections 2.11(e), (f) and (g) no longer being exceeded, as applicable.

(k) **Cash Collateralization Following Termination of the Revolving Facility.** Notwithstanding anything to the contrary herein, in the event of the prepayment in full of all outstanding Revolving Facility Loans and the termination of all Revolving Facility Commitments (a “Revolving Facility Termination Event”) in connection with which the Borrower notifies any one or more Issuing Banks that it intends to maintain one or more Letters of Credit initially issued under this Agreement in effect after the date of such Revolving Facility Termination Event (each, a “Continuing Letter of Credit”), then the security interest of the Collateral Agent in the Collateral under the Security Documents may be terminated in accordance with Section 9.18 if each such Continuing Letter of Credit is Cash Collateralized in an amount equal to the Minimum L/C Collateral Amount, which shall be deposited with or at the direction of each such Issuing Bank.

(l) **Additional Issuing Banks.** From time to time, the Borrower may by notice to the Administrative Agent designate any Lender (in addition to the initial Issuing Banks) each of which agrees (in its sole discretion) to act in such capacity and is reasonably satisfactory to the Administrative Agent as an Issuing Bank. Each such additional Issuing Bank shall execute a counterpart of this Agreement upon the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an Issuing Bank hereunder for all purposes.

(m) **Reporting.** Unless otherwise requested by the Administrative Agent, each Issuing Bank shall (i) provide to the Administrative Agent copies of any notice received from the Borrower pursuant to Section 2.05(b) no later than the next Business Day after receipt thereof and (ii) report in writing to the Administrative Agent (A) on or prior to each Business Day on which such Issuing Bank expects to issue, amend or extend any Letter of Credit, the date of such issuance, amendment or extension, and the aggregate face amount of the Letters of Credit to be issued, amended or extended by it and outstanding after giving effect to such issuance, amendment or extension occurred (and whether the amount thereof changed), and such Issuing Bank shall be permitted to issue, amend or extend such Letter of Credit if the Administrative Agent shall not have advised such Issuing Bank that such issuance, amendment or extension would not be in conformity with the requirements of this Agreement, (B) on each Business Day on which such Issuing Bank makes any L/C Disbursement, the date of such L/C Disbursement and the amount of such L/C Disbursement and (C) on any other Business Day, such other information with respect to the outstanding Letters of Credit issued by such Issuing Bank as the Administrative Agent shall reasonably request.

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Section 2.06 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided, that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account or accounts designated by the Borrower as specified in the applicable Borrowing Request; provided, that ABR Revolving Loans and Swingline Borrowings made to finance the reimbursement of a L/C Disbursement and reimbursements as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender’s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with clause (a) of this Section 2.06 and, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to ABR Loans at such time. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender’s Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(c) The foregoing notwithstanding, the Administrative Agent, in its sole discretion, may from its own funds make a Revolving Facility Loan on behalf of the Lenders (including by means of Swingline Loans to the Borrower). In such event, the applicable Lenders on behalf of whom the Administrative Agent made the Revolving Facility Loan shall reimburse the Administrative Agent for all or any portion of such Revolving Facility Loan made on its behalf upon written notice given to each applicable Lender not later than 2:00 p.m., Local Time, on the Business Day such reimbursement is requested. The entire amount of interest attributable to such Revolving Facility Loan for the period from and including the date on which such Revolving Facility Loan was made on such Lender’s behalf to but excluding the date the Administrative Agent is reimbursed in respect of such Revolving Facility Loan by such Lender shall be paid to the Administrative Agent for its own account.

Section 2.07 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone, by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Interest Election Request signed by the Borrower.
Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period.”

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration. If less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall be in an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum and satisfy the limitations specified in Sections 2.02(c) regarding the maximum number of Borrowings of the relevant Type.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.08 Termination and Reduction of Commitments. (a) Unless previously terminated, the Revolving Facility Commitments of each Class shall terminate on the applicable Revolving Facility Maturity Date for such Class. On the June 2017 Effective Date (after giving effect to the exchange of the Existing Term B Loans (as defined in the June 2017 Incremental Assumption and Amendment Agreement) by the 2017 Refinancing Term B Cashless Settlement Option Lenders (as defined in the June 2017 Incremental Assumption and Amendment Agreement) for June 2017 Refinancing Term B Loans and the funding of the Additional 2017 Refinancing Term B Loans (as defined in the June 2017 Incremental Assumption and Amendment Agreement) and the June Incremental Term B Loans, in each case to be made on such date), the 2017 Refinancing Term B Loan Commitments and the Incremental Term B Loan Commitments (each, as defined in the June 2017 Incremental Assumption and Amendment Agreement) of each Lender as of the June 2017 Effective Date will terminate. On the November 2017 Effective Date (after giving effect to the funding of the November 2017 Term B Loans), the November 2017 Term B Loan Commitment of each November 2017 Term B Lender as of the November 2017 Effective Date will terminate.
(b) The Borrower may at any time terminate, or from time to time reduce, the Revolving Facility Commitments of any Class; provided, that (i) each reduction of the Revolving Facility Commitments of any Class shall be in an amount that is an integral multiple of $250,000 and not less than $1,000,000 (or, if less, the remaining amount of the Revolving Facility Commitments of such Class) and (ii) the Borrower shall not terminate or reduce the Revolving Facility Commitments of any Class if, after giving effect to any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.11 and any Cash Collateralization of Letters of Credit in accordance with Section 2.05(j) or (k), the Revolving Facility Credit Exposure of such Class (excluding any Cash Collateralized Letter of Credit) would exceed the total Revolving Facility Commitments of such Class.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Revolving Facility Commitments of any Class under paragraph (b) of this Section 2.08 at least three Business Days prior to the effective date of such termination or reduction (or such shorter period acceptable to the Administrative Agent), specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section 2.08 shall be irrevocable; provided, that a notice of termination or reduction of the Revolving Facility Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

Section 2.09 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Facility Lender the then unpaid principal amount of each Revolving Facility Loan to the Borrower on the Revolving Facility Maturity Date applicable to such Revolving Facility Loans, (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10 and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan applicable to any Class of Revolving Facility Commitments on the earlier of the Revolving Facility Maturity Date for such Class and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least five Business Days after such Swingline Loan is made; provided, that on each date that a Revolving Facility Borrowing is made by the Borrower, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender’s share thereof.
(d) The entries made in the accounts maintained pursuant to clause (b) or (c) of this Section 2.09 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, unless otherwise agreed to by the applicable Lender, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if requested by such payee, to such payee and its registered assigns).

Section 2.10 Repayment of Term Loans and Revolving Facility Loans. (a) Subject to the other clauses of this Section 2.10 and to Section 9.08(e),

(i) the Borrower shall repay the Term B Loans incurred on the June 2017 Effective Date and the November 2017 Effective Date on the last day of each March, June, September and December of each year (commencing on the last day of December 2017) and on the applicable Term Facility Maturity Date or, if any such date is not a Business Day, on the next following Business Day (each such date being referred to as a "Term B Loan Installment Date"), in an aggregate principal amount of such Term B Loans equal to (A) in the case of quarterly payments due prior to the applicable Term Facility Maturity Date, an amount equal to 0.25% of the product of (x) the sum of (I) the aggregate principal amount of all June 2017 Term B Loans outstanding immediately prior to the November 2017 Effective Date and (II) the aggregate principal amount of November 2017 Term B Loans funded on the November 2017 Effective Date and (y) a fraction, the numerator of which is the aggregate principal amount of all June 2017 Term B Loans outstanding immediately prior to the November 2017 Effective Date and the denominator of which is equal to the aggregate principal amount of November 2017 Term B Loans funded on the November 2017 Effective Date, after such product is rounded to the nearest Dollar (for the avoidance of doubt, and rounding to the nearest full Dollar, such repayment amount shall be, from and after the November 2017 Effective Date, $7,242,513 on each such last day of each March, June, September and December), and (B) in the case of such payment due on the applicable Term Facility Maturity Date, an amount equal to the then unpaid principal amount of such Term B Loans outstanding;

(ii) in the event that any Incremental Term Loans (other than the November 2017 Term B Loans) are made, the Borrower shall repay such Incremental Term Loans on the dates and in the amounts set forth in the related Incremental Assumption Agreement (each such date being referred to as an "Incremental Term Loan Installment Date"); and

(iii) to the extent not previously paid, outstanding Term Loans shall be due and payable on the applicable Term Facility Maturity Date.
(b) To the extent not previously paid, outstanding Revolving Facility Loans shall be due and payable on the applicable Revolving Facility Maturity Date.

c) Prepayment of the Loans from:

(i) all Net Proceeds pursuant to Section 2.11(b) and Excess Cash Flow pursuant to Section 2.11(c) shall be allocated to the Class or Classes of Term Loans determined pursuant to Section 2.10(d), with the application thereof to reduce in direct order amounts due on the succeeding Term Loan Installment Dates under such Classes as provided in the remaining scheduled amortization payments under such Classes; provided, that any Lender, at its option, may elect to decline any such prepayment of any Term Loan held by it if it shall give written notice to the Administrative Agent thereof by 5:00 p.m. Local Time at least three Business Days prior to the date of such prepayment (any such Lender, a "Declining Lender") and on the date of any such prepayment, any amounts that would otherwise have been applied to prepay Term Loans owing to Declining Lenders (such amounts, the "Declined Proceeds") shall instead be retained by the Borrower for application for any purpose not prohibited by this Agreement, and

(ii) any optional prepayments of the Term Loans pursuant to Section 2.11(a) shall be applied to the remaining installments of the Term Loans under the applicable Class or Classes as the Borrower may in each case direct.

d) Any mandatory prepayment of Term Loans pursuant to Section 2.11(b) or (c) shall be applied so that the aggregate amount of such prepayment is allocated among the Term B Loans and the Other Term Loans, if any, pro rata based on the aggregate principal amount of outstanding Term B Loans and Other Term Loans, if any; provided, that, subject to the prorata application to Loans outstanding within any Class of Term Loans, the Borrower may allocate such prepayment in its discretion among the Class or Classes of Term Loans as the Borrower may specify (so long as such allocation complies with Section 2.21(b) or Section 2.21(f), as applicable). Prior to any prepayment of any Loan under any Facility hereunder, the Borrower shall select the Borrowing or Borrowings under the applicable Facility to be prepaid and shall notify the Administrative Agent by telephone (confirmed by electronic means) of such selection not later than 2:00 p.m., Local Time, (i) in the case of an ABR Borrowing, at least one Business Day before the scheduled date of such prepayment (or in the case of a Swingline Loan, on the scheduled date of such prepayment) and (ii) in the case of a Eurocurrency Borrowing, at least three Business Days before the scheduled date of such prepayment (or, in each case such shorter period acceptable to the Administrative Agent); provided, that a notice of prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Each repayment of a Borrowing (x) in the case of the Revolving Facility of any Class, shall be applied to the Revolving Facility Loans included in the repaid Borrowing such that each Revolving Facility Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposures of the Revolving Facility Lenders of such Class at the time of such repayment) and (y) in all other cases, shall be applied ratably to the Loans included in the repaid Borrowing. All repayments of Loans shall be accompanied by accrued interest on the amount repaid to the extent required by Section 2.13(d).

Section 2.11 Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Loan in whole or in part, without premium or penalty (but subject to Section 2.12(d) and Section 2.16), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.10(d).
(b) The Borrower shall apply all Net Proceeds promptly upon receipt thereof to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10. Notwithstanding the foregoing, the Borrower may use a portion of such Net Proceeds to prepay or repurchase any Other First Lien Debt, in each case in an amount not to exceed the product of (x) the amount of such Net Proceeds and (y) a fraction, (A) the numerator of which is the outstanding principal amount of such Other First Lien Debt and (B) the denominator of which is the sum of the outstanding principal amount of such Other First Lien Debt and the outstanding principal amount of all Classes of Term Loans.

(c) Not later than 5 Business Days after the date on which the annual financial statements are, or are required to be, delivered under Section 5.04(a) with respect to each Excess Cash Flow Period, the Borrower shall calculate Excess Cash Flow for such Excess Cash Flow Period and the Borrower shall apply an amount equal to (i) the amount by which the Required Percentage of such Excess Cash Flow exceeds $5,000,000 (the “ECF Threshold Amount”) minus (ii) to the extent not financed using the proceeds of the incurrence of funded term Indebtedness, the sum of (A) the amount of any voluntary payments during such Excess Cash Flow Period (plus, without duplication of any amounts previously deducted under this clause (A), the amount of any voluntary payments after the end of such Excess Cash Flow Period but before the date of prepayment under this clause (c)) of (x) Term Loans (it being understood that the amount of any such payment constituting a below-par Permitted Loan Purchase shall be calculated to equal the amount of cash used and not the principal amount deemed prepaid therewith) and (y) Other First Lien Debt (provided that (i) in the case of the prepayment of any revolving Indebtedness, there was a corresponding reduction in commitments and (ii) the maximum amount of each such prepayment of Other First Lien Debt that may be counted for purposes of this clause (A)(y) shall not exceed the amount that would have been prepaid in respect of such Other First Lien Debt if such prepayment had been applied on a ratable basis among the Term Loans and such Other First Lien Debt (determined based on the aggregate outstanding principal amount of Term Loans and the aggregate principal amount of such Other First Lien Debt on the date of such prepayment)) and (B) the amount of any permanent voluntary reductions during such Excess Cash Flow Period (plus, without duplication of any amounts previously deducted under this clause (B), the amount of any permanent voluntary reductions after the end of such Excess Cash Flow Period but before the date of prepayment under this clause (c)) of Revolving Facility Commitments to the extent that an equal amount of Revolving Facility Loans was simultaneously repaid (I) to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10 or (II) to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10 and to prepay any Other First Lien Debt in accordance with the agreement(s) governing such Other First Lien Debt so long as the prepayments under this clause (II) are applied in a manner such that the Term Loans are prepaid on at least a ratable basis and with such Other First Lien Debt (determined based on the aggregate outstanding principal amount of Term Loans and the aggregate outstanding principal amount of such Other First Lien Debt being prepaid under this clause (II) on the date of such prepayment). Such calculation will be set forth in a certificate signed by a Financial Officer of the Borrower delivered to the Administrative Agent setting forth the amount, if any, of Excess Cash Flow for such fiscal year, the amount of any required prepayment in respect thereof and the calculation thereof in reasonable detail.

(d) Notwithstanding any other provisions of this Section 2.11 to the contrary, (i) to the extent that any Net Proceeds of any Asset Sale by a Foreign Subsidiary or Excess Cash Flow attributable to a Foreign Subsidiary would otherwise be required to be applied pursuant to Section 2.11(b) or Section 2.11(c) but is prohibited, restricted or delayed by applicable local law from being repatriated to the United States of America, the portion of such Net Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans or Other First Lien Debt at the times provided in Section 2.11(b) or Section 2.11(c) but may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States of America, and once such repatriation of any of such affected Net Proceeds or Excess Cash Flow is
permitted under the applicable local law, such repatriation will be effected and such repatriated Net Proceeds or Excess Cash Flow will be promptly applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Term Loans or Other First Lien Debt pursuant to Section 2.11(b) or Section 2.11(c), to the extent provided therein and (ii) to the extent that the Borrower has determined in good faith that repatriation of any or all of such Net Proceeds or Excess Cash Flow that would otherwise be required to be applied pursuant to Section 2.11(b) or Section 2.11(c) would have a material adverse tax consequence with respect to such Net Proceeds or Excess Cash Flow, the Net Proceeds or Excess Cash Flow so affected may be retained by the applicable Foreign Subsidiary (the Borrower hereby agreeing to cause the applicable Subsidiary to promptly use commercially reasonable efforts to take all actions within the reasonable control of the Borrower that are reasonably required to eliminate such tax effects).

(e) In the event that the aggregate amount of Revolving Facility Credit Exposure of any Class exceeds the total Revolving Facility Commitments of such Class (other than as a result of changes in currency exchange rates), the Borrower shall prepay Revolving Facility Borrowings or Swingline Borrowings of such Class (or, if no such Borrowings are outstanding, provide Cash Collateral in respect of outstanding Letters of Credit pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

(f) In the event that the Revolving L/C Exposure exceeds the Letter of Credit Sublimit (other than as a result of changes in currency exchange rates), at the request of the Administrative Agent, the Borrower shall provide Cash Collateral pursuant to Section 2.05(j) in an aggregate amount equal to such excess.

(g) If as a result of changes in currency exchange rates, on any Revaluation Date, (i) the total Revolving Facility Credit Exposure of any Class exceeds the total Revolving Facility Commitments of such Class or (ii) the Revolving L/C Exposure exceeds the Letter of Credit Sublimit, the Borrower shall, at the request of the Administrative Agent, within ten (10) days of such Revaluation Date (A) prepay Revolving Facility Borrowings or Swingline Borrowings or (B) provide Cash Collateral pursuant to Section 2.05(j), in an aggregate amount such that the applicable exposure does not exceed the applicable commitment sublimit or amount set forth above.

Section 2.12 Fees. (a) The Borrower agrees to pay to each Lender (other than any Defaulting Lender), through the Administrative Agent, on the date that is three Business Days after the last day of March, June, September and December in each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a commitment fee (a “Commitment Fee”) on the daily amount of the applicable Available Unused Commitment of such Lender during the preceding quarter (or other period commencing with the Closing Date or ending with the date on which the last of the Commitments of such Lender shall be terminated) at a rate equal to the Applicable Commitment Fee accrued up to the last Business Day of each March, June, September and December. All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. For purposes of calculating any Lender’s Commitment Fee, the outstanding Swingline Loans during the period for which such Lender’s Commitment Fee is calculated shall be deemed to be zero. The Commitment Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the date on which the last of the Commitments of such Lender shall be terminated as provided herein.

(b) The Borrower from time to time agrees to pay (i) to each Revolving Facility Lender of each Class (other than any Defaulting Lender), through the Administrative Agent, on the date that is three Business Days after the last day of March, June, September and December of each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as
provided herein, a fee in Dollars (an “L/C Participation Fee”) on such Lender’s Revolving Facility Percentage of the daily aggregate Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) of such Class, during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Revolving Facility Maturity Date or the date on which the Revolving Facility Commitments of such Class shall be terminated) at the rate per annum equal to the Applicable Margin for Eurocurrency Revolving Facility Borrowings of such Class effective for each day in such period accrued up to the last Business Day of each March, June, September and December, and (ii) to each Issuing Bank, for its own account (x) on the date that is three Business Days after the last day of March, June, September and December of each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated, a fronting fee in respect of each Letter of Credit issued by such Issuing Bank for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to 1/8 of 1.00% per annum of the Dollar Equivalent of the daily stated amount of each Letter of Credit, plus (y) in connection with the issuance, amendment or transfer of any such Letter of Credit or any L/C Disbursement thereunder, such Issuing Bank’s customary documentary and processing fees and charges (collectively, “Issuing Bank Fees”). All L/C Participation Fees and Issuing Bank Fees that are payable on a per annum basis shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(c) The Borrower agrees to pay to the Administrative Agent, for the account of the Administrative Agent, the “Senior Facilities Administration Fee” as set forth in the Fee Letter, as may be amended, restated, supplemented or otherwise modified from time to time (the “Administrative Agent Fees”).

(d) In the event that, on or prior to the date that is six months after the November 2017 Effective Date, the Borrower shall (x) make a prepayment of the Term B Loans pursuant to Section 2.11(a) with the proceeds of any new or replacement tranche of long-term secured term loans that are broadly syndicated to banks and other institutional investors in financings similar to the Term B Loans and have an All-in Yield that is less than the All-in Yield of such Term B Loans (other than, for the avoidance of doubt, with respect to securitizations) or (y) effect any amendment to this Agreement which reduces the All-in Yield of the Term B Loans (other than, in the case of each of clauses (x) and (y), in connection with a Qualified IPO, a Change in Control or a transformative acquisition referred to in the last sentence of this paragraph), the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Term Loan Lenders, (A) in the case of clause (x), a prepayment premium of 1.00% of the aggregate principal amount of the Term B Loans so prepaid and (B) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the applicable Term B Loans for which the All-in Yield has been reduced pursuant to such amendment. Such amounts shall be due and payable on the date of such prepayment or the effective date of such amendment, as the case may be. For purposes of this Section 2.12(d), a “transformative acquisition” is any acquisition by the Borrower or any Subsidiary that is (i) not permitted by the terms of the Loan Documents immediately prior to the consummation of such acquisition or (ii) if permitted by the terms of the Loan Documents immediately prior to the consummation of such acquisition, would not provide the Borrower and its Subsidiaries with adequate flexibility under the Loan Documents for the continuation and/or expansion of their combined operations following such consummation, as determined by the Borrower in good faith.

(e) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Issuing Bank Fees shall be paid directly to the applicable Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances.
Section 2.13 Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any Fees or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2.00% plus the rate otherwise applicable to such Loan as provided in the preceding clauses of this Section 2.13 or (ii) in the case of any other overdue amount, 2.00% plus the rate applicable to ABR Loans as provided in clause (a) of this Section; provided, that this clause (c) shall not apply to any Event of Default that has been waived by the Lenders pursuant to Section 9.08.

d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Revolving Facility Loans, upon termination of the applicable Revolving Facility Commitments and (iii) in the case of the Term Loans, on the applicable Term Facility Maturity Date; provided, that (A) interest accrued pursuant to clause (c) of this Section 2.13 shall be payable on demand, (B) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Revolving Facility Loan that is an ABR Loan that is not made in conjunction with a permanent commitment reduction), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (C) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or electronic means as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.
Section 2.15 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or Issuing Bank; or

(ii) subject any Lender to any Tax with respect to any Loan Document (other than (i) Taxes indemnifiable under Section 2.17 or (ii) Excluded Taxes); or

(iii) impose on any Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital requirements or liquidity has or would have the effect of reducing the rate of return on such Lender’s or Issuing Bank’s capital or on the capital of such Lender’s or Issuing Bank’s holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender’s or such Issuing Bank’s holding company could have achieved but for such Change in Law (taking into consideration such Lender’s or such Issuing Bank’s policies and the policies of such Lender’s or such Issuing Bank’s holding company with respect to capital adequacy and liquidity), then from time to time the Borrower shall pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender’s or such Issuing Bank’s holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in clause (a) or (b) of this Section 2.15 shall be delivered to the Borrower and shall be conclusive absent manifest error; provided, that any such certificate claiming amounts described in clause (x) or (y) of the definition of “Change in Law” shall, in addition, state the basis upon which such amount has been calculated and certify that such Lender’s or Issuing Bank’s demand for payment of such costs hereunder, and such method of allocation is not inconsistent with its treatment of other borrowers which, as a credit matter, are similarly situated to the Borrower and which are subject to similar provisions. The Borrower shall pay such Lender or Issuing Bank, as applicable, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender or any Issuing Bank has determined that it will make a request for increased compensation pursuant to this Section 2.15, such Lender or Issuing Bank shall notify the Borrower thereof. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender’s or Issuing Bank’s right to demand such compensation; provided, that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section 2.15 for any increased costs or
reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as applicable, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender’s or Issuing Bank’s intention to claim compensation therefor, provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow (other than due to the default of the relevant Lender), convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to be the amount determined by such Lender (it being understood that the deemed amount shall not exceed the actual amount) to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurocurrency Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Dollars of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.17 Taxes. (a) Any and all payments made by or on behalf of a Loan Party under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes; provided, that if a Loan Party, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirement of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority within the time allowed and in accordance with applicable Requirement of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes or Other Taxes, the sum payable by the Loan Party shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 2.17) the Administrative Agent or any Lender, as applicable, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. Whenever any Indemnified Taxes or Other Taxes are payable by a Loan Party, as promptly as possible thereafter, such Loan Party shall send to the Administrative Agent for its own account or for the account of a Lender, as the case may be, a certified copy of an official receipt (or other evidence acceptable to the Administrative Agent or such Lender, acting reasonably) received by the Loan Party showing payment thereof. Without duplication, after any payment of Taxes by any Loan Party or the Administrative Agent to a Governmental Authority as provided in this Section 2.17, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by applicable Requirements of Law to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.
(b) The Borrower shall timely pay any Other Taxes.

(c) The Borrower shall indemnify and hold harmless the Administrative Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes imposed on the Administrative Agent or such Lender, as applicable, as the case may be (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the basis and calculation of the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) Each Lender shall deliver to the Borrower and the Administrative Agent, at such time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not any payments made hereunder or under any other Loan Document are subject to withholding of Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender’s entitlement to any available exemption from, or reduction of, any such withholding of Taxes in respect of any payments to be made to such Lender by any Loan Party pursuant to any Loan Document or otherwise to establish such Lender’s status for withholding tax purposes in the applicable jurisdiction. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Without limiting the generality of Section 2.17(d), each Foreign Lender with respect to any Loan made to the Borrower shall, to the extent it is legally eligible to do so:

(i) deliver to the Borrower and the Administrative Agent, prior to the date on which the first payment to the Foreign Lender is due hereunder, two copies of (A) in the case of a Foreign Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest,” IRS Form W-8BEN or W-8BEN-E, as applicable, (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit I to the Original Credit Agreement, such certificate, the “Non-Bank Tax Certificate”) certifying that such Foreign Lender is not a bank for purposes of Section 881(c) of the Code, is not a “10-percent shareholder” (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a CFC related to the Borrower (within the meaning of Section 864(d)(4) of the Code), and that the interest payments in question are not effectively connected with the conduct by such Lender of a trade or business within the United States of America), (B) IRS Form W-8BEN or W-8BEN-E, as applicable, or Form W-8ECI (or any applicable successor form), in each case properly completed and duly executed by such Foreign Lender claiming complete exemption from, or reduced rate of, U.S. federal withholding tax on payments by the Borrower under this Agreement, (C) IRS Form W-8IMY (or any applicable successor form) and all necessary attachments (including the forms described in clauses (A) and (B) above, provided that if the Foreign Lender is a partnership, and one or more of the partners is claiming portfolio interest treatment, the Non-Bank Tax Certificate may be
provided by such Foreign Lender on behalf of such partners) or (D) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

Any Foreign Lender that becomes legally ineligible to update any form or certification previously delivered shall promptly notify the Borrower and the Administrative Agent in writing of such Foreign Lender’s inability to do so.

Each person that shall become a Participant pursuant to Section 9.04 or a Lender pursuant to Section 9.04 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 2.17(e); provided that a Participant shall furnish all such required forms and statements to the person from which the related participation shall have been purchased.

In addition, each Agent shall deliver to the Borrower (x)(I) prior to the date on which the first payment by the Borrower is due hereunder or (II) prior to the first date on or after the date on which such Agent becomes a successor Administrative Agent pursuant to Section 8.09 on which payment by the Borrower is due hereunder, as applicable, two copies of a properly completed and executed IRS Form W-9 certifying its exemption from U.S. federal backup withholding or such other properly completed and executed documentation prescribed by applicable law certifying its entitlement to an available exemption from applicable U.S. federal withholding taxes in respect of any payments to be made to such Agent by any Loan Party pursuant to any Loan Document including, as applicable, an IRS Form W-8IMY certifying that the Agent is a U.S. branch and intends to be treated as a U.S. person for purposes of withholding under Chapter 3 of the Code pursuant to Section 1.1441-1(b)(2)(iv) of the Treasury Regulations, and (y) on or before the date on which any such previously delivered documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower, and from time to time if reasonably requested by the Borrower, two further copies of such documentation.

(f) If any Lender or the Administrative Agent, as applicable, determines, in its sole discretion, that it has received a refund of an Indemnified Tax or Other Tax for which a payment has been made by a Loan Party pursuant to this Agreement or any other Loan Document, which refund in the good faith judgment of such Lender or the Administrative Agent, as the case may be, is attributable to such payment made by such Loan Party, then the Lender or the Administrative Agent, as the case may be, shall reimburse the Loan Party for such amount (net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent, as the case may be, and without interest other than any interest received thereon from the relevant Governmental Authority with respect to such refund) as the Lender or Administrative Agent, as the case may be, determines in its sole discretion to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse position (taking into account expenses or any Taxes imposed on the refund) than it would have been in if the Indemnified Tax or Other Tax giving rise to such refund had not been imposed in the first instance; provided that the Loan Party, upon the request of the Lender or the Administrative Agent agrees to repay the amount paid over.
to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender or the Administrative Agent in the event the Lender or the Administrative Agent is required to repay such refund to such Governmental Authority. In such event, such Lender or the Administrative Agent, as the case may be, shall, at the Borrower’s request, provide the Borrower with a copy of any notice of assessment or other evidence of the requirement to repay such refund received from the relevant Governmental Authority (provided that such Lender or the Administrative Agent may delete any information therein that it deems confidential). A Lender or the Administrative Agent shall claim any refund that it determines is available to it, unless it concludes in its sole discretion that it would be adversely affected by making such a claim. No Lender nor the Administrative Agent shall be obliged to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party in connection with this clause (f) or any other provision of this Section 2.17.

(g) If the Borrower determines that a reasonable basis exists for contesting an Indemnified Tax or Other Tax for which a Loan Party has paid additional amounts or indemnification payments, each affected Lender or Agent, as the case may be, shall use reasonable efforts to cooperate with the Borrower as the Borrower may reasonably request in challenging such Tax. The Borrower shall indemnify and hold each Lender and Agent harmless against any out-of-pocket expenses incurred by such person in connection with any request made by the Borrower pursuant to this Section 2.17(g). Nothing in this Section 2.17(g) shall obligate any Lender or Agent to take any action that such person, in its sole judgment, determines may result in a material detriment to such person.

(h) Each U.S. Lender shall deliver to the Borrower and the Administrative Agent two IRS Forms W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from U.S. federal backup withholding (i) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), (ii) on or before the date that such form expires or becomes obsolete or invalid, (iii) after the occurrence of a change in the U.S. Lender’s circumstances requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and (iv) from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

(i) If a payment made to any Lender or any Agent under this Agreement or any other Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender or such Agent were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender or such Agent shall deliver to the Borrower and the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent to comply with their obligations under FATCA, to determine whether such Lender has or has not complied with such Lender’s obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 2.17(i), “FATCA” shall include any amendments made to FATCA after the Closing Date.

(j) The agreements in this Section 2.17 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable under any Loan Document.

For purposes of this Section 2.17, the term “Lender” includes any Issuing Bank and the terms “applicable law” and “applicable Requirement of Law” include FATCA.
Section 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Unless otherwise specified, the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of L/C Disbursements, or of amounts payable under Sections 2.15, 2.16 or 2.17, or otherwise) prior to 2:00 p.m., Local Time, on the date when due, in immediately available funds. Each such payment shall be made without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to the Borrower by the Administrative Agent, except payments to be made directly to the applicable Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. Except as otherwise expressly provided herein, if any payment hereunder be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments made under the Loan Documents shall be made in Dollars (or, in the case of Alternate Currency Loans or Alternate Currency Letters of Credit, in the applicable Alternate Currency). Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) Subject to Section 7.02, if at any time insufficient funds are received by and available to the Administrative Agent from the Borrower to pay fully all amounts of principal, unreimbursed L/C Disbursements, interest and fees then due from the Borrower hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (ii) second, towards payment of principal of Swingline Loans and unreimbursed L/C Disbursements then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed L/C Disbursements then due to such parties, and (iii) third, towards payment of principal then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of, or interest on, any of its Term Loans, Revolving Facility Loans or participations in L/C Disbursements or Swingline Loans of a given Class resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of such Class and accrued interest thereon than the proportion received by any other Lender entitled to receive the same proportion of such payment, then the Lender receiving such greater proportion shall purchase participations in the Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of such Class of such other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders entitled thereto ratably in accordance with the principal amount of each such Lender’s respective Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of such Class and accrued interest thereon; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this clause (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a
participation in any of its Loans or participations in L/C Disbursements to any assignee or participant. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the applicable Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank, as applicable, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the applicable Issuing Bank, as applicable, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.05(d) or (e), 2.06 or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender’s obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.19 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or any event that gives rise to the operation of Section 2.20, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17 or mitigate the applicability of Section 2.20, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15 or gives notice under Section 2.20, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or (iii) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require any such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if in respect of any Revolving Facility Commitment or Revolving Facility Loan, the Swingline Lender and the Issuing Banks), to the extent consent would be required under Section 9.04(b) for an assignment of Loans or Commitments, as applicable, which consent, in each case, shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in L/C.
Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15, payments required to be made pursuant to Section 2.17 or a notice given under Section 2.20, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrower may have against any Lender that is a Defaulting Lender. No action by or consent of the removed Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment the Borrower, Administrative Agent, such removed Lender and the replacement Lender shall otherwise comply with Section 9.04, provided, that if such removed Lender does not comply with Section 9.04 within one Business Day after the Borrower’s request, compliance with Section 9.04 shall not be required to effect such assignment.

Section 2.19 Illegality. If any Lender reasonably determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Eurocurrency Loans, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligations of such Lender to make or continue Eurocurrency Loans or to convert ABR Borrowings to Eurocurrency Borrowings shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall upon demand from such Lender (with a copy to the Administrative Agent), convert all Eurocurrency Borrowings of such Lender to ABR Borrowings, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Borrowings to such day, or, immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so converted.
Section 2.21 Incremental Commitments. (a) The Borrower may, by written notice to the Administrative Agent from time to time, request Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments, as applicable, in an amount not to exceed the Incremental Amount available at the time such Incremental Commitments are established (or at the time any commitment relating thereto is entered into or, at the option of the Borrower, at the time of incurrence of the Incremental Loans thereunder) from one or more Incremental Term Lenders and/or Incremental Revolving Facility Lenders (which may include any existing Lender) willing to provide such Incremental Term Loans and/or Incremental Revolving Facility Commitments, as the case may be, in their own discretion; provided, that each Incremental Revolving Facility Lender providing a commitment to make revolving loans shall be subject to the approval of the Administrative Agent and, to the extent the same would be required for an assignment under Section 9.04, the Issuing Banks and the Swingline Lender (which approvals shall not be unreasonably withheld) unless such Incremental Revolving Facility Lender is a Revolving Facility Lender. Such notice shall set forth (i) the amount of the Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments being requested (which shall be in minimum increments of $5,000,000 and a minimum amount of $10,000,000, or equal to the remaining Incremental Amount or, in each case, such lesser amount approved by the Administrative Agent), (ii) the date on which such Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments are requested to become effective, (iii) in the case of Incremental Revolving Facility Commitments, whether such Incremental Revolving Facility Commitments are to be (x) commitments to make additional Revolving Facility Loans on the same terms as the Initial Revolving Loans or (y) commitments to make revolving loans with pricing terms, final maturity dates, participation in mandatory prepayments or commitment reductions and/or other terms different from the Initial Revolving Loans (“Other Revolving Loans”) and (iv) in the case of Incremental Term Loan Commitments, whether such Incremental Term Loan Commitments are to be (x) commitments to make term loans with terms identical to Term B Loans or (y) commitments to make term loans with pricing, maturity, amortization, participation in mandatory prepayments and/or other terms different from the Term B Loans (“Other Term Loans”).

(b) The Borrower and each Incremental Term Lender and/or Incremental Revolving Facility Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Term Loan Commitment of such Incremental Term Lender and/or Incremental Revolving Facility Commitment of such Incremental Revolving Facility Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Incremental Term Loans and/or Incremental Revolving Facility Commitments; provided, that:

(i) any commitments to make additional Term B Loans and/or additional Initial Revolving Loans shall have the same terms as the Term B Loans or Initial Revolving Loans, respectively;

(ii) the Other Term Loans incurred pursuant to clause (a) of this Section 2.21 shall rank pari passu or, at the option of the Borrower, junior in right of security with the Term B Loans (provided, that if such Other Term Loans rank junior in right of security with the Term B Loans, such Other Term Loans shall subject to a Permitted Junior Intercreditor Agreement and, for the avoidance of doubt, shall not be subject to clause (vii) below),
(iii) the final maturity date of any such Other Term Loans shall be no earlier than the Term B Facility Maturity Date and, except as to pricing, amortization, final maturity date, participation in mandatory prepayments and ranking as to security (which shall, subject to the other clauses of this proviso, be determined by the Borrower and the Incremental Term Lenders in their sole discretion), shall have (x) substantially similar terms as the Term B Loans or (y) such other terms (including as to guarantees and collateral) as shall be reasonably satisfactory to the Administrative Agent,

(iv) the Weighted Average Life to Maturity of any such Other Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Term B Loans,

(v) the Other Revolving Loans incurred pursuant to clause (a) of this Section 2.21 shall rank pari passu or, at the option of the Borrower, junior in right of security with the Initial Revolving Loans (provided, that if such Other Revolving Loans rank junior in right of security with the Initial Revolving Loans, such Other Revolving Loans shall be subject to a Permitted Junior Intercreditor Agreement),

(vi) the final maturity date of any such Other Revolving Loans shall be no earlier than the Revolving Facility Maturity Date with respect to the Initial Revolving Loans and, except as to pricing, final maturity date, participation in mandatory prepayments and commitment reductions and ranking as to security (which shall, subject to the other clauses of this proviso, be determined by the Borrower and the Incremental Revolving Facility Lenders in their sole discretion), shall have (x) substantially similar terms as the Initial Revolving Loans or (y) such other terms (including as to guarantees and collateral) as shall be reasonably satisfactory to the Administrative Agent,

(vii) with respect to any Other Term Loan incurred prior to the twelve month anniversary of the Closing Date pursuant to clause (a) of this Section 2.21 that ranks pari passu in right of security with the Term B Loans, the All-in Yield shall be the same as that applicable to the Term B Loans on the Closing Date, except that the All-in Yield in respect of any such Other Term Loan may exceed the All-in Yield in respect of such Term B Loans on the Closing Date by no more than 0.50%, or if it does so exceed such All-in Yield by more than 0.50% (such difference, the “Term Yield Differential”) then the Applicable Margin (or the “LIBOR floor” as provided in the following proviso) applicable to such Term B Loans shall be increased such that after giving effect to such increase, the Term Yield Differential shall not exceed 0.50%; provided that, to the extent any portion of the Term Yield Differential is attributable to a higher “LIBOR floor” being applicable to such Other Term Loans, such floor shall only be included in the calculation of the Term Yield Differential to the extent such floor is greater than the Adjusted LIBO Rate in effect for an Interest Period of three months’ duration at such time, and, with respect to such excess, the “LIBOR floor” applicable to the outstanding Term B Loans shall be increased to an amount not to exceed the “LIBOR floor” applicable to such Other Term Loans prior to any increase in the Applicable Margin applicable to such Term B Loans then outstanding;

(viii) (A) such Other Revolving Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Initial Revolving Loans in (x) any voluntary or mandatory prepayment or commitment reduction hereunder and (y) any Borrowing at the time such Borrowing is made and (B) such Other Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Term B Loans in any mandatory prepayment hereunder; and

(ix) there shall be no obligor in respect of any Incremental Term Loan Commitments or Incremental Revolving Facility Commitments that is not a Loan Party.
Each party hereto hereby agrees that, upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any amendment to this Agreement or any other Loan Document that is necessary to effect the provisions of this Section 2.21 and any such collateral and other documentation shall be deemed “Loan Documents” hereunder and may be memorialized in writing by the Administrative Agent with the Borrower’s consent (not to be unreasonably withheld) and furnished to the other parties hereto.

(c) Notwithstanding the foregoing, no Incremental Term Loan Commitment or Incremental Revolving Facility Commitment shall become effective under this Section 2.21 unless (i) on the date of such effectiveness, (A) to the extent required by the relevant Incremental Assumption Agreement, the conditions set forth in clause (c) of Section 4.01 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Responsible Officer of the Borrower and (B) if such Incremental Term Loan Commitment or Incremental Revolving Facility Commitment is established for a purpose other than financing any Permitted Business Acquisition or any other acquisition that is permitted by this Agreement, no Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred or be continuing or would result therefrom and (ii) the Administrative Agent shall have received customary legal opinions, board resolutions and other customary closing certificates and documentation as required by the relevant Incremental Assumption Agreement and, to the extent required by the Administrative Agent, consistent with those delivered on the Closing Date under Section 4.02 of the Original Credit Agreement and such additional customary documents and filings (including amendments to the Mortgages and other Security Documents and title endorsement bringdowns) as the Administrative Agent may reasonably request to assure that the Incremental Term Loans and/or Revolving Facility Loans in respect of Incremental Revolving Facility Commitments are secured by the Collateral ratable with (or, to the extent set forth in the applicable Incremental Assumption Agreement, junior to) one or more Classes of then-existing Term Loans and Revolving Facility Loans.

(d) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that (i) all Incremental Term Loans (other than Other Term Loans of a different Class), when originally made, are included in each Borrowing of the outstanding applicable Class of Term Loans on a pro rata basis, and (ii) all Revolving Facility Loans in respect of Incremental Revolving Facility Commitments (other than Revolving Facility Loans of a different Class), when originally made, are included in each Borrowing of the applicable Class of outstanding Revolving Facility Loans on a pro rata basis. The Borrower agrees that Section 2.16 shall apply to any conversion of Eurocurrency Loans to ABR Loans reasonably required by the Administrative Agent to effect the foregoing.

(e) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (e) through (i) of this Section 2.21), pursuant to one or more offers made from time to time by the Borrower to all Lenders of any Class of Term Loans and/or Revolving Facility Commitments, on a pro rata basis (based, in the case of an offer to the Lenders under any Class of Term Loans, on the aggregate outstanding Term Loans of such Class and, in the case of an offer to the Lenders under any Revolving Facility, on the aggregate outstanding Revolving Facility Commitments under such Revolving Facility, as applicable) and on the same terms (“Pro Rata Extension Offers”), the Borrower is hereby permitted to consummate transactions with individual Lenders from time to time to extend the maturity date of such Lender’s Loans and/or Commitments of such Class and to otherwise modify the terms of such Lender’s Loans and/or Commitments of such Class pursuant to the terms of the relevant Pro Rata Extension Offer (including, without limitation, increasing the interest rate or fees payable in respect of such Lender’s Loans and/or...
Commitments and/or modifying the amortization schedule in respect of such Lender’s Loans). For the avoidance of doubt, the reference to “on the same terms” in the preceding sentence shall mean, (i) in the case of an offer to the Lenders under any Class of Term Loans, that all of the Term Loans of such Class are offered to be extended for the same amount of time and that the interest rate changes and fees payable with respect to such extension are the same and (ii) in the case of an offer to the Lenders under any Revolving Facility, that all of the Revolving Facility Commitments of such Facility are offered to be extended for the same amount of time and that the interest rate changes and fees payable with respect to such extension are the same. Any such extension (an “Extension”) agreed to between the Borrower and any such Lender (an “Extending Lender”) will be established under this Agreement by implementing an Incremental Term Loan for such Lender if such Lender is extending an existing Term Loan (such extended Term Loan, an “Extended Term Loan”) or an Incremental Revolving Facility Commitment for such Lender if such Lender is extending an existing Revolving Facility Commitment (such extended Revolving Facility Commitment, an “Extended Revolving Facility Commitment” and any Revolving Facility Loans made thereunder, “Extended Revolving Loans”). Each Pro Rata Extension Offer shall specify the date on which the Borrower proposes that the Extended Term Loan shall be made or Extended Revolving Facility Commitment shall become effective, which shall be a date not earlier than five Business Days after the date on which notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion).

(f) The Borrower and each Extending Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Extended Term Loans and/or Extended Revolving Facility Commitments of such Extending Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Extended Term Loans and/or Extended Revolving Facility Commitments; provided, that (i) except as to interest rates, fees and any other pricing terms (which interest rates, fees and other pricing terms shall not be subject to the provisions set forth in Section 2.21(b)(vii)), and amortization, final maturity date and participation in prepayments and commitment reductions (which shall, subject to clauses (ii) and (iii) of this proviso, be determined by the Borrower and set forth in the Pro Rata Extension Offer), the Extended Term Loans shall have (x) the same terms as an existing Class of Term Loans or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent, (ii) the final maturity date of any Extended Term Loans shall be no earlier than the latest Term Facility Maturity Date in effect on the date of incurrence, (iii) the Weighted Average Life to Maturity of any Extended Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Class of Term Loans to which such offer relates, (iv) except as to interest rates, fees, any other pricing terms, participation in mandatory prepayments and commitment reductions and final maturity (which shall be determined by the Borrower and set forth in the Pro Rata Extension Offer), any Extended Revolving Facility Commitment shall have (x) the same terms as an existing Class of Revolving Facility Commitments or (y) have such other terms as shall be reasonably satisfactory to the Administrative Agent and, in respect of any other terms that would affect the rights or duties of any Issuing Bank or Swingline Lender, such terms as shall be reasonably satisfactory to such Issuing Bank or Swingline Lender, (v) any Extended Revolving Facility Commitments may participate on a pro rata basis or a less than pro rata basis (but not greater than a pro rata basis) than the Initial Revolving Loans in any voluntary or mandatory prepayment or commitment reduction hereunder and (vi) any Extended Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Term B Loans in any mandatory prepayment hereunder. Upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Extended Term Loans and/or Extended Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any such deemed amendment may be memorialized in writing by the Administrative Agent with the Borrower’s consent (not to be unreasonably withheld) and furnished to the other parties hereto. If provided in any Incremental Assumption Agreement with respect to any Extended Revolving Facility Commitments, and with the consent of each Swingline Lender and Issuing Bank, participations in Swingline Loans and Letters of Credit shall be reallocated to lenders holding such Extended Revolving Facility Commitments in the manner specified in such Incremental Assumption Agreement, including upon effectiveness of such Extended Revolving Facility Commitment or upon or prior to the maturity date for any Class of Revolving Facility Commitments.
Upon the effectiveness of any such Extension, the applicable Extending Lender’s Term Loan will be automatically designated an Extended Term Loan and/or such Extending Lender’s Revolving Facility Commitment will be automatically designated an Extended Revolving Facility Commitment. For purposes of this Agreement and the other Loan Documents, (i) if such Extending Lender is extending a Term Loan, such Extending Lender will be deemed to have an Incremental Term Loan having the terms of such Extended Term Loan and (ii) if such Extending Lender is extending a Revolving Facility Commitment, such Extending Lender will be deemed to have an Incremental Revolving Facility Commitment having the terms of such Extended Revolving Facility Commitment.

Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including, without limitation, this Section 2.21), (i) the aggregate amount of Extended Term Loans and Extended Revolving Facility Commitments will not be included in the calculation of the Incremental Amount, (ii) no Extended Term Loan or Extended Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, (iii) any Extending Lender may extend all or any portion of its Term Loans and/or Revolving Facility Commitment pursuant to one or more Pro Rata Extension Offers (subject to applicable proration in the case of over participation) (including the extension of any Extended Term Loan and/or Extended Revolving Facility Commitment), (iv) there shall be no condition to any Extension of any Loan or Commitment at any time or from time to time other than notice to the Administrative Agent of such Extension and the terms of the Extended Term Loan or Extended Revolving Facility Commitment implemented thereby, (v) all Extended Term Loans, Extended Revolving Facility Commitments and all obligations in respect thereof shall be Loan Obligations of the relevant Loan Parties under this Agreement and the other Loan Documents that are secured by the Collateral on a pari passu basis with all other Obligations relating to an existing Class of Term Loans of the relevant Loan Parties under this Agreement and the other Loan Documents, (vi) no Issuing Bank or Swingline Lender shall be obligated to provide Swingline Loans or issue Letters of Credit under such Extended Revolving Facility Commitments unless it shall have consented thereto and (vii) there shall be no obligor in respect of any such Extended Term Loans or Extended Revolving Facility Commitments that is not a Loan Party.

Each Extension shall be consummated pursuant to procedures set forth in the associated Pro Rata Extension Offer; provided, that the Borrower shall cooperate with the Administrative Agent prior to making any Pro Rata Extension Offer to establish reasonable procedures with respect to mechanical provisions relating to such Extension, including, without limitation, timing, rounding and other adjustments.

Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (j) through (o) of this Section 2.21), the Borrower may by written notice to the Administrative Agent establish one or more additional tranches of term loans under this Agreement (such loans, “Refinancing Term Loans”), the net cash proceeds of which are used to Refinance in whole or in part any Class of Term Loans. Each such notice shall specify the date (each, a “Refinancing Effective Date”) on which the Borrower proposes that the Refinancing Term Loans shall be made, which shall be a date not earlier than five Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion); provided, that:
(i) before and after giving effect to the borrowing of such Refinancing Term Loans on the Refinancing Effective Date each of the conditions set forth in Section 4.01 shall be satisfied to the extent required by the relevant Incremental Assumption Agreement governing such Refinancing Term Loans;

(ii) the final maturity date of the Refinancing Term Loans shall be no earlier than the Term Facility Maturity Date of the refinanced Term Loans;

(iii) the Weighted Average Life to Maturity of such Refinancing Term Loans shall be no shorter than the then-remaining Weighted Average Life to Maturity of the refinanced Term Loans;

(iv) the aggregate principal amount of the Refinancing Term Loans shall not exceed the outstanding principal amount of the refinanced Term Loans plus amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith;

(v) all other terms applicable to such Refinancing Term Loans (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in Section 2.21(b)(vii)) and optional prepayment or mandatory prepayment or redemption terms, which shall be as agreed between the Borrower and the Lenders providing such Refinancing Term Loans) taken as a whole shall be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms, taken as a whole, applicable to the Term B Loans (except to the extent such covenants and other terms apply solely to any period after the Term B Facility Maturity Date or are otherwise reasonably acceptable to the Administrative Agent), as determined by the Borrower in good faith. In addition, notwithstanding the foregoing, the Borrower may establish Refinancing Term Loans to refinance and/or replace all or any portion of a Revolving Facility Commitment (regardless of whether Revolving Facility Loans are outstanding under such Revolving Facility Commitments at the time of incurrence of such Refinancing Term Loans), so long as (1) the aggregate amount of such Refinancing Term Loans does not exceed the aggregate amount of Revolving Facility Commitments terminated at the time of incurrence thereof, (2) if the Revolving Facility Credit Exposure outstanding on the Refinancing Effective Date would exceed the aggregate amount of Revolving Facility Commitments in effect on the Refinancing Effective Date after giving effect to the termination of such Revolving Facility Commitments, the Borrower shall take one or more actions such that such Revolving Facility Credit Exposure does not exceed such aggregate amount of Revolving Facility Commitments in effect on the Refinancing Effective Date after giving effect to the termination of such Revolving Facility Commitments (it being understood that (x) such Refinancing Term Loans may be provided by the Lenders holding the Revolving Facility Commitments being terminated and/or by any other person that would be a permitted Assignee hereunder and (y) the proceeds of such Refinancing Term Loans shall not constitute Net Proceeds hereunder), (3) the Weighted Average Life to Maturity of the Refinancing Term Loans (disregarding any customary amortization for this purpose) shall be no shorter than the remaining life to termination of the terminated Revolving Facility Commitments, (4) the final maturity date of the Refinancing Term Loans shall be no earlier than the termination date of the terminated Revolving Facility Commitments and (5) all other terms applicable to such Refinancing Term Loans (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in Section 2.21(b)(vii)) and optional prepayment or mandatory prepayment or redemption terms, which shall be as agreed between the
Borrower and the Lenders providing such Refinancing Term Loans) taken as a whole shall be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms, taken as a whole, applicable to the Term B Loans (except to the extent such covenants and other terms apply solely to any period after the Term B Facility Maturity Date or are otherwise reasonably acceptable to the Administrative Agent, as determined by the Borrower in good faith;

(vi) with respect to Refinancing Term Loans secured by Liens on the Collateral that rank pari passu or junior in right of security to the Term B Loans, such Liens will be subject to a Permitted Pari Passu Intercreditor Agreement or Permitted Junior Intercreditor Agreement, as applicable; and

(vii) there shall be no obligor in respect of such Refinancing Term Loans that is not a Loan Party.

(k) The Borrower may approach any Lender or any other person that would be a permitted Assignee pursuant to Section 9.04 to provide all or a portion of the Refinancing Term Loans; provided, that any Lender offered or approached to provide all or a portion of the Refinancing Term Loans may elect or decline, in its sole discretion, to provide a Refinancing Term Loan. Any Refinancing Term Loans made on any Refinancing Effective Date shall be designated an additional Class of Term Loans for all purposes of this Agreement; provided, further, that any Refinancing Term Loans may, to the extent provided in the applicable Incremental Assumption Agreement governing such Refinancing Term Loans, be designated as an increase in any previously established Class of Term Loans made to the Borrower.

(l) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (l) through (o) of this Section 2.21), the Borrower may by written notice to the Administrative Agent establish one or more additional Facilities providing for revolving commitments (“Replacement Revolving Facilities” and the commitments thereunder, “Replacement Revolving Facility Commitments” and the revolving loans thereunder, “Replacement Revolving Loans”), which replace in whole or in part any Class of Revolving Facility Commitments under this Agreement. Each such notice shall specify the date (each, a “Replacement Revolving Facility Effective Date”) on which the Borrower proposes that the Replacement Revolving Facility Commitments shall become effective, which shall be a date not less than five Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion); provided that: (i) before and after giving effect to the establishment of such Replacement Revolving Facility Commitments on the Replacement Revolving Facility Effective Date, each of the conditions set forth in Section 4.01 shall be satisfied to the extent required by the relevant Incremental Assumption Agreement governing such Replacement Revolving Facility Commitments; (ii) after giving effect to the establishment of any Replacement Revolving Facility Commitments and any concurrent reduction in the aggregate amount of any other Revolving Facility Commitments outstanding immediately prior to the applicable Replacement Revolving Facility Effective Date; (iii) no Replacement Revolving Facility Commitments shall have a final maturity date (or require commitment reductions or amortizations) prior to the Revolving Facility Maturity Date in effect at the time of incurrence for the Revolving Facility Commitments being replaced; (iv) all other terms applicable to such Replacement Revolving Facility (other than provisions relating to (x) fees, interest rates and other pricing terms and prepayment and commitment reduction and optional redemption terms which shall be as agreed between the Borrower and the Lenders providing such Replacement Revolving Facility Commitments and (y) the amount of any letter of credit sublimit and swingline commitment under such

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Replacement Revolving Facility, which shall be as agreed between the Borrower, the Lenders providing such Replacement Revolving Facility Commitments, the Administrative Agent and the replacement issuing bank and replacement swingline lender, if any, under such Replacement Revolving Facility Commitments) taken as a whole shall be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms, taken as a whole, applicable to the Initial Revolving Loans (except to the extent such covenants and other terms apply solely to any period after the latest Revolving Facility Maturity Date in effect at the time of incurrence or are otherwise reasonably acceptable to the Administrative Agent); and (v) there shall be no obligor in respect of such Replacement Revolving Facility that is not a Loan Party. In addition, the Borrower may establish Replacement Revolving Facility Commitments to refinance and/or replace all or any portion of a Term Loan hereunder (regardless of whether such Term Loan is repaid with the proceeds of Replacement Revolving Loans or otherwise), so long as the aggregate amount of such Replacement Revolving Facility Commitments does not exceed the aggregate amount of Term Loans repaid at the time of establishment thereof (it being understood that such Replacement Revolving Facility Commitment may be provided by the Lenders holding the Term Loans being repaid and/or by any other Person that would be a permitted Assignee hereunder) so long as (i) before and after giving effect to the establishment such Replacement Revolving Facility Commitments on the Replacement Revolving Facility Effective Date each of the conditions set forth in Section 4.01 shall be satisfied to the extent required by the relevant agreement governing such Replacement Revolving Facility Commitments, (ii) the remaining life to termination of such Replacement Revolving Facility Commitments shall be no shorter than the Weighted Average Life to Maturity then applicable to the refinanced Term Loans, (iii) the final termination date of the Replacement Revolving Facility Commitments shall be no earlier than the Term Facility Maturity Date of the refinanced Term Loans, (iv) with respect to Replacement Revolving Loans secured by Liens on Collateral that rank junior in right of security to the Initial Revolving Loans, such Liens will be subject to a Permitted Junior Intercreditor Agreement and (v) the requirement of clause (v) in the preceding sentence shall be satisfied mutatis mutandis. Solely to the extent that an Issuing Bank or Swingline Lender is not a replacement issuing bank or replacement swingline lender, as the case may be, under a Replacement Revolving Facility, it is understood and agreed that such Issuing Bank or Swingline Lender shall not be required to issue any letters of credit or swingline loans under such Replacement Revolving Facility and, to the extent it is necessary for such Issuing Bank or Swingline Lender to withdraw as an Issuing Bank or Swingline Lender, as the case may be, at the time of the establishment of such Replacement Revolving Facility, such withdrawal shall be on terms and conditions reasonably satisfactory to such Issuing Bank or Swingline Lender, as the case may be, in its sole discretion. The Borrower agrees to reimburse each Issuing Bank or Swingline Lender, as the case may be, in full upon demand, for any reasonable and documented out-of-pocket cost or expense attributable to such withdrawal.

(m) The Borrower may approach any Lender or any other person that would be a permitted Assignee of a Revolving Facility Commitment pursuant to Section 9.04 to provide all or a portion of the Replacement Revolving Facility Commitments; provided that any Lender offered or approached to provide all or a portion of the Replacement Revolving Facility Commitments may elect or decline, in its sole discretion, to provide a Replacement Revolving Facility Commitment. Any Replacement Revolving Facility Commitment made on any Replacement Revolving Facility Effective Date shall be designated an additional Class of Revolving Facility Commitments for all purposes of this Agreement; provided that any Replacement Revolving Facility Commitments may, to the extent provided in the applicable Incremental Assumption Agreement, be designated as an increase in any previously established Class of Revolving Facility Commitments.
(n) On any Replacement Revolving Facility Effective Date, subject to the satisfaction of the foregoing terms and conditions, each of the Lenders with Replacement Revolving Facility Commitments of such Class shall purchase from each of the other Lenders with Replacement Revolving Facility Commitments of such Class, at the principal amount thereof and in the applicable currencies, such interests in the Replacement Revolving Loans and participations in Letters of Credit and Swingline Loans under such Replacement Revolving Facility Commitments of such Class then outstanding on such Replacement Revolving Facility Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, the Replacement Revolving Loans and participations of such Replacement Revolving Facility Commitments of such Class will be held by the Lenders thereunder ratably in accordance with their Replacement Revolving Facility Commitments.

(o) For purposes of this Agreement and the other Loan Documents, (i) if a Lender is providing a Refinancing Term Loan, such Lender will be deemed to have an Incremental Term Loan having the terms of such Refinancing Term Loan and (ii) if a Lender is providing a Replacement Revolving Facility Commitment, such Lender will be deemed to have an Incremental Revolving Facility Commitment having the terms of such Replacement Revolving Facility Commitment. Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including, without limitation, this Section 2.21), (i) the aggregate amount of Refinancing Term Loans and Replacement Revolving Facility Commitments will not be included in the calculation of the Incremental Amount, (ii) no Refinancing Term Loan or Replacement Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, (iii) there shall be no condition to any incurrence of any Refinancing Term Loan or Replacement Revolving Facility Commitment at any time or from time to time other than those set forth in clauses (j) or (l) above, as applicable, and (iv) all Refinancing Term Loans, Replacement Revolving Facility Commitments and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that are secured by the Collateral on a pari passu basis with all other Obligations under this Agreement and the other Loan Documents.

(p) Notwithstanding anything in the foregoing to the contrary, (i) for the purpose of determining the number of outstanding Eurocurrency Borrowings upon the incurrence of any Incremental Loans, (x) to the extent the last date of Interest Periods for multiple Eurocurrency Borrowings under the Term Facilities fall on the same day, such Eurocurrency Borrowings shall be considered a single Eurocurrency Borrowing and (y) to the extent the last date of Interest Periods for multiple Eurocurrency Borrowings under the Revolving Facilities fall on the same day, such Eurocurrency Borrowings shall be considered a single Eurocurrency Borrowing and (ii) the initial Interest Period with respect to any Eurocurrency Borrowing of Incremental Loans may, at the Borrower’s option, be of a duration of a number of Business Days that is less than one month, and the Adjusted LIBO Rate with respect to such initial Interest Period shall be the same as the Adjusted LIBO Rate applicable to any then-outstanding Eurocurrency Borrowing as the Borrower may direct, so long as the last day of such initial Interest Period is the same as the last day of the Interest Period with respect to such outstanding Eurocurrency Borrowing.

Section 2.22 Defaulting Lender. (a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of “Required Lenders” or “Required Revolving Facility Lenders.”

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, following an Event of Default or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.06 shall be
applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank or the Swingline Lender hereunder, third, to Cash Collateralize the Issuing Banks’ Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.05(j), fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender’s potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Banks’ future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.05(j), sixth, to the payment of any amounts owing to the Lenders, the Issuing Banks or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, Issuing Bank or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement, seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement, and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.22 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. (A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender.

(B) Each Defaulting Lender shall be entitled to receive L/C Participation Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its pro rata share of the stated amount of Letters of Credit for which it has provided Cash Collateral.

(C) With respect to any Commitment Fee or L/C Participation Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender’s participation in Letters of Credit or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Bank and the Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Bank’s or Swingline Lender’s Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender’s participation in Letters of Credit and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective pro rata Commitments (calculated without regard to such Defaulting Lender’s Commitment) but only to the extent that (x) the conditions set forth in Section 4.01 are satisfied at the time of such reallocation and (y) such reallocation does not cause the aggregate Revolving Facility Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender’s Revolving Facility Commitment. Subject to Section 9.24, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender’s increased exposure following such reallocation.
(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, within three (3) Business Days following the written request of (i) the Administrative Agent or (ii) the Swingline Lender or any Issuing Bank, as applicable (with a copy to the Administrative Agent) (x) first, prepay Swingline Loans in an amount equal to the Swingline Lender’s Fronting Exposure and (y) second, Cash Collateralize the Issuing Banks’ Fronting Exposure in accordance with the procedures set forth in Section 2.05(j).

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent and the Swingline Lender and each Issuing Bank agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Revolving Facility Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with their Revolving Facility Commitments (without giving effect to Section 2.22(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender’s having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) the Issuing Banks shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE III

Representations and Warranties

On the date of each Credit Event, the Borrower represents and warrants to each of the Lenders that:

Section 3.01 Organization; Powers. Except as set forth on Schedule 3.01 to the Original Credit Agreement, each of Holdings (prior to a Qualified IPO), the Borrower and each of the Material Subsidiaries (a) is a partnership, limited liability company or corporation duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States of America) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify would not reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrower, to borrow and otherwise obtain credit hereunder.
Section 3.02 Authorization. The execution, delivery and performance by the Borrower and each of the Subsidiary Loan Parties and, in the case of Section 3.02(a) and 3.02(b)(i)(B), Holdings (prior to a Qualified IPO), of each of the Loan Documents to which it is a party and the borrowings hereunder (a) have been duly authorized by all corporate, stockholder, partnership or limited liability company action required to be obtained by Holdings, the Borrower and such Subsidiary Loan Parties and (b) will not (i) violate (A) any provision of law, statute, rule or regulation applicable to Holdings, the Borrower or any such Subsidiary Loan Party, (B) the certificate or articles of incorporation or other constitutive documents (including any partnership, limited liability company or operating agreements) or by-laws of Holdings, the Borrower, or any such Subsidiary Loan Party, (C) any applicable order of any court or any rule, regulation or order of any Governmental Authority applicable to the Borrower or any such Subsidiary Loan Party or (D) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which the Borrower or any such Subsidiary Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) result in a breach of or constitute (alone or with due notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02(b), would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to (x) any property or assets now owned or hereafter acquired by the Borrower or any such Subsidiary Loan Party, other than the Liens created by the Loan Documents and Permitted Liens, or (y) any Equity Interests of the Borrower now owned or hereafter acquired by Holdings (prior to a Qualified IPO), other than Liens created by the Loan Documents or Liens permitted by Article VIA.

Section 3.03 Enforceability. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by the Borrower and each Subsidiary Loan Party that is party thereto and the Holdings Guarantee and Pledge Agreement when executed and delivered by Holdings will constitute, a legal, valid and binding obligation of such Loan Party enforceable against the Borrower, such Subsidiary Loan Party and Holdings, as applicable, in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors’ rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (iii) implied covenants of good faith and fair dealing and (iv) any foreign laws, rules and regulations as they relate to pledges of Equity Interests of Foreign Subsidiaries that are not Loan Parties.

Section 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required for the execution, delivery or performance of each Loan Document to which the Borrower or any Subsidiary Loan Party is a party, except for (a) the filing of Uniform Commercial Code financing statements, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) recordation of the Mortgages, (d) such as have been made or obtained and are in full force and effect, (e) such actions, consents and approvals the failure of which to be obtained or made would not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 3.04 to the Original Credit Agreement and any other filings or registrations required by the Security Documents.
Section 3.05 Financial Statements. (a) The audited consolidated balance sheets as of December 31, 2014 and December 31, 2015 and the statements of income, stockholders’ equity, and cash flow for the fiscal years ended December 31, 2013, December 31, 2014 and December 31, 2015 for the Company and its consolidated subsidiaries, and (b) the unaudited consolidated balance sheets and statements of income, stockholders’ equity and cash flow as of and for the fiscal quarter ended June 30, 2016 for the Company and its consolidated subsidiaries, including the notes thereto, if applicable, present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates and for the periods referred to therein and the results of operations and, if applicable, cash flows for the periods then ended, and, except as set forth on Schedule 3.05 to the Original Credit Agreement, were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except, in the case of interim period financial statements, for the absence of notes and for normal year-end adjustments and except as otherwise noted therein.

Section 3.06 No Material Adverse Effect. Since the Closing Date, there has been no event or circumstance that, individually or in the aggregate with other events or circumstances, has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.07 Title to Properties; Possession Under Leases. (a) Each of the Borrower and the Subsidiaries has valid title in fee simple or equivalent to, or valid leasehold interests in, or easements or other limited property interests in, all its Real Properties (including all Mortgaged Properties) and has valid title to its personal property and assets, in each case, except for Permitted Liens and except for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failure to have such title would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Permitted Liens or Liens arising by operation of law. The Equity Interests of the Borrower owned by Holdings (prior to a Qualified IPO) are free and clear of Liens, other than Liens permitted by Article VIA.

(b) The Borrower and each of the Subsidiaries has complied with all material obligations under all leases to which it is a party, except where the failure to comply would not reasonably be expected to have Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect would not reasonably be expected to have a Material Adverse Effect.

(c) As of the Closing Date, none of the Borrower and the Subsidiaries has received any written notice of any pending or contemplated condemnation proceeding affecting any material portion of the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation that remains unresolved as of the Closing Date, except as set forth on Schedule 3.07(c) to the Original Credit Agreement.

(d) As of the Closing Date, none of the Borrower and its Subsidiaries is obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein, except as permitted under Section 6.02 or 6.05 or as would not reasonably be expected to have a Material Adverse Effect.

(e) Schedule 1.01(E) to the Original Credit Agreement lists each Material Real Property owned by any Loan Party as of the Closing Date.

Section 3.08 Subsidiaries. (a) Schedule 3.08(a) to the Original Credit Agreement sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Subsidiary of the Borrower and, as to each such Subsidiary, the percentage of each class of Equity Interests owned by the Borrower or by any such Subsidiary.
(b) As of the Closing Date, after giving effect to the Transactions, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors (or entities controlled by directors) and shares held by directors (or entities controlled by directors)) relating to any Equity Interests of the Borrower or any of the Subsidiaries, except as set forth on Schedule 3.08(b) to the Original Credit Agreement.

Section 3.09 Litigation; Compliance with Laws. (a) There are no actions, suits or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of the Borrower, threatened in writing against the Borrower or any of the Subsidiaries or any business, property or rights of any such person (including those that involve any Loan Document) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, except for any action, suit or proceeding at law or in equity or by or on behalf of any Governmental Authority or in arbitration which has been disclosed in any of the Company’s or Merger Sub’s public filings with the Securities and Exchange Commission prior to the Closing Date or which arises out of the same facts and circumstances, and alleges substantially the same complaints and damages, as any action, suit or proceeding so disclosed and in which there has been no material adverse change since the date of such disclosure.

(b) None of the Borrower, the Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws, which are the subject of Section 3.16) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.10 Federal Reserve Regulations. Neither the making of any Loan (or the extension of any Letter of Credit) hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, Regulation U or Regulation X of the Board.

Section 3.11 Investment Company Act. None of Holdings (prior to a Qualified IPO), the Borrower and the Subsidiaries is required to be registered as an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

Section 3.12 Use of Proceeds. (a) The Borrower will use the proceeds of the Revolving Facility Loans and Swingline Loans, and may request the issuance of Letters of Credit, solely for general corporate purposes (including, without limitation, for the Transactions, the 2016 Repricing Transactions, the June 2017 Transactions, transactions in connection with the 2020 Incremental Assumption Agreement, Permitted Business Acquisitions, Capital Expenditures and Transaction Expenses and, in the case of Letters of Credit, for the back-up or replacement of existing letters of credit); provided, that the proceeds of any Revolving Facility Loans made under the Revolving Facility Commitments on the 2020 Effective Date may be used to refinance and replace any Revolving Facility Loans outstanding immediately prior to giving effect to the effectiveness of the 2020 Effective Date, (b) the Borrower will use the proceeds of (i) the June 2017 Refinancing Term B Loans made on the June 2017 Effective Date, together with cash on hand of the Borrower and the Subsidiaries, to refinance the Existing Term B Loans (as defined in the June 2017 Incremental Assumption and Amendment Agreement) and to pay related Transaction Expenses and (ii) the June Incremental Term B Loans for general corporate purposes (including, without limitation, for the June 2017 Transactions, Permitted Business Acquisitions, Capital Expenditures and Transaction Expenses) and (c) the Borrower will use the proceeds of the November 2017 Term B Loans made on the November 2017 Effective Date (i) to finance...
a portion of the acquisition directly or indirectly by the Borrower of Datapipe Parent, Inc., a Delaware corporation ("Datapipe"), pursuant to that certain Agreement and Plan of Merger, dated as of September 6, 2017, by, among others, Inception Topco, Inc., as purchaser, the Borrower and Datapipe Holdings, LLC, as seller, and other related transactions in connection therewith, (ii) to repay certain indebtedness of Datapipe and (iii) to pay fees and expenses in connection therewith.

Section 3.13 Tax Returns. Except as set forth on Schedule 3.13 to the Original Credit Agreement:

(a) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Borrower and each of the Subsidiaries has filed or caused to be filed all federal, state, local and non-U.S. Tax returns required to have been filed by it (including in its capacity as withholding agent) and each such Tax return is true and correct;

(b) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Borrower and each of the Subsidiaries has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all Taxes due), except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which the Borrower or any of the Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP; and

(c) Other than as would not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, as of the Closing Date, with respect to the Borrower and each of the Subsidiaries, there are no claims being asserted in writing with respect to any Taxes.

Section 3.14 No Material Misstatements. (a) All written factual information (other than the Projections, forward looking information and information of a general economic nature or general industry nature) (the "Information") concerning the Borrower, the Subsidiaries, the Transactions and any other transactions contemplated by the Original Credit Agreement included in the Information Memorandum or otherwise prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated by the Original Credit Agreement (to the extent such Information relates to the Company on or prior to the Closing Date, to the Company’s knowledge), when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made (giving effect to all supplements and updates provided thereto).

(b) The Projections and other forward looking information and information of a general economic nature prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that such Projections as are to future events and are not to be viewed as facts, such Projections are subject to significant uncertainties and contingencies and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized), as of the date such Projections and information were furnished to the Lenders.
As of the 2020 Effective Date, to the best knowledge of the Company, the information included in the Beneficial Ownership Certificate provided on or prior to the 2020 Effective Date to any Lender in connection with this Agreement is true and correct in all material respects.

Section 3.15 Employee Benefit Plans. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) no Reportable Event has occurred during the past five years as to which the Borrower, any of its Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed; (ii) no ERISA Event has occurred or is reasonably expected to occur; and (iii) none of the Borrower, the Subsidiaries or any of their ERISA Affiliates has received any written notification that any Multiemployer Plan has been terminated within the meaning of Title IV of ERISA.

Section 3.16 Environmental Matters. Except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice, request for information, order, complaint or penalty has been received by the Borrower or any of its Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the Borrower’s knowledge, threatened which allege a violation of or liability under any Environmental Laws, in each case relating to the Borrower or any of its Subsidiaries, (ii) each of the Borrower and its Subsidiaries has all environmental permits, licenses and other approvals necessary for its operations to comply with all Environmental Laws (“Environmental Permits”) and is in compliance with the terms of such Environmental Permits and with all other Environmental Laws, (iii) no Hazardous Material is located at, on or under any property currently or, to the Borrower’s knowledge, formerly owned, operated or leased by the Borrower or any of its Subsidiaries that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of its Subsidiaries under any Environmental Laws or Environmental Permits, and no Hazardous Material has been generated, used, treated, stored, handled, disposed of or controlled, transported or Released at any location in a manner that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of its Subsidiaries under any Environmental Laws or Environmental Permits, (iv) there are no agreements in which the Borrower or any of its Subsidiaries has expressly assumed or undertaken responsibility for any known or reasonably likely liability or obligation of any other person arising under or relating to Environmental Laws, which in any such case has not been made available to the Administrative Agent prior to the Closing Date, and (v) there has been no material written environmental assessment or audit conducted (other than customary assessments not revealing anything that would reasonably be expected to result in a Material Adverse Effect), by or on behalf of the Borrower or any of the Subsidiaries of any property currently or, to the Borrower’s knowledge, formerly owned or leased by the Borrower or any of the Subsidiaries that has not been made available to the Administrative Agent prior to the Closing Date.

Section 3.17 Security Documents. (a) Each of the Collateral Agreement and the Holdings Guarantee and Pledge Agreement is effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties), in each case, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. As of the Closing Date, in the case of the Pledged Collateral described in the Collateral Agreement, when certificates or promissory notes, as applicable, representing such Pledged Collateral and required to be delivered under the applicable Security Document are delivered to the Collateral Agent, and in the case of the other Collateral described in the Collateral Agreement (other than the Intellectual Property), when financing statements and other filings specified in the Perfection Certificate are filed in the offices specified in the Perfection Certificate, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and, subject to Section 9-315 of the New York Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing Uniform Commercial Code financing statements, in each case prior and superior in right to the Lien of any other person (except Permitted Liens).
(b) When the Collateral Agreement or an ancillary document thereunder is properly filed and recorded in the United States Patent and
Trademark Office and the United States Copyright Office, and, with respect to Collateral in which a security interest cannot be perfected by such filings,
upon the proper filing of the financing statements referred to in clause (a) above, the Collateral Agent (for the benefit of the Secured Parties) shall have a
fully perfected (subject to exceptions arising from defects in the chain of title, which defects in the aggregate do not constitute a Material Adverse Effect
hereunder) Lien on, and security interest in, all right, title and interest of the Loan Parties thereunder in the material United States Intellectual Property
included in the Collateral (but, in the case of the United States registered copyrights included in the Collateral, only to the extent such United States
registered copyrights are listed in such ancillary document filed with the United States Copyright Office) listed in such ancillary document, in each case
prior and superior in right to the Lien of any other person, except for Permitted Liens (it being understood that subsequent recordings in the United
States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on material registered trademarks and
patents, trademark and patent applications and registered copyrights acquired by the Loan Parties after the Closing Date).

(c) The Mortgages executed and delivered after the Closing Date pursuant to Section 5.10 shall be effective to create in favor of the
Collateral Agent (for the benefit of the Secured Parties) legal, valid and enforceable Liens on all of the Loan Parties’ rights, titles and interests in and to
the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are filed or recorded in the proper real estate filing or recording
offices, and all relevant mortgage taxes and recording charges are duly paid, the Collateral Agent (for the benefit of the Secured Parties) shall have valid
Liens with record notice to third parties on, and security interests in, all rights, titles and interests of the Loan Parties in such Mortgaged Property and, to
the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, in each case prior and superior in right to the
Lien of any other person, except for Permitted Liens.

(d) Notwithstanding anything herein (including this Section 3.17) or in any other Loan Document to the contrary, no Borrower or any
other Loan Party makes any representation or warranty as to the effects of perfection or
non-perfection, the priority or the enforceability of any pledge of
or security interest in any Equity Interests of any Foreign Subsidiary, or as to the rights and remedies of the Agents or any Lender with respect thereto,
under foreign law.

Section 3.18 Location of Real Property. The Perfection Certificate lists correctly, in all material respects, as of the Closing Date all
Material Real Property owned by the Borrower and Subsidiary Loan Parties and the addresses thereof. As of the Closing Date, the Borrower and the
Subsidiary Loan Parties own in fee all the Real Property set forth as being owned by them in the Perfection Certificate except to the extent set forth
therein.

Section 3.19 Solvency. (a) As of the June 2017 Effective Date, immediately after giving effect to the consummation of the June 2017
Transactions on the June 2017 Effective Date, (i) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair
valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated
basis; (ii) the present fair saleable value of the property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that
will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, direct,
subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower and its Subsidiaries on a
consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct
the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the June 2017 Effective
Date.
(b) As of the June 2017 Effective Date, immediately after giving effect to the consummation of the June 2017 Transactions on the June 2017 Effective Date, the Borrower does not intend to, and the Borrower does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such Subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

Section 3.20 Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or threatened against the Borrower or any of the Subsidiaries; (b) the hours worked and payments made to employees of the Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; and (c) all payments due from the Borrower or any of the Subsidiaries or for which any claim may be made against the Borrower or any of the Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Borrower or such Subsidiary to the extent required by GAAP. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Borrower or any of the Subsidiaries (or any predecessor) is a party or by which the Borrower or any of the Subsidiaries (or any predecessor) is bound.

Section 3.21 Insurance. Schedule 3.21 to the Original Credit Agreement sets forth a true, complete and correct description, in all material respects, of all material insurance (excluding any title insurance) maintained by or on behalf of the Borrower or the Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect.

Section 3.22 No Default. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

Section 3.23 Intellectual Property; Licenses, Etc. Except as would not reasonably be expected to have a Material Adverse Effect or as set forth in Schedule 3.23 to the Original Credit Agreement, (a) the Borrower and each of its Subsidiaries owns, or possesses the right to use, all Intellectual Property used or held for use in or otherwise reasonably necessary for the present conduct of their respective businesses, (b) to the knowledge of the Borrower, the Borrower and its Subsidiaries are not interfering with, infringing upon, misappropriating or otherwise violating Intellectual Property of any person, and (c) (i) no claim or litigation regarding any of the Intellectual Property owned by the Borrower and its Subsidiaries is pending or, to the knowledge of the Borrower, threatened and (ii) to the knowledge of the Borrower, no claim or litigation regarding any other Intellectual Property described in the foregoing clauses (a) and (b) is pending or threatened.

Section 3.24 Senior Debt. The Loan Obligations constitute “Senior Debt” (or the equivalent thereof) under the documentation governing any Material Indebtedness of any Loan Party permitted to be incurred hereunder constituting Indebtedness that is subordinated in right of payment to the Loan Obligations.

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Section 3.25 **USA PATRIOT Act; OFAC**

(a) The Borrower and each Subsidiary Loan Party is in compliance in all material respects with the material provisions of the USA PATRIOT Act, and, at least three Business Days prior to the Closing Date, the Borrower has provided to the Administrative Agent all information related to the Loan Parties (including names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent not less than ten (10) Business Days prior to the Closing Date and mutually agreed to be required under “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act, to be obtained by the Administrative Agent or any Lender.

(b) None of Holdings, the Borrower or any of its Subsidiaries nor, to the knowledge of the Borrower, any director, officer, agent, employee or Affiliate of the Borrower or any of the Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”) or the U.S. Treasury Department, the European Union or relevant member states of the European Union, the United Nations Security Council or Her Majesty’s Treasury (“Sanctions”). The Borrower will not directly or indirectly use the proceeds of the Loans or the Letters of Credit or otherwise make available such proceeds to any person, for the purpose of financing the activities of any person that is currently the target of any Sanctions or for the purpose of funding, financing or facilitating any activities, business or transaction with or in any country that is the target of the Sanctions, to the extent such activities, businesses or transaction would be prohibited by sanctions laws and regulations administered by the United States, including OFAC and the U.S. State Department, the United Nations Security Council, Her Majesty’s Treasury, the European Union or relevant member states of the European Union (collectively, the “Sanctions Laws”), or in any manner that would result in the violation of any Sanctions Laws applicable to any party hereto.

Section 3.26 **Foreign Corrupt Practices Act**. Holdings, the Borrower and its Subsidiaries, and, to the knowledge of the Borrower or any of its Subsidiaries, their directors, officers, agents or employees, are in compliance with the U.S. Foreign Corrupt Practices Act of 1977 or similar law of a jurisdiction in which the Borrower or any of its Subsidiaries conduct their business and to which they are lawfully subject (“Anti-Corruption Laws”), in each case, in all material respects. No part of the proceeds of the Loans made hereunder will be used to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

**ARTICLE IV**

**Conditions of Lending**

The obligations of (a) the Lenders (including the Swingline Lender) to make Loans (other than November 2017 Term B Loans on the November 2017 Effective Date, the conditions with respect to which are set forth in the November 2017 Incremental Assumption Agreement, and other than with respect to Revolving Facility Loans and other Credit Events pursuant to the Revolving Facility Commitments outstanding on the 2020 Effective Date, the conditions with respect to which are set forth in the 2020 Incremental Assumption Agreement) and (b) any Issuing Bank to issue, amend, extend or renew Letters of Credit or increase the stated amounts of Letters of Credit hereunder (each, a “Credit Event”) are subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

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Section 4.01 All Credit Events. On the date of each Borrowing and on the date of each issuance, amendment, extension or renewal of a Letter of Credit (in each case, other than pursuant to an Incremental Assumption Agreement):

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03 (or a Borrowing Request shall have been deemed given in accordance with the last paragraph of Section 2.03) or, in the case of the issuance of a Letter of Credit, the applicable Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance of such Letter of Credit as required by Section 2.05(b).

(b) In the case of each Credit Event (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects as of such date, in each case, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(c) In the case of each Borrowing or other Credit Event, at the time of and immediately after such Borrowing or issuance, amendment, extension or renewal of a Letter of Credit (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), as applicable, no Event of Default or Default shall have occurred and be continuing.

(d) Each Borrowing and other Credit Event shall be deemed to constitute a representation and warranty by the Borrower on the date of such Borrowing, issuance, amendment, extension or renewal as applicable, as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

Section 4.02 [Reserved].

ARTICLE V
Affirmative Covenants

The Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders shall otherwise consent in writing, the Borrower will, and will cause each of the Subsidiaries to:

Section 5.01 Existence; Business and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except, in the case of a Subsidiary of the Borrower, where the failure to do so would not reasonably be expected to have a Material Adverse Effect, and except as otherwise permitted under Section 6.05, and except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by the Borrower or a Wholly Owned Subsidiary of the Borrower in such liquidation or dissolution; provided, that Subsidiary Loan Parties may not be liquidated into Subsidiaries that are not Loan Parties and Domestic Subsidiaries may not be liquidated into Foreign Subsidiaries (except in each case as permitted under Section 6.05).
(b) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, do or cause to be done all things necessary to (i) lawfully obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, Intellectual Property, licenses and rights with respect thereto necessary to the normal conduct of its business, and (ii) at all times maintain, protect and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition (ordinary wear and tear excepted), from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as permitted by this Agreement).

Section 5.02 Insurance. (a) Maintain, with financially sound and reputable insurance companies, insurance (subject to customary deductibles and retentions) in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations, cause the Collateral Agent to be listed as a co-loss payee on property and casualty policies with respect to Mortgaged Property located in the United States of America and as an additional insured on liability policies. Notwithstanding the foregoing, the Borrower and the Subsidiaries may self-insure with respect to such risks with respect to which companies of established reputation engaged in the same general line of business in the same general area usually self-insure.

(b) Except as the Administrative Agent may agree in its reasonable discretion, cause all such property and casualty insurance policies with respect to the Mortgaged Property located in the United States of America to be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable endorsement, in form and substance reasonably satisfactory to the Administrative Agent, deliver a certificate of an insurance broker to the Collateral Agent; cause each such policy covered by this clause (b) to provide that it shall not be cancelled or not renewed upon less than 30 days’ prior written notice thereof by the insurer to the Collateral Agent; deliver to the Collateral Agent, prior to or concurrently with the cancellation or nonrenewal of any such policy of insurance covered by this clause (b), a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent), or insurance certificate with respect thereto, together with evidence satisfactory to the Administrative Agent of payment of the premium therefor, in each case of the foregoing, to the extent customarily maintained, purchased or provided to, or at the request of, lenders by similarly situated companies in connection with credit facilities of this nature.

(c) If any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area (each a “Special Flood Hazard Area”) with respect to which flood insurance has been made available under the Flood Insurance Laws, (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to the Collateral Agent evidence of such compliance in form and substance reasonably acceptable to the Administrative Agent, including a copy of the flood insurance policy and declaration page relating thereto.

(d) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) the Administrative Agent, the Collateral Agent, the Lenders, the Issuing Banks and their respective agents or employees shall not be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, the Collateral
Agent, the Lenders, any Issuing Bank or their agents or employees. If, however, the insurance policies, as a matter of the internal policy of such insurer, do not provide waiver of subrogation rights against such parties, as required above, then each of Holdings and the Borrower, on behalf of itself and behalf of each of its Subsidiaries, hereby agrees, to the extent permitted by law, to waive, and further agrees to cause each of their Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Collateral Agent, the Lenders, any Issuing Bank and their agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Collateral Agent (including acting in the capacity as the Collateral Agent) under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Collateral Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings, the Borrower and the Subsidiaries or the protection of their properties; and

(iii) the amount and type of insurance that the Borrower and its Subsidiaries has in effect as of the Closing Date satisfies for all purposes the requirements of this Section 5.02.

Section 5.03 Taxes. Pay its obligations in respect of all Tax liabilities, assessments and governmental charges, before the same shall become delinquent or in default, except where (i) the amount or validity thereof is being contested in good faith by appropriate proceedings and the Borrower or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP or (ii) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 5.04 Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 120 days after the end of the fiscal year ending December 31, 2016 and within 90 days after the end of each fiscal year thereafter, a consolidated balance sheet and related statements of operations, cash flows and owners’ equity showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year and, starting with the fiscal year ending December 31, 2016, setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners’ equity shall be accompanied by customary management’s discussion and analysis and audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall not be qualified as to scope of audit or as to the status of the Borrower or any Material Subsidiary as a going concern, other than solely with respect to, or resulting solely from, an upcoming maturity date under any series of Indebtedness occurring within one year from the time such opinion is delivered or any potential inability to satisfy a financial maintenance covenant on a future date or in a future period) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the Borrower of annual reports on Form 10-K (or any successor or comparable form) of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(a) to the extent such annual reports include the information specified herein);

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending September 30, 2016), a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year and, starting with the fiscal
quarter ending September 30, 2017, setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail, which consolidated balance sheet and related statements of operations and cash flows shall be accompanied by customary management’s discussion and analysis and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the Borrower on behalf of the Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the Borrower of quarterly reports on Form 10-Q (or any successor or comparable form) of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b) to the extent such quarterly reports include the information specified herein); provided, that with respect to the fiscal quarter ending September 30, 2016, the requirements under this clause (b) shall be satisfied if the Borrower, at its option, delivers the unaudited consolidated financial statements of the Company for the fiscal quarter ended September 30, 2016 substantially in the form of the unaudited consolidated financial statements of the Company delivered pursuant to Section 4.02(g) of the Original Credit Agreement;

(c) (x) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying that no Event of Default or Default has occurred since the date of the last certificate delivered pursuant to this Section 5.04(c) or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) commencing with the end of the first full fiscal quarter ending after the Closing Date, setting forth computations in reasonable detail demonstrating compliance with the Financial Covenant and (iii) setting forth the calculation and uses of the Cumulative Credit for the fiscal period then ended if the Borrower shall have used the Cumulative Credit for any purpose during such fiscal period and (y) concurrently with any delivery of financial statements under clause (a) above, if the accounting firm is not restricted from providing such a certificate by its policies office, a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Default or Event of Default (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations);

(d) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable; provided, however, that such reports, proxy statements, filings and other materials required to be delivered pursuant to this clause (d) shall be deemed delivered for purposes of this Agreement when posted to the website of the Borrower (or Holdings or any Parent Entity referred to in Section 5.04(i)) or the website of the SEC and written notice of such posting has been delivered to the Administrative Agent;

(e) within 90 days (or such later date as the Administrative Agent may agree in its reasonable discretion) after the beginning of each fiscal year (commencing with the fiscal year ending December 31, 2017), a consolidated annual budget for such fiscal year consisting of a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year and the related consolidated statements of projected cash flow and projected income (collectively, the “Budget”), which Budget shall in each case be accompanied by the statement of a Financial Officer of the Borrower to the effect that the Budget is based on assumptions believed by the Borrower to be reasonable as of the date of delivery thereof;
(f) upon the reasonable request of the Administrative Agent not more frequently than once a year, an updated Perfection Certificate (or, to
the extent such request relates to specified information contained in the Perfection Certificate, such information) reflecting all changes since the date of
the information most recently received pursuant to this clause (f) or Section 5.10(f);

(g) promptly, from time to time, such other customary information (i) regarding the operations, business affairs and financial condition of
Holdings, the Borrower or any of the Subsidiaries, (ii) regarding compliance with the terms of any Loan Document or (iii) required under the USA
PATRIOT Act or the Beneficial Ownership Regulation, as in each case the Administrative Agent may reasonably request (for itself or on behalf of any
Lender);

(h) no later than 10 Business Days after the delivery of the financial statements required pursuant to clauses (a) and (b) of this
Section 5.04, commencing with the financial statements for the first full fiscal period ending after the Closing Date, upon request of the Administrative
Agent, the Borrower shall hold a customary conference call for Lenders; and

(i) in the event that Holdings or any Parent Entity reports on a consolidated basis, such consolidated reporting at Holdings or such Parent
Entity’s level in a manner consistent with that described in clauses (a) and (b) of this Section 5.04 for the Borrower (together with a reconciliation
showing the adjustments necessary to determine compliance by the Borrower and its Subsidiaries with the Financial Covenant) will satisfy the
requirements of such paragraphs.

The Borrower hereby acknowledges and agrees that all financial statements furnished pursuant to clauses (a), (b) and (d) above are hereby
deemed to be Borrower Materials suitable for distribution, and to be made available, to Public Lenders as contemplated by Section 9.17 and may be
treated by the Administrative Agent and the Lenders as if the same had been marked “PUBLIC” in accordance with such paragraph (unless the
Borrower otherwise notifies the Administrative Agent in writing on or prior to delivery thereof).

Section 5.05 Litigation and Other Notices. Furnish to the Administrative Agent (which will promptly thereafter furnish to the Lenders)
written notice of the following promptly after any Responsible Officer of Holdings (prior to a Qualified IPO) or the Borrower obtains actual knowledge
thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with
respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or
proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings, the Borrower or any of the
Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, would reasonably be expected to have a
Material Adverse Effect;

(c) any other development specific to Holdings, the Borrower or any of the Subsidiaries that is not a matter of general public knowledge
and that has had, or would reasonably be expected to have, a Material Adverse Effect; and

(d) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, would reasonably be expected to
have a Material Adverse Effect.

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Section 5.06 **Compliance with Laws.** Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect; provided, that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance in all material respects by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions Laws.

Section 5.07 **Maintaining Records; Access to Properties and Inspections.** Maintain all financial records in accordance with GAAP and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender to visit and inspect the financial records and the properties of Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Holdings (prior to a Qualified IPO) or the Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings (prior to a Qualified IPO) or the Borrower to discuss the affairs, finances and condition of Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries with the officers thereof and independent accountants therefor (so long as the Borrower has the opportunity to participate in any such discussions with such accountants), in each case, subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract.

Section 5.08 **Use of Proceeds.** Use the proceeds of the Loans made and Letters of Credit issued in the manner contemplated by Section 3.12.

Section 5.09 **Compliance with Environmental Laws.** Comply, and make reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations and properties; and obtain and renew all material authorizations and permits required pursuant to Environmental Law for its operations and properties, in each case in accordance with Environmental Laws, except, in each case with respect to this Section 5.09, to the extent the failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.10 **Further Assurances; Additional Security.**

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents), that the Administrative Agent may reasonably request (including, without limitation, those required by applicable law), to satisfy the Collateral and Guarantee Requirement and to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties and provide to the Collateral Agent, from time to time upon reasonable request by the Administrative Agent, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any asset (other than Real Property) that has an individual fair market value (as determined in good faith by the Borrower) in an amount greater than $10,000,000 is acquired by the Borrower or any Subsidiary Loan Party after the Closing Date or owned by an entity at the time it becomes a Subsidiary Loan Party (in each case other than (x) assets constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof and (y) assets constituting Excluded Property), the Borrower or such Subsidiary Loan Party, as applicable, will (i) notify the Collateral Agent of such acquisition or ownership and (ii) cause such asset to be subjected to a Lien (subject to any Permitted Liens) securing the Obligations by, and take, and cause the Subsidiary Loan Parties to take, such actions as shall be reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in clause (a) of this Section 5.10, all at the expense of the Loan Parties, subject to clause (g) below.
(c) (i) Grant and cause each of the Subsidiary Loan Parties to grant to the Collateral Agent security interests in, and Mortgages on, any Material Real Property of the Borrower or such Subsidiary Loan Parties, as applicable, that are acquired after the Closing Date, within 120 days after the acquisition thereof (or such later date as the Administrative Agent may agree in its reasonable discretion) in a customary form for Affiliates of the Fund and otherwise reasonably satisfactory to the Administrative Agent and the Borrower, which security interest and mortgage shall constitute valid and enforceable Liens subject to no other Liens except Permitted Liens, (ii) record or file, and cause each such Subsidiary to record or file, the Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent (for the benefit of the Secured Parties) required to be granted pursuant to the Mortgages and pay, and cause each such Subsidiary to pay, in full, all Taxes, fees and other charges required to be paid in connection with such recording or filing, in each case subject to clause (g) below, and (iii) deliver to the Collateral Agent an updated Schedule 1.01(E) reflecting such Mortgaged Properties. Unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, the Borrower shall cause the requirements set forth in clauses (f) and (g) of the definition of “Collateral and Guarantee Requirement” to be satisfied with respect to such Material Real Property.

(d) If any additional direct or indirect Subsidiary of the Borrower is formed or acquired after the Closing Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a Subsidiary Loan Party, within 15 Business Days after the date such Subsidiary is formed or acquired (or such longer period as the Administrative Agent may agree in its reasonable discretion), notify the Collateral Agent thereof and, within 20 Business Days after the date such Subsidiary is formed or acquired or such longer period as the Administrative Agent may agree in its reasonable discretion, cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, subject to clause (g) below.

(e) If any additional Foreign Subsidiary of the Borrower is formed or acquired after the Closing Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a “first tier” Foreign Subsidiary of a Loan Party, within 15 Business Days after the date such Foreign Subsidiary is formed or acquired (or such longer period as the Administrative Agent may agree in its reasonable discretion), notify the Collateral Agent thereof and, within 50 Business Days after the date such Foreign Subsidiary is formed or acquired or such longer period as the Administrative Agent may agree in its reasonable discretion, cause the Collateral and Guarantee Requirement to be satisfied with respect to any Equity Interest in such Foreign Subsidiary owned by or on behalf of any Loan Party, subject to clause (g) below.

(f) Furnish to the Collateral Agent prompt written notice of any change (A) in any Loan Party’s corporate or organization name, (B) in any Loan Party’s identity or organizational structure, (C) in any Loan Party’s organizational identification number, (D) in any Loan Party’s jurisdiction of organization or (E) in the location of the chief executive office of any Loan Party that is not a registered organization; provided, that the Borrower shall not effect or permit any such change unless all filings have been made, or will have been made within 30 days following such change (or such longer period as the Administrative Agent may agree in its reasonable discretion), under the Uniform Commercial Code that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral in which a security interest may be perfected by such filing, for the benefit of the Secured Parties.
(g) The Collateral and Guarantee Requirement and the other provisions of this Section 5.10 and the other Loan Documents with respect to Collateral need not be satisfied with respect to any of the following (collectively, the “Excluded Property”): (i) any Real Property other than Material Real Property, (ii) motor vehicles and other assets subject to certificates of title, letter of credit rights (in each case, other than to the extent a Lien on such assets or such rights can be perfected by filing a UCC-1) and commercial tort claims with a value of less than $10,000,000, (iii) pledges and security interests prohibited by applicable law, rule, regulation or contractual obligation (with respect to any such contractual obligation, only to the extent such restriction is permitted under Section 6.09(c) and such restriction is binding on such assets (1) on the Closing Date or (2) on the date of the acquisition thereof and not entered into in contemplation thereof (other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.01(i))) (in each case, except to the extent such prohibition is unenforceable after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code) or which could require governmental (including regulatory) consent, approval, license or authorization to be pledged (unless such consent, approval, license or authorization has been received), (iv) assets to the extent a security interest in such assets could reasonably be expected to result in material adverse tax consequences as determined in good faith by the Borrower, (v) any lease, license or other agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or create a right of termination in favor of any other party thereto (other than the Borrower or any Guarantor) after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code, (vi) those assets as to which the Administrative Agent and the Borrower reasonably agree that the cost or other consequence of obtaining such a security interest or perfection thereof are excessive in relation to the value afforded thereby, (vii) any governmental licenses or state or local licenses, franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code, (viii) any “intent-to-use” applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. §1051, unless and until an Amendment to Allege Use or a Statement of Use under Section 1(c) or 1(d) of the Lanham Act has been filed, (ix) other customary exclusions under applicable local law or in applicable local jurisdictions set forth in any applicable Security Documents or otherwise separately agreed in writing between the Administrative Agent and the Borrower, (x) Securitization Assets sold to any Special Purpose Securitization Subsidiary or otherwise pledged, factored, transferred or sold in connection with any Permitted Securitization Financing, and any other assets subject to Liens securing Permitted Securitization Financings, (xi) any Excluded Securities, (xii) any equipment or other asset that is subject to a Lien permitted by any of clauses (c), (i), (j), (aa), (mm) or (oo) of Section 6.02 or is otherwise subject to a purchase money debt or a Capitalized Lease Obligation in each case, as permitted by Section 6.01, if the contract or other agreement providing for such debt or Capitalized Lease Obligation prohibits or requires the consent of any person (other than the Borrower or any Guarantor) as a condition to the creation of any other security interest on such equipment or asset and, in each case, such prohibition or requirement is permitted hereunder (after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code or other applicable
law), (xiv) all assets of Holdings other than, prior to a Qualified IPO, Equity Interests of the Borrower directly held by Holdings and pledged pursuant to the Holdings Guarantee and Pledge Agreement and (xv) any other exceptions mutually agreed upon between the Borrower and the Administrative Agent; provided, that the Borrower may in its sole discretion elect to exclude any property from the definition of “Excluded Property.” Notwithstanding anything herein to the contrary, (A) the Administrative Agent may grant extensions of time or waiver of requirement for the creation or perfection of security interests in or the obtaining of insurance (including title insurance) or surveys with respect to particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Loan Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection or obtaining of such items cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the other Loan Documents, (B) no control agreement or control, lockbox or similar arrangement shall be required with respect to any deposit accounts, securities accounts or commodities accounts, (C) no landlord, mortgagee or bailee waivers shall be required, (D) no foreign-law governed security documents or perfection under foreign law shall be required, (E) no notice shall be required to be sent to account debtors or other contractual third parties prior to an Event of Default, (F) Liens required to be granted from time to time pursuant to, or any other requirements of, the Collateral and Guarantee Requirement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and (G) to the extent any Mortgaged Property is located in a jurisdiction with mortgage recording or similar tax, the amount secured by the Security Document with respect to such Mortgaged Property shall be limited to the fair market value of such Mortgaged Property as determined in good faith by the Borrower (subject to any applicable laws in the relevant jurisdiction or such lesser amount agreed to by the Administrative Agent).

Section 5.11 Rating. Exercise commercially reasonable efforts to obtain and to maintain (a) public ratings (but not to obtain a specific rating) from Moody’s and S&P for the Term B Loans and (b) public corporate credit ratings and corporate family ratings (but, in each case, not to obtain a specific rating) from Moody’s and S&P in respect of the Borrower.

Section 5.12 Post-Closing. Take all necessary actions to satisfy the items described on Schedule 5.12 to the Original Credit Agreement within the applicable period of time specified in such Schedule (or such longer period as the Administrative Agent may agree in its reasonable discretion).

ARTICLE VI

Negative Covenants

The Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders (or, in the case of Section 6.11, the Required Revolving Facility Lenders voting as a single Class) shall otherwise consent in writing, the Borrower will not, and will not permit any of the Subsidiaries to:

Section 6.01 Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) (i) Indebtedness existing or committed on the Closing Date (provided, that any such Indebtedness that is (x) not intercompany Indebtedness and (y) in excess of $5,000,000 shall be set forth on Schedule 6.01 to the Original Credit Agreement) and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness (other than intercompany Indebtedness Refinanced with Indebtedness owed to a person not affiliated with the Borrower or any Subsidiary);
(b) (i) Indebtedness created hereunder (including pursuant to Section 2.21) and under the other Loan Documents and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(c) Indebtedness of the Borrower or any Subsidiary pursuant to Hedging Agreements entered into for non-speculative purposes;

(d) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance to the Borrower or any Subsidiary, pursuant to reimbursement or indemnification obligations to such person, in each case in the ordinary course of business or consistent with past practice or industry practices;

(e) Indebtedness of the Borrower to Holdings or any Subsidiary and of any Subsidiary to Holdings, the Borrower or any other Subsidiary; provided that (i) Indebtedness of any Subsidiary that is not a Subsidiary Loan Party owing to the Loan Parties incurred pursuant to this Section 6.01(e) shall be subject to Section 6.04 and (ii) Indebtedness owed by any Loan Party to any Subsidiary that is not a Loan Party incurred pursuant to this Section 6.01(e) shall be subordinated to the Loan Obligations under this Agreement on subordination terms described in the intercompany note substantially in the form of Exhibit J to the Original Credit Agreement or on substantially identical subordination terms or other subordination terms reasonably satisfactory to the Administrative Agent and the Borrower;

(f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, in each case provided in the ordinary course of business or consistent with past practice or industry practices, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practices;

(g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or other cash management services, in each case incurred in the ordinary course of business;

(h) (i) Indebtedness of a Subsidiary acquired after the Closing Date or a person merged or consolidated with the Borrower or any Subsidiary after the Closing Date and Indebtedness otherwise incurred or assumed by the Borrower or any Subsidiary in connection with the acquisition of assets or Equity Interests (including a Permitted Business Acquisition), where such acquisition, merger or consolidation is not prohibited by this Agreement; provided, that, (w) in the case of any such Indebtedness secured by Liens on Collateral that are Other First Liens, the Net First Lien Leverage Ratio on a Pro Forma Basis immediately after giving effect to such acquisition, merger or consolidation, the incurrence or assumption of such Indebtedness and the use of proceeds thereof and any related transactions is (I) not greater than 2.50 to 1.00 or (II) no greater than the Net First Lien Leverage Ratio in effect immediately prior thereto, (x) in the case of any such Indebtedness secured by Liens on Collateral that are Junior Liens, the Net Secured Leverage Ratio on a Pro Forma Basis immediately after giving effect to such acquisition, merger or consolidation, the incurrence or assumption of such Indebtedness and the use of proceeds thereof and any related transactions is (I) not greater than 3.00 to 1.00 or (II) no greater than the Net Secured Leverage Ratio in effect immediately prior thereto, (y) in the case of any other such Indebtedness, the Interest Coverage Ratio on a Pro Forma Basis immediately after giving effect to such acquisition, merger or consolidation, the incurrence or assumption of such
Indebtedness and the use of proceeds thereof and any related transactions is (I) not less than 2.00 to 1.00 or (II) no less than the Interest Coverage Ratio in effect immediately prior thereto and (z) in the case of any such Indebtedness incurred under this clause (h) by a Subsidiary other than a Subsidiary Loan Party that is incurred in contemplation of such acquisition, merger or consolidation, the aggregate outstanding principal amount of such Indebtedness immediately after giving effect to such acquisition, merger or consolidation, the incurrence of such Indebtedness and the use of proceeds thereof and any related transactions shall not exceed, when taken together with the aggregate principal amount of any other Indebtedness outstanding at such time pursuant to Section 6.01(q)(i), Section 6.01(r)(i) and Section 6.01(s)(i) that are incurred by Subsidiaries other than the Subsidiary Loan Parties, the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period; provided, further, that the incurrence of any Indebtedness for borrowed money pursuant to this clause (h)(i) incurred in contemplation of such acquisition, merger or consolidation shall be subject to the last paragraph of this Section 6.01 and the incurrence (but not assumption) of any such term loan Indebtedness that is secured by Other First Liens shall be subject to the last paragraph of Section 6.02; and (ii) any Permitted Refinancing Indebtedness incurred to Refinance any such Indebtedness;

(i) (i) Capitalized Lease Obligations, mortgage financings and other Indebtedness incurred by the Borrower or any Subsidiary prior to or within 270 days after the acquisition, lease, construction, repair, replacement or improvement of the respective property (real or personal, and whether through the direct purchase of property or the Equity Interest of any person owning such property) permitted under this Agreement in order to finance such acquisition, lease, construction, repair, replacement or improvement, in an aggregate principal amount that immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(i)(i), would not exceed the greater of $225,000,000 and 0.35 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, (ii) Capitalized Lease Obligations Incurred by the Borrower or any Subsidiary to finance (whether prior to or within 270 days after) the acquisition, lease, construction, repair, replacement or improvement of computer equipment (including servers), storage equipment, networking equipment and other equipment and similar assets related to the business of the Borrower and its Subsidiaries and any finance lease obligations not prohibited hereunder and (iii) any Permitted Refinancing Indebtedness in respect of the foregoing;

(j) (i) Capitalized Lease Obligations and any other Indebtedness incurred by the Borrower or any Subsidiary arising from any Sale and Lease-Back Transaction that is permitted under Section 6.03, (ii) Capitalized Lease Obligations or other obligations or deferrals attributable to capital spending and (iii) any Permitted Refinancing Indebtedness in respect of the foregoing;

(k) (i) other Indebtedness of the Borrower or any Subsidiary, in an aggregate principal amount that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(k), would not exceed the greater of $350,000,000 and 0.475 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(l) Indebtedness of the Borrower or any Subsidiary in an aggregate outstanding principal amount not greater than 100% of the amount of net cash proceeds received by the Borrower from (x) the issuance or sale of its Qualified Equity Interests or (y) a contribution to its common equity with the net cash proceeds from the issuance and sale by Holdings or a Parent Entity of its Qualified Equity Interests or a contribution to its common equity (in each case of (x) and (y), other than proceeds from the sale of Equity Interests to, or contributions from, the Borrower or any of its Subsidiaries), to the extent such net cash proceeds do not constitute Excluded Contributions or Permitted Cure Securities;
(m) Guarantees (i) by Holdings, the Borrower or any Subsidiary Loan Party of any Indebtedness of the Borrower or any Subsidiary Loan Party permitted to be incurred under this Agreement, (ii) by the Borrower or any Subsidiary Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Subsidiary Loan Party to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(v)), (iii) by any Subsidiary that is not a Subsidiary Loan Party of Indebtedness of another Subsidiary that is not a Subsidiary Loan Party, and (iv) by the Borrower of Indebtedness of Subsidiaries that are not Subsidiary Loan Parties incurred for working capital purposes in the ordinary course of business on ordinary business terms so long as such Indebtedness is permitted to be incurred under Section 6.01(t) to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(v)); provided, that Guarantees by the Borrower or any Subsidiary Loan Party under this Section 6.01(m) of any other Indebtedness of a person that is subordinated to other Indebtedness of such person shall be expressly subordinated to the Loan Obligations to at least the same extent as such underlying Indebtedness is subordinated;

(n) Indebtedness arising from agreements of the Borrower or any Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations (including earn-outs), in each case, incurred or assumed in connection with the Transactions, any Permitted Business Acquisition, other Investments or the disposition of any business, assets or a Subsidiary not prohibited by this Agreement;

(o) Indebtedness in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued to support performance obligations and trade letters of credit (other than obligations in respect of other Indebtedness) in the ordinary course of business or consistent with past practice or industry practices;

(p) [reserved];

(q) (i) Indebtedness secured by Liens on Collateral that are Other First Liens so long as immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, the Net First Lien Leverage Ratio on a Pro Forma Basis is not greater than 2.50 to 1.00; provided, that (x) the aggregate principal amount of Indebtedness outstanding under this clause (q)(i) at such time that is incurred by a Subsidiary other than a Subsidiary Loan Party shall not exceed, when taken together with the aggregate principal amount of any other Indebtedness outstanding pursuant to Section 6.01(h)(i) (to the extent set forth therein), Section 6.01(q)(i), Section 6.01(r)(i) and Section 6.01(s)(i) that are incurred by Subsidiaries other than the Subsidiary Loan Parties, the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period and (y) the incurrence of any Indebtedness for borrowed money pursuant to this clause (q)(i) shall be subject to the last paragraph of this Section 6.01 and the incurrence of any Indebtedness for borrowed money pursuant to this clause (q)(i) in the form of term loans shall be subject to the last paragraph of Section 6.02, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(r) (i) Indebtedness secured by Liens on Collateral that are Junior Liens so long as immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, the Net Secured Leverage Ratio on a Pro Forma Basis is not greater than 3.00 to 1.00; provided, that (x) the aggregate principal amount of Indebtedness outstanding under this clause (r)(i) at such time that is incurred by a Subsidiary other than a Subsidiary Loan Party shall not exceed, when taken together with the aggregate principal amount of any other Indebtedness outstanding pursuant to Section 6.01(h)(i) (to the extent set forth therein), Section 6.01(q)(i), Section 6.01(r)(i) and Section 6.01(s)(i) that are incurred by Subsidiaries other than the Subsidiary Loan Parties, the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period and (y) the incurrence of any Indebtedness for borrowed money pursuant to this clause (r)(i) shall be subject to the last paragraph of this Section 6.01, and (ii) any Permitted Refinancing Indebtedness in respect thereof;
(s) (i) other Indebtedness so long as immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, the Interest Coverage Ratio on a Pro Forma Basis is not less than 2.00 to 1.00; provided, that (x) the aggregate principal amount of Indebtedness outstanding under this clause (s)(i) at such time that is incurred by a Subsidiary other than a Subsidiary Loan Party shall not exceed, when taken together with the aggregate principal amount of any other Indebtedness outstanding pursuant to Section 6.01(h)(i) (to the extent set forth therein), Section 6.01(q)(i), Section 6.01(r)(i) and this Section 6.01(s)(i) that are incurred by Subsidiaries other than the Subsidiary Loan Parties, the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period and (y) the incurrence of any Indebtedness for borrowed money pursuant to this clause (s)(i) shall be subject to the last paragraph of this Section 6.01, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(t) (i) Indebtedness of Subsidiaries that are not Subsidiary Loan Parties in an aggregate principal amount outstanding that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(t), would not exceed the greater of $100,000,000 and 0.15 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(u) Indebtedness incurred in the ordinary course of business in respect of obligations of the Borrower or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided, that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedging Agreements;

(v) Indebtedness representing deferred compensation to employees, consultants or independent contractors of the Borrower (or, to the extent such work is done for the Borrower or its Subsidiaries, any direct or indirect parent thereof) or any Subsidiary incurred in the ordinary course of business;

(w) Indebtedness in connection with Permitted Securitization Financings;

(x) obligations in respect of Cash Management Agreements;

(y) (i) Refinancing Notes and (ii) any Permitted Refinancing Indebtedness incurred in respect thereof;

(z) (i) Indebtedness in an aggregate principal amount outstanding not to exceed at the time of incurrence the Incremental Amount available at such time; provided that the incurrence of any Indebtedness for borrowed money pursuant to this clause (z)(i) shall be subject to the last paragraph of Section 6.01 and the incurrence of any Indebtedness for borrowed money secured by Liens on Collateral that are Other First Liens pursuant to this clause (z)(i) in the form of term loans shall be subject to the last paragraph of Section 6.02 and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(aa) [reserved];

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(bb) (i) Indebtedness of, incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures in an aggregate principal amount that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(bb), would not exceed the greater of $125,000,000 and 0.175 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(cc) Indebtedness issued by the Borrower or any Subsidiary to current or former officers, directors and employees thereof or of Holdings or any Parent Entity, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of the Borrower, Holdings or any Parent Entity permitted by Section 6.06;

(dd) Indebtedness consisting of obligations of the Borrower or any Subsidiary under deferred compensation or other similar arrangements incurred by such person in connection with the Transactions and Permitted Business Acquisitions or any other Investment permitted hereunder;

(ee) Indebtedness of the Borrower or any Subsidiary to or on behalf of any joint venture (regardless of the form of legal entity) that is not a Subsidiary arising in the ordinary course of business in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Borrower and its Subsidiaries;

(ff) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(gg) Indebtedness supported by a Letter of Credit, in a principal amount not in excess of the stated amount of such Letter of Credit (or a letter of credit issued under any other revolving credit or letter of credit facility permitted by Section 6.01);

(hh) (i) Indebtedness, including in respect of the Senior Unsecured Notes, in an aggregate principal amount outstanding pursuant to this Section 6.01(hh)(i) not to exceed $1,200,000,000 and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(ii) all premium (if any, including tender premiums) expenses, defeasance costs, interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (hh) above or refinancings thereof.

For purposes of determining compliance with this Section 6.01 or Section 6.02, the amount of any Indebtedness denominated in any currency other than Dollars shall be calculated based on customary currency exchange rates in effect, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) on or prior to the Closing Date, on the Closing Date and, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) after the Closing Date, on the date on which such Indebtedness was incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness); provided, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Dollars (or in a different currency from the Indebtedness being refinanced), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount, as applicable, of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), accrued interest, defeasance costs and other costs and expenses incurred in connection with such refinancing.
Further, for purposes of determining compliance with this Section 6.01, (A) Indebtedness need not be permitted solely by reference to one category of permitted Indebtedness (or any portion thereof) described in Sections 6.01(a) through (ii) (including, for the avoidance of doubt, with respect to the clauses set forth in the definition of “Incremental Amount”) but may be permitted in part under any combination thereof, (B) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Indebtedness (or any portion thereof) described in Sections 6.01(a) through (ii) (including, for the avoidance of doubt, with respect to the clauses set forth in the definition of “Incremental Amount”), the Borrower may, in its sole discretion, classify or reclassify, or later divide, classify or reclassify (as if incurred at such later time), such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.01 and at the time of incurrence, classification or reclassification will be entitled to only include the amount and type of such item of Indebtedness (or any portion thereof) in one of the above clauses (or any portion thereof) and such item of Indebtedness (or any portion thereof) shall be treated as having been incurred or existing pursuant to only such clause or clauses (or any portion thereof) without giving pro forma effect to such item (or portion thereof) when calculating the amount of Indebtedness that may be incurred, classified or reclassified pursuant to any other clause (or portion thereof) at such time; provided, that (x) all Indebtedness outstanding on the Closing Date under this Agreement shall at all times be deemed to have been incurred pursuant to clause (b) of this Section 6.01 and (y) all Indebtedness outstanding on the Closing Date under the Senior Unsecured Notes shall at all times be deemed to have been incurred pursuant to clause (hh) of this Section 6.01, (C) in connection with (1) the incurrence of revolving loan Indebtedness under this Section 6.01 or (2) any commitment relating to the incurrence of such revolving loan Indebtedness or commitment (such date, the “Deemed Date”), and any related subsequent actual incurrence and the granting of such Lien therefor will be deemed for purposes of this Section 6.01 and Section 6.02 of this Agreement to have been incurred or granted on such Deemed Date, including, without limitation, for purposes of calculating usage of any baskets hereunder (if applicable), the Net Total Leverage Ratio, the Net Secured Leverage Ratio, the Net First Lien Leverage Ratio, the Interest Coverage Ratio and EBITDA (and all such calculations, without duplication, on the Deemed Date and on any subsequent date until such commitment is funded or terminated or such election is rescinded without the occurrence thereof shall be made on a Pro Forma Basis after giving effect to the deemed incurrence, the granting of any Lien therefor and related transactions in connection therewith) and (D) for purposes of calculating the Net Secured Leverage Ratio and the Net First Lien Leverage Ratio under Section 6.01(h), (q), (r) and/or (z) on any date of incurrence of Indebtedness pursuant to such Section 6.01(h), (q), (r) and/or (z), the net cash proceeds funded by financing sources upon the incurrence of such Indebtedness incurred at such time shall not be netted against the applicable amount of Consolidated Debt for purposes of such calculation of the Net Secured Leverage Ratio or the Net First Lien Leverage Ratio, as applicable, at such time. In addition, with respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

This Agreement will not treat (1) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral.
With respect to any Indebtedness for borrowed money incurred under Section 6.01(h)(i) (solely to the extent set forth therein), 6.01(q)(i), 6.01(r)(i), 6.01(s)(i) and 6.01(z)(i), (A) in the form of term Indebtedness, (1) the stated maturity date of any such Indebtedness shall be no earlier than the Term B Facility Maturity Date as in effect at the time such Indebtedness is incurred and (2) the Weighted Average Life to Maturity of such Indebtedness shall be no shorter than the remaining Weighted Average Life to Maturity of the Term B Loans in effect at the time such Indebtedness is incurred and (B) in the form of revolving Indebtedness, (1) the stated maturity date of any such Indebtedness shall be no earlier than the Revolving Facility Maturity Date as in effect at the time such Indebtedness is incurred and (2) the Weighted Average Life to Maturity of such Indebtedness shall be no shorter than the remaining Weighted Average Life to Maturity of the Revolving Loans in effect at the time such Indebtedness is incurred.

Section 6.02 Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person) of the Borrower or any Subsidiary at the time owned by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, "Permitted Liens"): (a) Liens on property or assets of the Borrower and the Subsidiaries existing on the Closing Date (or created following the Closing Date pursuant to agreements in existence on the Closing Date requiring the creation of such Liens) and, to the extent securing Indebtedness in an aggregate principal amount in excess of $5,000,000, set forth on Schedule 6.02(a) to the Original Credit Agreement and any modifications, replacements, renewals or extensions thereof; provided, that such Liens shall secure only those obligations that they secure on the Closing Date (and any Permitted Refinancing Indebtedness in respect of such obligations permitted by Section 6.01) and shall not subsequently apply to any other property or assets of the Borrower or any Subsidiary other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien, and (B) proceeds and products thereof; (b) any Lien created under the Loan Documents (including Liens created under the Security Documents securing obligations in respect of Secured Hedge Agreements and Secured Cash Management Agreements) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage; (c) any Lien on any property or asset of the Borrower or any Subsidiary securing Indebtedness or Permitted Refinancing Indebtedness permitted by Section 6.01(h); provided, that (i) in the case of Liens that do not extend to the Collateral, such Lien does not apply to any other property or assets of the Borrower or any of the Subsidiaries not securing such Indebtedness at the date of the acquisition of such property or asset and accessions and additions thereto and proceeds and products thereof (other than after-acquired property required to be subjected to such Lien pursuant to the terms of such Indebtedness (and refinancings thereof)), (ii) in the case of Liens on the Collateral that are (or are intended to be) junior in priority to the Liens securing the Term B Loans, such Liens shall be subject to a Permitted Junior Intercreditor Agreement and (iii) in the case of Liens on the Collateral that are (or are intended to be) pari passu with the Liens on the Collateral securing the Term B Loans, (x) such Liens shall be subject to a Permitted Pari Passu Intercreditor Agreement and (y) any Indebtedness for borrowed money in the form of term loans secured by such Liens shall be subject to the last paragraph of Section 6.02; (d) Liens for Taxes, assessments or other governmental charges or levies not yet delinquent by more than 30 days or that are being contested in compliance with Section 5.03; (e) Liens imposed by law, such as landlord's, carriers', warehousemen's, mechanics', materialmen's, supplier's, construction or other like Liens, securing obligations that are not overdue by more than 30 days or that are being contested in good faith by appropriate proceedings and in respect of which, if applicable, the Borrower or any Subsidiary shall have set aside on its books reserves in accordance with GAAP;
(f) (i) pledges and deposits and other Liens made in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers’ compensation, unemployment insurance and other social security laws or regulations and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations and (ii) pledges and deposits and other Liens securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any Subsidiary;

(g) deposits and other Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capitalized Lease Obligations), statutory obligations, surety and appeal bonds, performance and return of money bonds, bids, leases, government contracts, trade contracts, agreements with utilities, and other obligations of a like nature (including letters of credit in lieu of any such bonds or to support the issuance thereof) incurred in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(h) zoning restrictions, easements, survey exceptions, trackage rights, leases (other than Capitalized Lease Obligations), licenses, special assessments, rights-of-way, covenants, conditions, restrictions and declarations on or with respect to the use of Real Property, servicing agreements, development agreements, site plan agreements and other similar encumbrances incurred in the ordinary course of business and title defects or irregularities that are of a minor nature and that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the Borrower or any Subsidiary;

(i) Liens securing Indebtedness permitted by Section 6.01(i) or (j); provided, that such Liens do not apply to any property or assets of the Borrower or any Subsidiary other than the property or assets acquired, leased, constructed, replaced, repaired or improved with such Indebtedness (or the Indebtedness Refinanced thereby) or sold in the applicable Sale and Lease-Back Transaction, and accessions and additions thereto, proceeds and products thereof, customary security deposits and related property; provided, further, that individual financings provided by one lender may be cross-collateralized to other financings provided by such lender (and its Affiliates) (it being understood that with respect to any Liens on the Collateral being incurred under this clause (i) to secure Permitted Refinancing Indebtedness, if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then any Liens on such Collateral being incurred under this clause (i) to secure Permitted Refinancing Indebtedness shall also be Junior Liens);

(j) Liens arising out of Sale and Lease-Back Transactions permitted under Section 6.03, so long as such Liens attach only to the property sold and being leased in such transaction and any accessions and additions thereto or proceeds and products thereof and related property;

(k) Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) Liens disclosed by the title insurance policies delivered on or subsequent to the Closing Date and pursuant to the Collateral and Guarantee Requirement, Section 5.10 or Schedule 5.12 to the Original Credit Agreement and any replacement, extension or renewal of any such Lien; provided, that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal; provided, further, that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted by this Agreement;

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(m) any interest or title of a lessor or sublessor under any leases or subleases entered into by the Borrower or any Subsidiary in the ordinary course of business;

(n) Liens that are contractual rights of set-off (and related pledges) (i) relating to the establishment of depository relations with banks and other financial institutions not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposits, sweep accounts, reserve accounts or similar accounts of the Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower or any Subsidiary, including with respect to credit card charge-backs and similar obligations, or (iii) relating to purchase orders and other agreements entered into with customers, suppliers or service providers of the Borrower or any Subsidiary in the ordinary course of business;

(o) Liens (i) arising solely by virtue of any statutory or common law provision relating to banker’s liens, rights of set-off or similar rights, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, (iii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes, (iv) in respect of Third Party Funds or (v) in favor of credit card companies pursuant to agreements therewith;

(p) Liens securing obligations in respect of trade-related letters of credit, bankers’ acceptances or similar obligations permitted under Section 6.01(f), (k) or (o) and covering the property (or the documents of title in respect of such property) financed by such letters of credit, bankers’ acceptances or similar obligations and the proceeds and products thereof;

(q) leases or subleases, licenses or sublicenses (including with respect to Intellectual Property) granted to others in the ordinary course of business not interfering in any material respect with the business of the Borrower and its Subsidiaries, taken as a whole;

(r) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(s) Liens solely on any cash earnest money deposits made by the Borrower or any of the Subsidiaries in connection with any letter of intent or purchase agreement in respect of any Investment permitted hereunder;

(t) (i) Liens with respect to property or assets of any Subsidiary that is not a Loan Party securing obligations of a Subsidiary that is not a Loan Party permitted under Section 6.01 and (ii) Liens with respect to property or assets of the applicable joint venture or the Equity Interests of such joint venture securing Indebtedness permitted under Section 6.01(bb) (it being understood that with respect to any Liens on the Collateral being incurred under this clause (t)(ii) to secure Permitted Refinancing Indebtedness, if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then any Liens on such Collateral being incurred under this clause (t)(ii) to secure Permitted Refinancing Indebtedness shall also be Junior Liens);

(u) Liens on any amounts held by a trustee or agent under any indenture or other debt agreement issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions;
(v) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;
(w) agreements to subordinate any interest of the Borrower or any Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Borrower or any of its Subsidiaries pursuant to an agreement entered into in the ordinary course of business;
(x) Liens arising from precautionary Uniform Commercial Code financing statements regarding operating leases or other obligations not constituting Indebtedness;
(y) Liens (i) on Equity Interests of, or loans to, joint ventures (A) securing obligations of such joint venture or (B) pursuant to the relevant joint venture agreement or arrangement and (ii) on Equity Interests of, or loans to, Unrestricted Subsidiaries;
(z) Liens on securities that are the subject of repurchase agreements constituting Permitted Investments under clause (c) of the definition thereof;
(aa) Liens in respect of Permitted Securitization Financings that extend only to the assets subject thereto and Equity Interests of Special Purpose Securitization Subsidiaries;
(bb) Liens securing insurance premiums financing arrangements; provided, that such Liens are limited to the applicable unearned insurance premiums;
(cc) in the case of Real Property that constitutes a leasehold interest, any Lien to which the fee simple interest (or any superior leasehold interest) is subject;
(dd) Liens securing Indebtedness or other obligation (i) of the Borrower or a Subsidiary in favor of the Borrower or any Subsidiary Loan Party and (ii) of any Subsidiary that is not Loan Party in favor of any Subsidiary that is not a Loan Party;
(ee) Liens (i) on not more than $15,000,000 of deposits securing Hedging Agreements entered into for non-speculative purposes and (ii) on cash or Permitted Investments securing Hedging Agreements in the ordinary course of business submitted for clearing in accordance with applicable Requirements of Law;
(ff) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit, bank guarantee or banker’s acceptance issued or created for the account of the Borrower or any Subsidiary in the ordinary course of business; provided, that such Lien secures only the obligations of the Borrower or such Subsidiaries in respect of such letter of credit, bank guarantee or banker’s acceptance to the extent permitted under Section 6.01;
(gg) Liens on Collateral that are Junior Liens, so long as immediately after giving effect to the incurrence of the Indebtedness secured by such Junior Liens and the use of proceeds thereof, the Net Secured Leverage Ratio on a Pro Forma Basis is not greater than 3.00 to 1.00;
(hh) Liens on Collateral that are Other First Liens, so long as immediately after giving effect to the incurrence of the Indebtedness secured by such Other First Liens and the use of proceeds thereof, the Net First Lien Leverage Ratio on a Pro Forma Basis is not greater than 2.50 to 1.00; provided that any Indebtedness for borrowed money in the form of term loans secured by such Liens shall be subject to the last paragraph of this Section 6.02;
(ii) Liens on Collateral that are Other First Liens, so long as such Other First Liens secure Indebtedness permitted by Section 6.01(b), 6.01(h)(i)(w), 6.01(q), 6.01(y) or 6.01(z) (and, in each case, Permitted Refinancing Indebtedness in respect thereof), (ii) Liens on Collateral that are Junior Liens, so long as such Junior Liens secure Indebtedness permitted by Section 6.01(b), 6.01(h)(i)(x), 6.01(i), 6.01(r), 6.01(y) or 6.01(z) (and, in each case, Permitted Refinancing Indebtedness in respect thereof) and (iii) Liens to secure Indebtedness permitted by Section 6.01(i) (and, in each case, Permitted Refinancing Indebtedness in respect thereof);

(jj) Liens arising out of conditional sale, title retention or similar arrangements for the sale or purchase of goods by the Borrower or any of the Subsidiaries in the ordinary course of business;

(kk) Liens to secure any Indebtedness issued or incurred to Refinance (or successive Indebtedness issued or incurred for subsequent Refinancings) as a whole, or in part, any Indebtedness secured by any Lien permitted by this Section 6.02; provided, however, that (v) with respect to any Liens on the Collateral being incurred under this clause (kk), if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then such Liens on such Collateral being incurred under this clause (kk) shall also be Junior Liens, (w) with respect to any Liens on the Collateral being incurred under this clause (kk), if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Other First Liens, then such Liens on such Collateral being incurred under this clause (kk) may also be Other First Liens or Junior Liens, (x) (other than Liens contemplated by the foregoing clauses (v) and (w)) such new Lien shall be limited to all or part of the same type of property that secured the original Lien (plus improvements on and accessions to such property, proceeds and products thereof, customary security deposits and any other assets pursuant to after-acquired property clauses to the extent such assets secured (or would have secured) the Indebtedness being Refinanced), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount (or accreted value, if applicable) or, if greater, committed amount of the applicable Indebtedness at the time the original Lien became a Lien permitted hereunder, (B) unpaid accrued interest and premium (including tender premiums) and (C) an amount necessary to pay any associated underwriting discounts, defeasance costs, fees, commissions and expenses, and (z) on the date of the incurrence of the Indebtedness secured by such Liens, the grantors of any such Liens shall be no different from the grantors of the Liens securing the Indebtedness being Refinanced or grantors that would have been obligated to secure such Indebtedness or a Loan Party;

(ll) other Liens with respect to property or assets of the Borrower or any Subsidiary securing obligations in an aggregate outstanding principal amount that, immediately after giving effect to the incurrence of such Liens, would not exceed the greater of $350,000,000 and 0.475 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period;

(mm) Liens on property of, or on Equity Interests or Indebtedness of, any person existing at the time (A) such person becomes a Subsidiary of the Borrower or (B) such person or property is acquired by the Borrower or any Subsidiary; provided that (i) such Liens do not extend to any other assets of the Borrower or any Subsidiary (other than accessions and additions thereto and proceeds or products thereof and other than after-acquired property) and (ii) such Liens secure only those obligations which they secure on the date such person becomes a Subsidiary or the date of such acquisition (and any extensions, renewals, replacements or refinancings thereof);

(nn) Liens (i) on inventory held by and granted to a local distribution company in the ordinary course of business and (ii) in accounts purchased and collected by and granted to a local distribution company that has agreed to make payments to the Borrower or any of its Subsidiaries for such amounts in the ordinary course of business; and
For purposes of determining compliance with this Section 6.02, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in Sections 6.02(a) through (oo) but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in Sections 6.02(a) through (oo), the Borrower may, in its sole discretion, classify or reclassify, or later divide, classify or reclassify (as if incurred at such later time), such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.02 and at the time of incurrence, classification or reclassification will be entitled to only include the amount and type of such Lien or such item of Indebtedness secured by such Lien (or any portion thereof) in one of the above clauses (or any portion thereof) and such Lien securing such item of Indebtedness (or any portion thereof) will be treated as being incurred or existing pursuant to only such clause or clauses (or any portion thereof) without giving pro forma effect to such item (or any portion thereof) when calculating the amount of Liens or Indebtedness that may be incurred, classified or reclassified pursuant to any other clause (or any portion thereof) at such time. In addition, with respect to any revolving loan Indebtedness or commitment to incur Indebtedness that is designated to be incurred on any Deemed Date pursuant to clause (C) of the third paragraph of Section 6.01, any Lien that does or that shall secure such Indebtedness may also be designated by the Borrower or any Subsidiary to be incurred on such Deemed Date and, in such event, any related subsequent actual incurrence of such Lien shall be deemed for purposes of Section 6.01 and 6.02 of this Agreement, without duplication, to be incurred on such prior date (and on any subsequent date until such commitment is funded or terminated or such election is rescinded), including for purposes of calculating usage of any Permitted Lien. In addition, with respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

With respect to (x) Indebtedness for borrowed money incurred prior to the twelve month anniversary of the Closing Date in the form of term loans that are secured by Liens on the Collateral that are Other First Liens incurred under Section 6.02(hh) or (y) any Indebtedness for borrowed money incurred in the form of term loans incurred pursuant to Section 6.01(h)(i)(w) or any Indebtedness for borrowed money in the form of term loans incurred pursuant to Section 6.01(q)(i) or Section 6.01(z)(i), in each case, prior to the twelve month anniversary of the Closing Date that is secured by Liens on the Collateral that are Other First Liens (any such Indebtedness, “Pari Term Loans”), if the All-in Yield in respect of such Pari Term Loans exceeds the All-in Yield in respect of the Term B Loans on the Closing Date by more than 0.50% (such difference, the “Pari Yield Differential”), then the Applicable Margin (or “LIBOR floor” as provided in the following proviso) applicable to such Term B Loans on the Closing Date shall be increased such that after giving effect to such increase, the Pari Yield Differential shall not exceed 0.50%; provided that, to the extent any portion of the Pari Yield Differential is attributable to a higher “LIBOR floor” being applicable to such Pari Term Loans, such floor shall only be included in the calculation of the Pari Yield Differential to the extent such floor is greater than the Adjusted LIBOR Rate in effect for an Interest Period of three months’ duration at such time, and, with respect to such excess, the “LIBOR floor” applicable to such outstanding Term B Loans shall be increased to an amount not to exceed the “LIBOR floor” applicable to such Pari Term Loans prior to any increase in the Applicable Margin applicable to such Term B Loans.
Section 6.03 Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter, as part of such transaction, rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a “Sale and Lease-Back Transaction”); provided, that a Sale and Lease-Back Transaction shall be permitted (a) with respect to (i) Excluded Property, (ii) property owned by the Borrower or any Subsidiary Loan Party that is acquired after the Closing Date so long as such Sale and Lease-Back Transaction is consummated within 365 days of the acquisition of such property or (iii) property owned by any Subsidiary that is not a Loan Party regardless of when such property was acquired, and (b) with respect to any other property owned by the Borrower or any Subsidiary Loan Party, if such Sale and Lease-Back Transaction is of property owned by the Borrower or any Subsidiary Loan Party as of the Closing Date, the Net Proceeds therefrom are used to prepay the Term Loans to the extent required by Section 2.11(b) and (y) with respect to any Sale and Lease-Back Transaction pursuant to this clause (b) with Net Proceeds in excess of $5,000,000 individually or $15,000,000 in the aggregate in any fiscal year, the requirements of the last paragraph of Section 6.05 shall apply to such Sale and Lease-Back Transaction to the extent provided therein.

Section 6.04 Investments, Loans and Advances. (i) Purchase or acquire (including pursuant to any merger with a person that is not a Wholly Owned Subsidiary immediately prior to such merger) any Equity Interests, evidences of Indebtedness or other securities of any other person, (ii) make any loans or advances to or Guarantees of the Indebtedness of any other person (other than in respect of (A) intercompany liabilities incurred in connection with the cash management, tax and accounting operations of the Borrower and the Subsidiaries and (B) intercompany loans, advances or Indebtedness having a term not exceeding 364 days (inclusive of any roll-overs or extensions of terms) and made in the ordinary course of business or consistent with industry practices), or (iii) purchase or otherwise acquire, in one transaction or a series of related transactions, (x) all or substantially all of the property and assets or business of another person or (y) assets constituting a business unit, line of business or division of such person (each of the foregoing, an “Investment”), except:

(a) the Transactions;

(b) (i) Investments by the Borrower or any Subsidiary in the Equity Interests of the Borrower or any Subsidiary; (ii) intercompany loans from the Borrower or any Subsidiary to the Borrower or any Subsidiary; and (iii) Guarantees by the Borrower or any Subsidiary of Indebtedness otherwise permitted hereunder of the Borrower or any Subsidiary; provided, that as at any date of determination, the aggregate outstanding amount (valued at the time of the making thereof and without giving effect to any subsequent change in value) of (A) Investments made after the Closing Date by the Loan Parties pursuant to subclause (i) in Subsidiaries that are not Subsidiary Loan Parties, plus (B) net outstanding intercompany loans made after the Closing Date by the Loan Parties to Subsidiaries that are not Subsidiary Loan Parties pursuant to subclause (ii), plus (C) outstanding Guarantees by the Loan Parties of Indebtedness after the Closing Date of Subsidiaries that are not Subsidiary Loan Parties pursuant to subclause (iii) shall not exceed the sum of (X) the greater of $225,000,000 and 0.35 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment;

(c) Permitted Investments and Investments that were Permitted Investments when made;

(d) Investments arising out of the receipt by the Borrower or any Subsidiary of non-cash consideration for the Disposition of assets permitted under Section 6.05;

(e) loans and advances to officers, directors, employees or consultants of the Borrower or any Subsidiary (i) in the ordinary course of business in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) not to exceed $20,000,000, (ii) in respect of payroll payments and expenses in the ordinary course of business and (iii) in connection with such person’s purchase of Equity Interests of Holdings (or any Parent Entity) solely to the extent that the amount of such loans and advances shall be contributed to the Borrower in cash as common equity;
accounts receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business;

(g) Hedging Agreements entered into for non-speculative purposes;

(h) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 6.04 to the Original Credit Agreement and any extensions, renewals, replacements or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (h) is not increased at any time above the amount of such Investment existing or committed on the Closing Date (other than pursuant to an increase as required by the terms of any such Investment as in existence on the Closing Date or as otherwise permitted by this Section 6.04);

(i) Investments resulting from pledges and deposits under Sections 6.02(f), (g), (o), (r), (s), (ee) and (ll);

(j) other Investments by the Borrower or any Subsidiary in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) not to exceed the sum of (X) the greater of $225,000,000 and 0.35 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, plus (Y) any portion of the Cumulative Credit on the date of such election that the Borrower elects to apply to this Section 6.04(j)(Y), which such election shall (unless such Investment is made pursuant to clause (a) of the definition of “Cumulative Credit”) be set forth in a written notice of a Responsible Officer thereof, which notice shall set forth calculations in reasonable detail the amount of Cumulative Credit immediately prior to such election and the amount thereof elected to be so applied, and plus (Z) any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment pursuant to clause (X); provided, that if any Investment pursuant to this Section 6.04(j) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party and not in reliance on this Section 6.04(j);

(k) Investments constituting Permitted Business Acquisitions;

(l) intercompany loans between Subsidiaries that are not Loan Parties and Guarantees by Subsidiaries that are not Loan Parties permitted by Section 6.01(m);

(m) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with or judgments against, customers and suppliers, in each case in the ordinary course of business or Investments acquired by the Borrower or a Subsidiary as a result of a foreclosure by the Borrower or any of the Subsidiaries with respect to any secured Investments or other transfer of title with respect to any secured Investment in default;
(n) Investments of a Subsidiary acquired after the Closing Date or of a person merged into the Borrower or merged into or consolidated with a Subsidiary after the Closing Date, in each case, (i) to the extent such acquisition, merger or consolidation is permitted under this Section 6.04, (ii) in the case of any acquisition, merger or consolidation, in accordance with Section 6.05 and (iii) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(o) acquisitions by the Borrower of obligations of one or more officers or other employees of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with such officer’s or employee’s acquisition of Equity Interests of Holdings or any Parent Entity, so long as no cash is actually advanced by the Borrower or any of the Subsidiaries to such officers or employees in connection with the acquisition of any such obligations;

(p) Guarantees by the Borrower or any Subsidiary of operating leases (other than Capitalized Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by the Borrower or any Subsidiary in the ordinary course of business;

(q) Investments to the extent that payment for such Investments is made with Equity Interests of the Borrower, Holdings or any Parent Entity; provided, that the issuance of such Equity Interests are not included in any determination of the Cumulative Credit;

(r) Investments in the Equity Interests of one or more newly formed persons that are received in consideration of the contribution by Holdings, the Borrower or the applicable Subsidiary of assets (including Equity Interests and cash) to such person or persons; provided, that (i) the fair market value of such assets, determined in good faith by the Borrower, so contributed pursuant to this clause (r) shall not in the aggregate exceed $10,000,000 and (ii) in respect of each such contribution, a Responsible Officer of the Borrower shall certify, in a form to be agreed upon by the Borrower and the Administrative Agent (x) immediately after giving effect to such contribution, no Default or Event of Default shall have occurred and be continuing or would result therefrom, (y) the fair market value (as determined in good faith by the Borrower) of the assets so contributed and (z) that the requirements of clause (i) of this proviso remain satisfied;

(s) Investments consisting of Restricted Payments permitted under Section 6.06;

(t) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(u) [reserved];

(v) Guarantees permitted under Section 6.01 (except to the extent such Guarantee is expressly subject to this Section 6.04);

(w) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Borrower or such Subsidiary;

(x) Investments by the Borrower and its Subsidiaries, including loans to any direct or indirect parent of the Borrower, if the Borrower or any other Subsidiary would otherwise be permitted to make a Restricted Payment in such amount; provided, that the amount of any such Investment shall also be deemed to be a Restricted Payment under the appropriate clause of Section 6.06 for all purposes of this Agreement);
(y) Investments consisting of Securitization Assets or arising as a result of Permitted Securitization Financings;

(2) [reserved];

(aa) to the extent constituting Investments, purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of Intellectual Property in each case in the ordinary course of business;

(bb) Investments received substantially contemporaneously in exchange for Equity Interests of the Borrower, Holdings or any Parent Entity; provided, that the issuance of such Equity Interests are not included in any determination of the Cumulative Credit;

(cc) Investments in joint ventures; provided that the aggregate outstanding amount (valued at the time of the making thereof and without giving effect to any subsequent changes in value) of Investments made after the Closing Date pursuant to this Section 6.04(cc) (excluding for purposes of the calculation in this proviso any Investment made at a time when, immediately after giving effect thereto, the Net Total Leverage Ratio on a Pro Forma Basis would not exceed 3.00 to 1.00, which Investment shall be permitted under this Section 6.04(cc) without regard to such calculation) shall not exceed the sum of (X) the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, plus (Y) an aggregate amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment; provided, that if any Investment pursuant to this Section 6.04(cc) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(cc);

(dd) Investments in Similar Businesses in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent changes in value) not to exceed the sum of (X) the greater of $225,000,000 and 0.35 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment; provided, that if any Investment pursuant to this Section 6.04(dd) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(dd);

(ee) Investments in any Unrestricted Subsidiaries after giving effect to the applicable Investments, in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) not to exceed the sum of (X) the greater of $100,000,000 and 0.15 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment; provided, that if any Investment pursuant to this Section 6.04(ee) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(ee);
(ff) other Investments so long as, immediately after giving effect to such Investment, the Net Total Leverage Ratio on a Pro Forma Basis would not exceed 3.00 to 1.00; and

(gg) Investments made pursuant to the Merger Agreement.

The amount of Investments that may be made at any time pursuant to Section 6.04(b), 6.04(j) or 6.04(dd) (such Sections, the “Related Sections”) may, at the election of the Borrower, be increased by the amount of Investments that could be made at such time under the other Related Section; provided, that the amount of each such increase in respect of one Related Section shall be treated as having been used under the other Related Section.

Any Investment in any person other than the Borrower or a Subsidiary Loan Party that is otherwise permitted by this Section 6.04 may be made through intermediate Investments in Subsidiaries that are not Loan Parties and such intermediate Investments shall be disregarded for purposes of determining the outstanding amount of Investments pursuant to any clause set forth above. The amount of any Investment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Borrower in good faith) valued at the time of the making thereof, and without giving effect to any subsequent change in value.

For purposes of determining compliance with this covenant, (A) an Investment need not be permitted solely by reference to one category of permitted Investments (or portion thereof) described in the above clauses but may be permitted in part under any combination thereof and (B) in the event that an Investment (or any portion thereof) meets the criteria of one or more of the categories of permitted Investments (or any portion thereof) described in the above clauses, the Borrower may, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such permitted Investment (or any portion thereof) in any manner that complies with this covenant and at the time of classification or reclassification will be entitled to only include the amount and type of such Investment (or any portion thereof) in one of the categories of permitted Investments (or any portion thereof) described in the above clauses. In the event that an Investment (or any portion thereof) is classified or reclassified under Section 6.04(k), (cc) or (ff) (such clauses and related definitions, the “Investment Incurrence Clauses”), the determination of the amount of such Investment that may be made pursuant to the Investment Incurrence Clauses shall be made without giving pro forma effect to any substantially concurrent incurrence of Indebtedness to finance any other Investment (or any portion thereof) classified or reclassified under any of the above clauses other than an Investment Incurrence Clause.

Section 6.05 Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or Dispose of (in one transaction or in a series of related transactions) all or any part of its assets (whether now owned or hereafter acquired), or Dispose of any Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of related transactions) all of the assets of any other person or division or line of business of a person, except that this Section 6.05 shall not prohibit:

(a) (i) the purchase andDisposition of inventory, or the sale of receivables pursuant to non-recourse factoring arrangements, in each case in the ordinary course of business by the Borrower or any Subsidiary, (ii) the acquisition or lease (pursuant to an operating lease) of any other asset in the ordinary course of business by the Borrower or any Subsidiary or, with respect to operating leases, otherwise for fair market value on market terms (as determined in good faith by the Borrower), (iii) the Disposition of surplus, obsolete, damaged or worn out equipment or other property by the Borrower or
any Subsidiary in the ordinary course of business or consistent with past practice or industry norm or determined in good faith by the Borrower to be no longer used or useful or necessary in the operation of the business of the Borrower or any Subsidiary, (iv) assignments by the Borrower and any Subsidiary in connection with insurance arrangements of their rights and remedies under, and with respect to, the Merger Agreement in respect of any breach by the Company of its representations and warranties set forth therein or (v) the Disposition of Permitted Investments in the ordinary course of business;

(b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, (i) the merger or consolidation of any Subsidiary with or into the Borrower in a transaction in which the Borrower is the survivor, (ii) the merger or consolidation of any Subsidiary with or into any Subsidiary Loan Party in a transaction in which the surviving or resulting entity is or becomes a Subsidiary Loan Party and, in the case of each of clauses (i) and (ii), no person other than the Borrower or a Subsidiary Loan Party receives any consideration (unless otherwise permitted by Section 6.04), (iii) the merger or consolidation of any Subsidiary that is not a Subsidiary Loan Party with or into any other Subsidiary that is not a Subsidiary Loan Party, (iv) the liquidation or dissolution or change in form of entity of any Subsidiary if the Borrower determines in good faith that such liquidation, dissolution or change in form is in the best interests of the Borrower and is not materially disadvantageous to the Lenders, (v) any Subsidiary may merge or consolidate with any other person in order to effect an Investment permitted pursuant to Section 6.04 so long as the continuing or surviving person shall be a Subsidiary (unless otherwise permitted by Section 6.04), which shall be a Loan Party if the merging or consolidating Subsidiary was a Loan Party (unless otherwise permitted by Section 6.04) and which together with each of its Subsidiaries shall have complied with any applicable requirements of Section 5.10 or (vi) any Subsidiary may merge or consolidate with any other person in order to effect an Asset Sale otherwise permitted pursuant to this Section 6.05;

(c) Dispositions to the Borrower or a Subsidiary (upon voluntary liquidation or otherwise); provided, that any Dispositions by a Loan Party to a Subsidiary that is not a Subsidiary Loan Party in reliance on this clause (c) shall be made in compliance with Section 6.04;

(d) Sale and Lease-Back Transactions permitted by Section 6.03;

(e) (i) Investments permitted by Section 6.04, Permitted Liens and Restricted Payments permitted by Section 6.06 and (ii) any Disposition made pursuant to the Merger Agreement or in connection with the Transactions;

(f) Dispositions of defaulted receivables in the ordinary course of business and not as part of an accounts receivables financing transaction;

(g) other Dispositions of assets; provided, that the Net Proceeds thereof, if any, are applied in accordance with Section 2.11(b) to the extent required thereby;

(h) Permitted Business Acquisitions (including any merger, consolidation or amalgamation in order to effect a Permitted Business Acquisition); provided, that following any such merger, consolidation or amalgamation involving the Borrower, the Borrower is the surviving entity or the requirements of Section 6.05(o) are otherwise complied with;

(i) leases, licenses or sublicenses or sublicenses of any real or personal property in the ordinary course of business;

(j) Dispositions of inventory or Dispositions or abandonment of Intellectual Property of the Borrower and its Subsidiaries determined in good faith by the management of the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any of the Subsidiaries;
(k) acquisitions and purchases made with the proceeds of any Asset Sale pursuant to the first proviso of clause (a) of the definition of “Net Proceeds”;

(l) the purchase and Disposition (including by capital contribution) of (i) Securitization Assets including pursuant to Permitted Securitization Financings and (ii) any other Securitization Assets subject to Liens securing Permitted Securitization Financing;

(m) to the extent constituting a Disposition, any termination, settlement or extinguishment of obligations in respect of any Hedging Agreement;

(n) any exchange of assets for services and/or other assets used or useful in a Similar Business of comparable or greater value; provided, that (i) to the extent the consideration received consists of assets, at least 90% of the consideration received by the transferor consists of assets that will be used in a business or business activity permitted hereunder, (ii) in the event of a swap with a fair market value (as determined in good faith by the Borrower) in excess of $10,000,000, the Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower with respect to such fair market value and (iii) in the event of a swap with a fair market value (as determined in good faith by the Borrower) in excess of $15,000,000, such exchange shall have been approved by at least a majority of the Board of Directors of Holdings or the Borrower; provided, further, that (A) no Default or Event of Default exists or would result therefrom, (B) the Net Proceeds, if any, thereof are applied in accordance with Section 2.11(b) to the extent required thereby and (C) with respect to any exchange of assets for services, immediately after giving effect thereto, the Borrower shall be in Pro Forma Compliance; and

(o) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, any Subsidiary or any other person may be merged, amalgamated or consolidated with or into the Borrower, provided that (A) the Borrower shall be the surviving entity or (B) if the surviving entity is not the Borrower (such other person, the “Successor Borrower”), (1) the Successor Borrower shall be an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia or any territory thereof, (2) the Successor Borrower shall expressly assume all the obligations of the Borrower under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (3) each Guarantor, unless it is the other party to such merger or consolidation, shall have by a supplement to the Holdings Guarantee and Pledge Agreement or the Subsidiary Guarantee Agreement, as applicable, confirmed that its guarantee thereunder shall apply to any Successor Borrower’s obligations under this Agreement, (4) each Subsidiary Loan Party, unless it is the other party to such merger or consolidation, shall have by a supplement to any applicable Security Document affirmed that its obligations thereunder shall apply to its guarantee as reaffirmed pursuant to clause (3), (5) each mortgagor of a Mortgaged Property, unless it is the other party to such merger or consolidation, shall have affirmed that its obligations under the applicable Mortgage shall apply to its guarantee as reaffirmed pursuant to clause (3) and (6) the Successor Borrower shall have delivered to the Administrative Agent (x) an officer’s certificate stating that such merger or consolidation does not violate this Agreement or any other Loan Document and (y) if requested by the Administrative Agent, an opinion of counsel to the effect that such merger or consolidation does not violate this Agreement or any other Loan Document and covering such other matters as are contemplated by the Collateral and Guarantee Requirement to be covered in opinions of counsel (it being understood that if the foregoing are satisfied, the Successor Borrower will succeed to, and be substituted for, the Borrower under this Agreement).
Notwithstanding anything to the contrary contained in Section 6.05 above, no Disposition of assets under Section 6.05(g) or, solely with respect to Sale and Lease-Back Transactions referred to in clause (b)(y) of Section 6.03, under Section 6.05(d), shall be permitted unless (i) such Disposition is for fair market value (as determined in good faith by the Borrower), or if not for fair market value, the shortfall is permitted as an Investment under Section 6.04, and (ii) at least 75% of the proceeds of such Disposition (except to Loan Parties) consist of cash or Permitted Investments; provided, that the provisions of this clause (ii) shall not apply to any individual transaction or series of related transactions involving assets with a fair market value (as determined in good faith by the Borrower) of less than $15,000,000 or to other transactions involving assets with a fair market value (as determined in good faith by the Borrower) of not more than the greater of $50,000,000 and 0.075 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period in the aggregate for all such transactions during the term of this Agreement; provided, further, that for purposes of this clause (ii), each of the following shall be deemed to be cash: (a) the amount of any liabilities (as shown on the Borrower’s or such Subsidiary’s most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets or are otherwise cancelled in connection with such transaction, (b) any notes or other obligations or other securities or assets received by the Borrower or such Subsidiary from the transferee that are converted by the Borrower or such Subsidiary into cash within 180 days after receipt thereof (to the extent of the cash received), (c) any Designated Non-Cash Consideration received by the Borrower or any of its Subsidiaries in such Disposition having an aggregate fair market value (as determined in good faith by the Borrower), taken together with all other Designated Non-Cash Consideration received pursuant to this clause (ii) that is at that time outstanding, not to exceed the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the Test Period ended immediately prior to the receipt of such Designated Non-Cash Consideration (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value), (d) the amount of Indebtedness of any Subsidiary that is no longer a Subsidiary as a result of such Asset Sale, to the extent that Holdings, the Borrower and each other Subsidiary are released from any guarantee of payment of such Indebtedness in connection with the Asset Sale and (e) consideration consisting of Indebtedness of the Borrower or a Subsidiary (other than Indebtedness that is subordinated in right of payment to the Loan Obligations) received from persons who are not Holdings, the Borrower or a Subsidiary in connection with the Asset Sale and that is cancelled. For purposes of this Section 6.05, the fair market value of any assets Disposed of by the Borrower or any Subsidiary shall be determined in good faith by the Borrower and may be determined either, at the option of the Borrower, at the time of such Disposition or as of the date of the definitive agreement with respect to such Disposition.

Section 6.06 Dividends and Distributions. Declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Equity Interests (other than Disqualified Stock) of the person paying such dividends or distributions) or directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Subsidiary to purchase or acquire) any of the Borrower’s Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Equity Interests (other than Disqualified Stock) of the person redeeming, purchasing, retiring or acquiring such shares) (all of the foregoing, “Restricted Payments”); provided, however, that:

(a) Restricted Payments may be made to the Borrower or any Wholly Owned Subsidiary of the Borrower (or, in the case of non-Wholly Owned Subsidiaries, to the Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary and to each other owner of Equity Interests of such Subsidiary on a pro rata basis (or more favorable basis from the perspective of the Borrower or such Subsidiary) based on their relative ownership interests);
(b) Restricted Payments may be made in respect of (i) general corporate operating and overhead, legal, accounting and other professional fees and expenses of Holdings or any Parent Entity, (ii) fees and expenses related to any public offering or private placement of Equity Interests or Indebtedness of Holdings or any Parent Entity whether or not consummated, (iii) franchise and similar taxes and other fees and expenses in connection with the maintenance of its (or any Parent Entity’s) existence and its (or any Parent Entity’s indirect) ownership of the Borrower, (iv) payments permitted by Section 6.07(b) (other than Section 6.07(b)(vii)), (v) in respect of any taxable period for which the Borrower and/or any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar tax group for U.S. federal and/or applicable state, local or foreign tax purposes of which a direct or indirect parent of the Borrower is the common parent, or for which the Borrower is a disregarded entity for U.S. federal income tax purposes that is wholly owned (directly or indirectly) by a C corporation for U.S. federal and/or applicable state, local or foreign tax purposes, Restricted Payments to any direct or indirect parent of the Borrower in an amount not to exceed the amount of any U.S. federal, state, local and/or foreign income taxes that the Borrower and/or its Subsidiaries, as applicable, would have paid for such taxable period had the Borrower and/or its Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group and (vi) customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers, directors, employees and consultants of Holdings or any Parent Entity, in each case in order to permit Holdings or any Parent Entity to make such payments; provided, that in the case of subclauses (i) and (iii), the amount of such Restricted Payments shall not exceed the portion of any amounts referred to in such subclauses (i) and (iii) that are allocable to the Borrower and its Subsidiaries (which (x) shall be 100% at any time that, as the case may be, (1) Holdings owns no material assets other than the Equity Interests of the Borrower and assets incidental to such equity ownership or (2) any Parent Entity owns directly or indirectly no material assets other than Equity Interests of Holdings and any other Parent Entity and assets incidental to such equity ownership and (y) in all other cases shall be as determined in good faith by the Borrower);

(c) Restricted Payments may be made to Holdings, the proceeds of which are used to purchase or redeem the Equity Interests of Holdings or any Parent Entity (including related stock appreciation rights or similar securities) held by then present or former directors, consultants, officers, employees or any Parent Entity, Holdings, the Borrower or any of the Subsidiaries or by any Plan or any shareholders’ agreement then in effect upon such person’s death, disability, retirement or termination of employment or under the terms of any such Plan or any other agreement under which such shares of stock or related rights were issued; provided, that the aggregate amount of such purchases or redemptions under this clause (c) shall not exceed in any fiscal year $20,000,000 (which shall increase to $40,000,000 subsequent to a Qualified IPO) (plus (x) the amount of net proceeds contributed to the Borrower that were (x) received by Holdings or any Parent Entity during such calendar year from sales of Equity Interests of Holdings or any Parent Entity to directors, consultants, officers or employees of Holdings, any Parent Entity, the Borrower or any Subsidiary in connection with permitted employee compensation and incentive arrangements; provided, that such proceeds are not included in any determination of the Cumulative Credit, (y) the amount of net proceeds of any key-man life insurance policies received during such calendar year, and (z) the amount of any cash bonuses otherwise payable to members of management, directors or consultants of Holdings, any Parent Entity, the Borrower or the Subsidiaries in connection with the Transactions that are foregone in return for the receipt of Equity Interests), which, if not used in any year, may be carried forward to any subsequent calendar year; and provided, further, that cancellation of Indebtedness owing to the Borrower or any Subsidiary from members of management of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with a repurchase of Equity Interests of Holdings or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this Section 6.06;
(d) any person may make non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options;

(e) Restricted Payments may be made in an aggregate amount equal to a portion of the Cumulative Credit on the date of such election that the Borrower elects to apply to this Section 6.06(e), which such election shall (unless such Restricted Payment is made pursuant to clause (a) of the definition of Cumulative Credit) be set forth in a written notice of a Responsible Officer of the Borrower, which notice shall set forth calculations in reasonable detail the amount of Cumulative Credit immediately prior to such election and the amount thereof elected to be so applied; provided, that (i) no Default or Event of Default shall have occurred and be continuing and (ii) after giving effect thereto, the Interest Coverage Ratio on a Pro Forma Basis shall be no less than 2.00 to 1.00;

(f) Restricted Payments may be made in connection with the consummation of the Transactions, including payments and distributions to dissenting stockholders or stockholders exercising appraisal rights pursuant to applicable law;

(g) Restricted Payments may be made to pay, or to allow Holdings or any Parent Entity to make payments, in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such person;

(h) after a Qualified IPO, Restricted Payments may be made to pay, or to allow Holding or any Parent Entity to pay, dividends and make distributions to, or repurchase or redeem shares from, its equity holders in an amount per annum no greater than 6.0% of the Market Capitalization; provided, that no Event of Default shall have occurred and be continuing;

(i) Restricted Payments may be made to Holdings or any Parent Entity to finance any Investment that if made by the Borrower or any Subsidiary directly would be permitted to be made pursuant to Section 6.04; provided, that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) such parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the Borrower or a Subsidiary or (2) the merger, consolidation or amalgamation (to the extent permitted in Section 6.05) of the person formed or acquired into the Borrower or a Subsidiary in order to consummate such Permitted Business Acquisition or Investment, in each case, in accordance with the requirements of Section 5.10;

(j) other Restricted Payments may be made in an aggregate amount not to exceed the greater of $200,000,000 and 0.30 times the EBITDA calculated on a Pro Forma Basis for the Test Period ended immediately prior to the date of such Restricted Payment; provided, that no Event of Default shall have occurred and be continuing;

(k) Restricted Payments may be made under the Merger Agreement;

(l) Restricted Payments may be made in an amount equal to Excluded Contributions;

(m) other Restricted Payments may be made; provided that, no Default or Event of Default has occurred and is continuing or would result therefrom and after giving effect to such Restricted Payment, the Net Total Leverage Ratio on a Pro Forma Basis would not exceed 2.75 to 1.00; and
any consideration, payment, dividend, distribution or other transfer in connection with a Permitted Securitization Financing.

Notwithstanding anything herein to the contrary, (i) the foregoing provisions of Section 6.06 will not prohibit the payment of any Restricted Payment or the consummation of any redemption, purchase, defeasance or other payment within 60 days after the date of declaration thereof or the giving of notice, as applicable, if at the date of declaration or the giving of such notice such payment would have complied with the provisions of this Agreement and (ii) solely for purposes of this Agreement and the other Loan Documents, any equity contribution or purchase of Equity Interests to fund shares that have selected appraisal rights (including any settlement in respect thereof) shall be deemed to have been made on the Closing Date, and any payment to the holders of such shares shall be deemed to have been made on the Closing Date, in each case, as part of the Transactions.

For purposes of determining compliance with this covenant, (A) a Restricted Payment need not be permitted solely by reference to one category of permitted Restricted Payments (or any portion thereof) described in the above clauses but may be permitted in part under any combination thereof and (B) in the event that a Restricted Payment (or any portion thereof) meets the criteria of one or more of the categories of permitted Restricted Payments (or any portion thereof) described in the above clauses, the Borrower may, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such permitted Restricted Payment (or any portion thereof) in any manner that complies with this covenant and at the time of classification or reclassification will be entitled to only include the amount and type of such Restricted Payment (or any portion thereof) in one of the categories of permitted Restricted Payments (or any portion thereof) described in the above clauses. In the event that a Restricted Payment (or any portion thereof) is classified or reclassified under Section 6.06(m) (such clause, the "Restricted Payments Incurrence Clause"), the determination of the amount of such Restricted Payment that may be made pursuant to the Restricted Payments Incurrence Clause shall be made without giving pro forma effect to any substantially concurrent Incurrence of Indebtedness to finance any other Restricted Payment (or any portion thereof) classified or reclassified under any of the above clauses other than the Restricted Payments Incurrence Clause.

Section 6.07 Transactions with Affiliates. (a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (other than the Borrower, Holdings, and the Subsidiaries or any person that becomes a Subsidiary as a result of such transaction) in a transaction (or series of related transactions) involving aggregate consideration in excess of $25,000,000, unless such transaction is (i) otherwise permitted (or required) under this Agreement or (ii) upon terms that are substantially no less favorable to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm’s-length transaction with a person that is not an Affiliate, as determined by the Board of Directors of the Borrower or such Subsidiary in good faith.

(b) The foregoing clause (a) shall not prohibit, to the extent otherwise permitted under this Agreement,

(i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, equity purchase agreements, stock options and stock ownership plans approved by the Board of Directors of Holdings (or any Parent Entity) or of the Borrower,

(ii) loans or advances to employees or consultants of Holdings (or any Parent Entity), the Borrower or any of the Subsidiaries in accordance with Section 6.04(e),

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(iii) transactions among the Borrower or any Subsidiary or any entity that becomes a Subsidiary as a result of such transaction (including via merger, consolidation or amalgamation in which the Borrower or a Subsidiary is the surviving entity),

(iv) the payment of fees, reasonable out-of-pocket costs and indemnities to directors, officers, consultants and employees of Holdings, any Parent Entity, the Borrower and the Subsidiaries in the ordinary course of business (limited, in the case of any Parent Entity, to the portion of such fees and expenses that are allocable to the Borrower and its Subsidiaries (which (x) shall be 100% for so long as Holdings or such Parent Entity, as the case may be, owns no assets other than the Equity Interests of the Borrower, Holdings or any Parent Entity and assets incidental to the ownership of the Borrower and its Subsidiaries and (y) in all other cases shall be as determined in good faith by management of the Borrower)),

(v) subject to the limitations set forth in Section 6.07(b)(xiv), if applicable, the Transactions, the 2016 Repricing Transactions, the June 2017 Transactions and any transactions pursuant to the Transaction Documents and permitted transactions, agreements and arrangements in existence on the Closing Date and, to the extent involving aggregate consideration in excess of $5,000,000, set forth on Schedule 6.07 to the Original Credit Agreement or any amendment thereto or replacement thereof or similar arrangement to the extent such amendment, replacement or arrangement is not adverse to the Lenders when taken as a whole in any material respect (as determined by the Borrower in good faith),

(vi) (A) any employment agreements entered into by the Borrower or any of the Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers or directors, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract and transactions pursuant thereto,

(vii) Restricted Payments permitted under Section 6.06, including payments to Holdings (and any Parent Entity), and Investments permitted under Section 6.04,

(viii) any purchase by Holdings of the Equity Interests of the Borrower; provided, that any Equity Interests of the Borrower purchased by Holdings (prior to a Qualified IPO of the Borrower) shall be pledged to the Collateral Agent (and deliver the relevant certificates or other instruments (if any) representing such Equity Interests to the Collateral Agent) on behalf of the Lenders to the extent required by the Holdings Guarantee and Pledge Agreement,

(ix) payments by the Borrower or any of the Subsidiaries to any Co-Investor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by the majority of the Board of Directors of the Borrower in good faith,

(x) transactions for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business,

(xi) any transaction in respect of which the Borrower delivers to the Administrative Agent a letter addressed to the Board of Directors of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of the Borrower qualified to render such letter, which letter states that (i) such transaction is on terms that are substantially no less favorable to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm’s-length transaction with a person that is not an Affiliate or (ii) such transaction is fair to the Borrower or such Subsidiary, as applicable, from a financial point of view,
(xii) subject to subclause (xiv) below, if applicable, the payment of all fees, expenses, bonuses and awards related to the Transactions, including fees to any Co-Investor,

(xiii) transactions with joint ventures for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business or consistent with past practice or industry norm,

(xiv) any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to any Co-Investor (A) in an aggregate amount in any fiscal year not to exceed the sum of (1) the greater of $10,000,000 and 2.00% of EBITDA for any such fiscal year, plus reasonable out of pocket costs and expenses in connection therewith in any fiscal year and unpaid amounts for any prior periods from and including the fiscal year in which the Closing Date occurs; plus (2) any deferred, accrued or other fees in respect of any fiscal years from and including the fiscal year in which the Closing Date occurs (to the extent such fees in the aggregate do not exceed the amounts described in clause (A)(1) above in respect of such fiscal years), plus (B) 1.00% of the value of transactions with respect to any Co-Investor provides any transaction, advisory or other services (including in connection with the Transactions), plus (C) so long as no Event of Default has occurred and is continuing, the present value of all future amounts payable pursuant to any agreement referred to in clause (A)(1) above in connection with the termination of such agreement with a Co-Investor; provided, that if any such payment pursuant to clause (C) is not permitted to be paid as a result of an Event of Default, such payment shall accrue and may be payable when no Events of Default are continuing to the extent that no further Event of Default would result therefrom,

(xv) the issuance, sale or transfer of Equity Interests of the Borrower or any Subsidiary to Holdings (or any Parent Entity) and capital contributions by Holdings (or any Parent Entity) to the Borrower or any Subsidiary,

(xvi) the issuance of Equity Interests to the management of Holdings, any Parent Entity, the Borrower or any Subsidiary in connection with the Transactions,

(xvii) payments by Holdings (or any Parent Entity), the Borrower and the Subsidiaries pursuant to a tax sharing agreement or arrangement (whether written or as a matter of practice) that complies with clause (v) of Section 6.06(b),

(xviii) transactions pursuant to any Permitted Securitization Financing,

(xix) payments, loans (or cancellation of loans) or advances to employees or consultants that are (i) approved by a majority of the Disinterested Directors of Holdings (or any Parent Entity) or the Borrower in good faith, (ii) made in compliance with applicable law and (iii) otherwise permitted under this Agreement,

(xx) transactions with customers, clients or suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice or industry norm otherwise in compliance with the terms of this Agreement that are fair to the Borrower or the Subsidiaries (in the good faith determination of the Borrower),
transactions between the Borrower or any of the Subsidiaries and any person, a director of which is also a director of the Borrower or any direct or indirect parent company of the Borrower; provided, however, that (A) such director abstains from voting as a director of the Borrower or such direct or indirect parent company, as the case may be, on any matter involving such other person and (B) such person is not an Affiliate of the Borrower for any reason other than such director’s acting in such capacity,

transactions permitted by, and complying with, the provisions of Section 6.05,

intercompany transactions undertaken in good faith (as certified by a Responsible Officer of the Borrower) for the purpose of improving the consolidated tax efficiency of the Borrower and the Subsidiaries and not for the purpose of circumventing any covenant set forth herein, and

Investments by any Co-Investor in securities of the Borrower or any of the Subsidiaries so long as (A) the Investment is being offered generally to other investors on the same or more favorable terms and (B) the Investment constitutes less than 5.0% of the outstanding issue amount of such class of securities.

Notwithstanding the foregoing, the Fund, any portfolio company that is an Affiliate of the Fund or a Fund Affiliate shall not be considered an Affiliate of the Borrower or its Subsidiaries with respect to any transaction, so long as such transaction is in the ordinary course of business.

Section 6.08 Business of the Borrower and the Subsidiaries. Notwithstanding any other provisions hereof, engage at any time to any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Closing Date or any Similar Business, and in the case of a Special Purpose Securitization Subsidiary, Permitted Securitization Financings.

Section 6.09 Limitation on Payments and Modifications of Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Other Agreements; etc. (a) Amend or modify in any manner materially adverse to the Lenders when taken as a whole (as determined in good faith by the Borrower), or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders when taken as a whole (as determined in good faith by the Borrower)), the articles or certificate of incorporation, by-laws, limited liability company operating agreement, partnership agreement or other organizational documents of the Borrower or any of the Subsidiary Loan Parties.

(b) (i) Make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of, or in respect of, principal of or interest on any Junior Financing, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination in respect of any Junior Financing, except for:

(A) Refinancings with any Indebtedness permitted to be incurred under Section 6.01;

(B) payments of regularly-scheduled interest and fees due thereunder, other non-principal payments thereunder, any mandatory prepayments of principal, interest and fees thereunder, scheduled payments thereon necessary to avoid the Junior Financing from constituting “applicable high yield discount obligations” within the meaning of Section 163(i)(l) of the Code, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date of any Junior Financing (or within twelve months thereof);
(C) payments or distributions in respect of all or any portion of the Junior Financing with the proceeds contributed to the Borrower by Holdings from the issuance, sale or exchange by Holdings (or any Parent Entity) of Equity Interests that are not Disqualified Stock made within eighteen months prior thereto; provided, that such proceeds are not included in any determination of the Cumulative Credit;

(D) the conversion of any Junior Financing to Equity Interests of the Borrower, Holdings or any Parent Entity;

(E) so long as (i) no Event of Default has occurred and is continuing and (ii) after giving effect to such payments or distributions, the Interest Coverage Ratio on a Pro Forma Basis shall be no less than 2.00 to 1.00, payments or distributions in respect of Junior Financings prior to any scheduled maturity made, in an aggregate amount, not to exceed a portion of the Cumulative Credit on the date of such election that the Borrower elects to apply to this Section 6.09(b)(i)(E), which such election shall (unless such payment or distribution is made pursuant to clause (a) of the definition of Cumulative Credit) be set forth in a written notice of a Responsible Officer thereof, which notice shall set forth calculations in reasonable detail of the amount of Cumulative Credit immediately prior to such election and the amount thereof elected to be so applied;

(F) other payments and distributions in an aggregate amount (valued at the time of the making thereof and without giving effect to any subsequent change in value) not to exceed the greater of $150,000,000 and 0.20 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period; provided, that no Default or Event of Default has occurred and is continuing; and

(G) other payments and distributions in respect of Junior Financing; provided that no Default or Event of Default has occurred and is continuing or would result therefrom and, after giving effect to such payment or distribution, the Net Total Leverage Ratio on a Pro Forma Basis would not exceed 2.75 to 1.00; or

(ii) Amend or modify, or permit the amendment or modification of, any provision of any Junior Financing that constitutes Material Indebtedness, or any agreement, document or instrument evidencing or relating thereto, other than amendments or modifications that (A) are not materially adverse to Lenders when taken as a whole (as determined in good faith by the Borrower) and that do not affect the subordination or payment provisions thereof (if any) in a manner adverse to the Lenders when taken as a whole (as determined in good faith by the Borrower) or (B) otherwise comply with the definition of “Permitted Refinancing Indebtedness.”

(c) Permit any Material Subsidiary to enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances to the Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary or (ii) the granting of Liens by the Borrower or such Material Subsidiary that is a Loan Party pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

(A) restrictions imposed by applicable law;
(B) contractual encumbrances or restrictions in effect on the Closing Date, including under Indebtedness existing on the Closing Date and set forth on Schedule 6.01 to the Original Credit Agreement, the Senior Unsecured Note Documents, any Refinancing Notes or any agreements related to any Permitted Refinancing Indebtedness in respect of any such Indebtedness and, in each case, any similar contractual encumbrances or restrictions and any amendment, modification, supplement, replacement or refinancing of such agreements or instruments that does not materially expand the scope of any such encumbrance or restriction (as determined in good faith by the Borrower);

(C) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Equity Interests or assets of a Subsidiary pending the closing of such sale or disposition;

(D) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures entered into in the ordinary course of business;

(E) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(F) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Section 6.01 or Permitted Refinancing Indebtedness in respect thereof, to the extent such restrictions are not materially more restrictive, taken as a whole, than the restrictions contained in this Agreement or are market terms at the time of issuance (in each case as determined in good faith by the Borrower);

(G) customary provisions contained in leases or licenses of Intellectual Property and other similar agreements entered into in the ordinary course of business;

(H) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(I) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(J) customary restrictions and conditions contained in any agreement relating to the sale, transfer, lease or other disposition of any asset permitted under Section 6.05 pending the consummation of such sale, transfer, lease or other disposition;

(K) customary restrictions and conditions contained in the document relating to any Lien, so long as (1) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien, and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;

(L) customary net worth provisions contained in Real Property leases entered into by Subsidiaries, so long as the Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrower and its Subsidiaries to meet their ongoing obligations;

(M) any agreement in effect at the time such subsidiary becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary;
(N) restrictions in agreements representing Indebtedness permitted under Section 6.01 of a Subsidiary of the Borrower that is not a Subsidiary Loan Party;

(O) customary restrictions contained in leases, subleases, licenses or Equity Interests or asset sale agreements otherwise permitted hereby as long as such restrictions relate to the Equity Interests and assets subject thereto;

(P) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(Q) restrictions contained in any Permitted Securitization Document with respect to any Special Purpose Securitization Subsidiary; and

(R) any encumbrances or restrictions of the type referred to in Section 6.09(c)(i) and 6.09(c)(ii) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancing of or similar arrangements to the contracts, instruments or obligations referred to in clauses (A) through (Q) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements, refinancings or similar arrangements are, in the good faith judgment of the Borrower, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions as contemplated by such provisions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement, refinancing or similar arrangement.

Section 6.10 Fiscal Year. In the case of the Borrower, permit any change to its fiscal year without prior notice to the Administrative Agent, in which case, the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary to reflect such change in fiscal year.

Section 6.11 Financial Covenant. With respect to the Revolving Facility only, permit the Net First Lien Leverage Ratio as of the last day of any fiscal quarter (beginning with the end of the first full fiscal quarter ending after the 2020 Effective Date), solely to the extent that on such date the Testing Condition is satisfied, to exceed 5.00 to 1.00.

ARTICLE VIA

Holdings Negative Covenants

Holdings (prior to a Qualified IPO) hereby covenants and agrees with each Lender that, from and after the Closing Date and until the Termination Date, unless the Required Lenders shall otherwise consent in writing, (a) Holdings will not create, incur, assume or permit to exist any Lien other than (i) Liens created under the Loan Documents and (ii) Liens not prohibited by Section 6.02 on any of the Equity Interests issued by the Borrower held by Holdings and (b) Holdings shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided, that so long as no Default has occurred and is continuing or would result therefrom, Holdings may merge with any other person (and if it is not the survivor of such merger, the survivor shall assume Holdings’ obligations, as applicable, under the Loan Documents).

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ARTICLE VII

Events of Default

Section 7.01 Events of Default. In case of the happening of any of the following events (each, an “Event of Default”):

(a) any representation or warranty made or deemed made by the Borrower or any Subsidiary Loan Party herein or in any other Loan Document or any certificate or document delivered pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made and such false or misleading representation or warranty (if curable) shall remain false or misleading for a period of 30 days after notice thereof from the Administrative Agent to the Borrower; provided, that the failure of any representation or warranty made or deemed made by any Loan Party (other than the representations and warranties referred to in clause (i) of Section 4.01(b)) to be true and correct in any material respect on the Closing Date will not constitute an Event of Default hereunder;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or the reimbursement with respect to any L/C Disbursement or in the payment of any Fee or any other amount (other than an amount referred to in clause (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by the Borrower of any covenant, condition or agreement contained in, Section 5.01(a), 5.05(a) or 5.08 or in Article VI; provided, that any breach of the Financial Covenant shall not, by itself, constitute an Event of Default under any Term Facility and the Term Loans may not be accelerated as a result thereof unless there are Revolving Facility Loans outstanding that have been accelerated by the Required Revolving Facility Lenders pursuant to the penultimate sentence of this Section 7.01 as a result of such breach of the Financial Covenant;

(e) default shall be made in the due observance or performance by Holdings (prior to a Qualified IPO) of Article VI A or by the Borrower or any of the Subsidiary Loan Parties of any covenant, condition or agreement contained in any Loan Document (other than those specified in clauses (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days (or 60 days if such default results solely from the failure of a Subsidiary that is not a Loan Party to duly observe or perform any such covenant, condition or agreement) after notice thereof from the Administrative Agent to the Borrower;

(f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity (other than, for the avoidance of doubt, Material Indebtedness with respect to Permitted Securitization Financings) or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; or (ii) the Borrower or any of the Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided, that this clause (f) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;
(g) there shall have occurred a Change in Control;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of the Borrower or any Material Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law; (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of the Borrower or any of the Material Subsidiaries or (iii) the winding-up or liquidation of the Borrower or any Material Subsidiary (except in a transaction permitted hereunder); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of the Borrower or any Material Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by the Borrower or any Material Subsidiary to pay one or more final judgments aggregating in excess of $75,000,000 (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower or any Material Subsidiary to enforce any such judgment;

(k) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) the Borrower or any Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is being terminated, within the meaning of Title IV of ERISA, or (iv) the Borrower or any Subsidiary shall engage in any “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(l) (i) any Loan Document shall for any reason be asserted in writing by Holdings (prior to a Qualified IPO of the Borrower), the Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto (other than in accordance with its terms), (ii) any security interest purported to be created by any Security Document and to extend to assets that constitute a material portion of the Collateral shall cease to be, or shall be asserted in writing by the Borrower or any other Loan Party not to be (other than, in each case, in accordance with its terms), a valid and perfected security interest (perfection as or having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in
the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the limitations of foreign laws, rules and regulations as they apply to pledges of Equity Interests of Foreign Subsidiaries or the application thereof, or from the failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreement or to file Uniform Commercial Code continuation statements and except to the extent that such loss is covered by a lender’s title insurance policy and the Administrative Agent shall be reasonably satisfied with the credit of such insurer, or (iii) a material portion of the Guarantees pursuant to the Security Documents by Holdings (prior to a Qualified IPO of the Borrower) or the Subsidiary Loan Parties guaranteeing the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings (prior to a Qualified IPO of the Borrower) or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations (other than in accordance with the terms thereof); provided, that no Event of Default shall occur under this Section 7.01(l) if the Loan Parties cooperate with the Collateral Agent to replace or perfect such security interest and Lien, such security interest and Lien is replaced and the rights, powers and privileges of the Secured Parties are not materially adversely affected by such replacement;

then, and in every such event (other than (x) an event with respect to the Borrower described in clause (h) or (i) above and (y) an event described in clause (d) above arising with respect to a failure to comply with the Financial Covenant, unless the conditions of the first proviso contained in clause (d) above have been satisfied), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding and (iii) if the Loans have been declared due and payable pursuant to clause (ii) above, demand Cash Collateral pursuant to Section 2.05(j); and in any event with respect to the Borrower described in clause (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Administrative Agent shall be deemed to have made a demand for Cash Collateral to the full extent permitted under Section 2.05(j), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding. In the case of an Event of Default under clause (d) above arising with respect to a failure to comply with the Financial Covenant, unless the conditions of the first proviso contained in clause (d) above have been satisfied, and at any time thereafter during the continuance of such event, subject to Section 7.03, the Administrative Agent, at the request of the Required Revolving Facility Lenders, shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Revolving Facility Commitments and (ii) declare the Revolving Facility Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Revolving Facility Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder with respect to such Revolving Facility Loans, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding

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For purposes of clauses (h), (i) and (j) of this Section 7.01, “Material Subsidiary” (1) shall mean any Subsidiary that would not be an Immaterial Subsidiary under clause (a) of the definition thereof and (2) shall exclude any Special Purpose Securitization Subsidiary.

Section 7.02 Treatment of Certain Payments. Subject to the terms of any applicable Intercreditor Agreement, any amount received by the Administrative Agent or the Collateral Agent from any Loan Party (or from proceeds of any Collateral) following any acceleration of the Obligations under this Agreement or any Event of Default with respect to the Borrower under Section 7.01(h) or (i), in each case that is continuing, shall be applied: (i) first, ratably, to pay any fees, indemnities or expense reimbursements then due to the Administrative Agent or the Collateral Agent from the Borrower (other than in connection with any Secured Cash Management Agreement or Secured Hedge Agreement), (ii) second, towards payment of interest and fees then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (iii) third, towards payment of principal of Swingline Loans and unreimbursed L/C Disbursements then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed L/C Disbursements then due to such parties, (iv) fourth, towards payment of other Obligations (including Obligations of the Loan Parties owing under or in respect of any Secured Cash Management Agreement or Secured Hedge Agreement) then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of such Obligations then due to such parties and (v) last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Requirements of Law.

Section 7.03 Right to Cure. Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Borrower fails (or, but for the operation of this Section 7.03, would fail) to comply with the requirements of the Financial Covenant, from the last day of the applicable fiscal quarter until the expiration of the 10th Business Day subsequent to the date the certificate calculating such Financial Covenant is required to be delivered pursuant to Section 5.04(c), Holdings, the Borrower and any Parent Entity shall have the right to issue Permitted Cure Securities for cash or otherwise receive cash contributions to the capital of such entities, and in each case, to contribute any such cash to the capital of the Borrower (collectively, the “Cure Right”), and upon the receipt by the Borrower of such cash (the “Cure Amount”), pursuant to the exercise of the Cure Right, the Financial Covenant shall be recalculated giving effect to a pro forma adjustment by which EBITDA shall be increased with respect to such applicable quarter and any four-quarter period that contains such quarter, solely for the purpose of measuring the Financial Covenant and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; provided, that (i) in each four consecutive fiscal quarter period there shall be at least two fiscal quarters in which a Cure Right is not exercised, (ii) a Cure Right shall not be exercised more than five times during the term of the Revolving Facility, (iii) for purposes of this Section 7.03, the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Covenant and (iv) there shall be no pro forma reduction in Indebtedness with the proceeds of the exercise of the Cure Right for determining compliance with the Financial Covenant for the fiscal quarter in respect of which such Cure Right is exercised (either directly through prepayment or indirectly as a result of the netting of unrestricted cash). If, after giving effect to the adjustments in this Section 7.03, the Borrower shall then be in compliance with the requirements of the Financial Covenant, the Borrower shall be deemed to have satisfied the requirements of the Financial Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Covenant that had occurred shall be deemed cured for the purposes of this Agreement.

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ARTICLE VIII

The Agents

Section 8.01 Appointment. (a) Each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements and Secured Hedge Agreements) and each Issuing Bank (in such capacities and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements and Secured Hedge Agreements) hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, including as the Collateral Agent for such Lender and the other Secured Parties under the Security Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than the United States of America, each of the Lenders and the Issuing Banks hereby grants to the Administrative Agent any required powers of attorney to execute any Security Document governed by the laws of such jurisdiction on such Lender’s or Issuing Bank’s behalf. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

(b) In furtherance of the foregoing, each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements or Secured Hedge Agreements) and each Issuing Bank (in such capacities and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements and Secured Hedge Agreements) hereby appoints and authorizes the Collateral Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent (and any Subagents appointed by the Collateral Agent pursuant to Section 8.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights or remedies thereunder at the direction of the Collateral Agent) shall be entitled to the benefits of this Article VIII (including, without limitation, Section 8.07) as though the Collateral Agent (and any such Subagents) were an “Agent” under the Loan Documents, as if set forth in full herein with respect thereto.

Section 8.02 Delegation of Duties. The Administrative Agent and the Collateral Agent may execute any of their respective duties under this Agreement and the other Loan Documents (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof)) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. Each Agent may also from time to time, when it deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a “Subagent”) with respect to all or any part of the Collateral; provided, that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent or the Collateral Agent. Should any instrument in writing from the
Borrower or any other Loan Party be required by any Subagent so appointed by an Agent to more fully or certainly vest in and confirm to such Subagent such rights, powers, privileges and duties, the Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by such Agent. If any Subagent, or successor thereto, shall become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent permitted by law, shall automatically vest in and be exercised by the Administrative Agent or the Collateral Agent until the appointment of a new Subagent. No Agent shall be responsible for the negligence or misconduct of any agent, attorney-in-fact or Subagent that it selects with reasonable care.

Section 8.03 Exculpatory Provisions. None of the Agents, or their respective Affiliates or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by any Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party. No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, and (b) no Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by such Agent or any of its Affiliates in any capacity. The Agents shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to the Administrative Agent by the Borrower, a Lender or an Issuing Bank. No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. No Cash Management Bank or Hedge Bank that obtains the benefits of Section 7.02, any Guarantee or any Collateral by virtue of the provisions hereof or of any Guarantee or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.
Section 8.04 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) or conversation believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to any Credit Event, that by its terms must be fulfilled to the satisfaction of a Lender or any Issuing Bank, each Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless such Agent shall have received notice to the contrary from such Lender or Issuing Bank prior to such Credit Event. Each Agent may consult with legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with such Agent. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all or other Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.05 Notice of Default. Neither Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless such Agent has received written notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default.” In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all or other Lenders); provided, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on Agents and Other Lenders. Each Lender and Issuing Bank expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender and Issuing Bank represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into the business, operations, property, financial and other condition and creditworthiness of, the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such
documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.07 Indemnification. The Lenders agree to indemnify each Agent and the Revolving Facility Lenders agree to indemnify each Issuing Bank and Swingline Lender, in each case, in its capacity as such (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of Holdings or the Borrower to do so), in the amount of its pro rata share (based on its aggregate Revolving Facility Credit Exposure and, in the case of the indemnification of each Agent, outstanding Term Loans and unused Commitments hereunder; provided, that the aggregate principal amount of Swingline Loans owing to the Swingline Lender and of L/C Disbursements owing to any Issuing Bank shall be considered to be owed to the Revolving Facility Lenders ratably in accordance with their respective Revolving Facility Credit Exposure) (determined at the time such indemnity is sought), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent or such Issuing Bank or Swingline Lender in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent, Issuing Bank or Swingline Lender under or in connection with any of the foregoing; provided, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent’s, Issuing Bank’s or Swingline Lender’s gross negligence or willful misconduct. The failure of any Lender to reimburse any Agent, Issuing Bank or Swingline Lender, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent, Issuing Bank or Swingline Lender, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent, Issuing Bank or Swingline Lender, as the case may be, for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent, Issuing Bank or Swingline Lender, as the case may be, for such other Lender’s ratable share of such amount. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.08 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from, and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued, or Letter of Credit or Swingline Loan participated in, by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms “Lender” and “Lenders” shall include each Agent in its individual capacity.
Section 8.09 **Successor Administrative Agent.** The Administrative Agent may resign as Administrative Agent and Collateral Agent upon 10 days’ notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent and Collateral Agent under this Agreement and the other Loan Documents, then the Borrower shall have the right, subject to the reasonable consent of the Required Lenders (so long as no Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred and be continuing, in which case the Required Lenders shall have the right), to appoint a successor which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent and Collateral Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent’s notice of resignation, the retiring Administrative Agent’s resignation shall nevertheless thereupon become effective (except in the case of the Collateral Agent holding collateral security on behalf of such Secured Parties, the retiring Collateral Agent shall continue to hold such collateral security as nominee until such time as a successor Collateral Agent is appointed), and the Lenders shall assume and perform all of the duties of the Administrative Agent and Collateral Agent hereunder until such time, if any, as the Borrower (or the Required Lenders) appoint a successor agent as provided for above. After any retiring Administrative Agent’s resignation as Administrative Agent, the provisions of this Section 8.09 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 8.10 **Arrangers, Syndication Agents, Documentation Agents and Co-Manager.** Notwithstanding any other provision of this Agreement or any provision of any other Loan Document, each of the persons named on the cover page hereof as Joint Bookrunner, Joint Lead Arranger, Syndication Agents, Documentation Agents or Co-Manager is named as such for recognition purposes only, and in its capacity as such shall have no rights, duties, responsibilities or liabilities with respect to this Agreement or any other Loan Document, except that each such person and its Affiliates shall be entitled to the rights expressly stated to be applicable to them in Sections 9.05 and 9.17 (subject to the applicable obligations and limitations as set forth therein).

Section 8.11 **Security Documents and Collateral Agent.** The Lenders and the other Secured Parties authorize the Collateral Agent to release any Collateral or Guarantors in accordance with Section 9.18 or if approved, authorized or ratified in accordance with Section 9.08.

The Lenders and the other Secured Parties hereby irrevocably authorize and instruct the Collateral Agent to, without any further consent of any Lender or any other Secured Party, enter into (or acknowledge and consent to) or amend, renew, extend, supplement, restate, replace, waive or otherwise modify any First Lien/First Lien Intercreditor Agreement, any First Lien/Second Lien Intercreditor Agreement, any other Permitted Junior Intercreditor Agreement, any other Permitted Pari Passu Intercreditor Agreement or any other intercreditor agreement with the collateral agent or other representatives of the holders of Indebtedness that is to be secured by a Lien on the Collateral that is not prohibited (including with respect to priority) under this Agreement and to subject the Liens on the Collateral securing the Obligations to the provisions thereof (any of the foregoing, an “Intercreditor Agreement”). The Lenders and the other Secured Parties irrevocably agree that (x) the Collateral Agent may rely exclusively on a certificate of a Responsible Officer of the Borrower as to whether any such other Liens are not prohibited and (y) any Intercreditor Agreement entered into by the Collateral Agent shall be binding on the Secured Parties, and each Lender and the other Secured Parties hereby agrees that it will take no actions contrary to the provisions of, if entered into and if applicable, any Intercreditor Agreement. The foregoing provisions are intended as an inducement to any provider of any Indebtedness not prohibited by Section 6.01 hereof to extend credit to the Loan Parties and such persons are intended third-party beneficiaries of such provisions. Furthermore, the Lenders and the other Secured Parties
hereby authorize the Administrative Agent and the Collateral Agent to release any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document (i) to the holder of any Lien on such property that is permitted by clauses (c), (i), (j), (aa) or (mm) of Section 6.02 or Section 6.02(a) (if the Liens thereunder are of a type that is contemplated by any of the foregoing clauses) in each case to the extent the contract or agreement pursuant to which such Lien is granted prohibits any other Liens on such property or (ii) that is or becomes Excluded Property; and the Administrative Agent and the Collateral Agent shall so upon request of the Borrower; provided, that prior to any such request, the Borrower shall have in each case delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower certifying (x) that such Lien is permitted under this Agreement, (y) in the case of a request pursuant to clause (i) of this sentence, that the contract or agreement pursuant to which such Lien is granted prohibits any other Lien on such property and (z) in the case of a request pursuant to clause (ii) of this sentence, that (A) such property is or has become Excluded Property and (B) if such property has become Excluded Property as a result of a contractual restriction, such restriction does not violate Section 6.09(c).

Section 8.12 Right to Realize on Collateral and Enforce Guarantees. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, (i) the Administrative Agent (irrespective of whether the principal of any Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise (A) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of any or all of the Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, theIssuing Banks and the Administrative Agent and any Subagents allowed in such judicial proceeding, and (B) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and (ii) any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Banks, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent, the Collateral Agent and each Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other Disposition.

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Section 8.13 Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the IRS or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Loan Party and without limiting the obligation of any applicable Loan Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, fines, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this Section 8.13.

ARTICLE IX

Miscellaneous

Section 9.01 Notices; Communications. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.01(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier or other electronic means as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Loan Party, the Administrative Agent or the Issuing Banks as of the Closing Date or the Swingline Lender to the address, telecopier number, electronic mail address or telephone number specified for such person on Schedule 9.01 to the Original Credit Agreement; and

(ii) if to any other Lender or any other Issuing Bank, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent. The Administrative Agent or the Borrower may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by them, provided that approval of such procedures may be limited to particular notices or communications.

(c) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 9.01(b) above shall be effective as provided in such Section 9.01(b).
Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

Documents required to be delivered pursuant to Section 5.04 may be delivered electronically (including as set forth in Section 9.17) and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower’s website on the Internet at the website address listed on Schedule 9.01 to the Original Credit Agreement, or (ii) on which such documents are posted on the Borrower’s behalf on an Internet or intranet website, if any, to which each Lender entitled to access thereto and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided, that the Borrower shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such certificates required by Section 5.04(c), the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 9.02 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and each Issuing Bank and shall survive the making by the Lenders of the Loans and the execution and delivery of the Loan Documents and the issuance of the Letters of Credit, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect until the Termination Date. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.15, 2.16, 2.17 and 9.05) shall survive the Termination Date.

Section 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of Holdings, the Borrower, the Administrative Agent, each Issuing Bank and each Lender and their respective permitted successors and assigns.

Section 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), except that (i) except as permitted by Section 6.05, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in clause (c) of this Section 9.04), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement or the other Loan Documents.
(b) (i) Subject to the conditions set forth in subclause (ii) below, any Lender may assign to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower, which consent, with respect to the assignment of a Term B Loan, will be deemed to have been given if the Borrower has not responded within ten (10) Business Days after the delivery of any request for such consent; provided, that no consent of the Borrower shall be required for an assignment of a Term B Loan to a Lender, an Affiliate of a Lender, an Approved Fund (as defined below), or in the case of assignments during the primary syndication of the Commitments and Loans to persons identified to and agreed by the Borrower in writing prior to the Closing Date, or for an assignment of a Revolving Facility Commitment or Revolving Facility Loan to a Revolving Facility Lender, an Affiliate of a Revolving Facility Lender or Approved Fund with respect to a Revolving Facility Lender, or, in each case, if an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing, any other person; and

(B) the Administrative Agent; provided, that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund, the Borrower or an Affiliate of the Borrower made in accordance with Section 9.04(i) or Section 9.21; and

(C) the Issuing Banks and the Swingline Lender; provided, that no consent of the Issuing Banks and Swingline Lender shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender’s Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than (x) $1,000,000 or an integral multiple of $1,000,000 in excess thereof in the case of Term Loans and (y) $5,000,000 or an integral multiple of $5,000,000 in excess thereof in the case of Revolving Facility Loans or Revolving Facility Commitments, unless each of the Borrower and the Administrative Agent otherwise consent; provided, that such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds (with simultaneous assignments to or by two or more Related Funds shall be treated as one assignment), if any;

(B) the parties to each assignment shall (1) execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent or (2) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Acceptance, in each case together with a processing and recordation fee of $3,500 (which fee may be waived or reduced in the reasonable discretion of the Administrative Agent (and which the Administrative Agent agrees to waive for all parties to the Fee Letter));

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and any tax forms required to be delivered pursuant to Section 2.17; and

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(D) the Assignee shall not be the Borrower or any of the Borrower’s Affiliates or Subsidiaries except in accordance with Section 9.04(i) or Section 9.21.

For the purposes of this Section 9.04, “Approved Fund” shall mean any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender. Notwithstanding the foregoing or anything to the contrary herein, no Lender shall be permitted to assign or transfer any portion of its rights and obligations under this Agreement to (A) any Ineligible Institution, (B) any Defaulting Lender or any of its Subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons described in this clause (B), or (C) a natural person. Notwithstanding the foregoing, each Loan Party and the Lenders acknowledge and agree that the Administrative Agent shall not have any responsibility or obligation to determine whether any Lender or potential Lender is an Ineligible Institution and the Administrative Agent shall have no liability with respect to any assignment made to an Ineligible Institution. Any assigning Lender shall, in connection with any potential assignment, provide to the Borrower a copy of its request (including the name of the prospective assignee) concurrently with its delivery of the same request to the Administrative Agent irrespective of whether or not an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing.

(iii) Subject to acceptance and recording thereof pursuant to subclause (v) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.05 (subject to the limitations and requirements of those Sections)); provided, that an Assignee shall not be entitled to receive any greater payment pursuant to Section 2.17 than the applicable Assignor would have been entitled to receive had no such assignment occurred. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section 9.04 (except to the extent such participation is not permitted by such clause (d) of this Section 9.04, in which case such assignment or transfer shall be null and void).

(iv) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal and interest amounts of the Loans and Revolving L/C Exposure owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lender and the Lenders shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Banks and the Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice; provided, that no Lender shall, in such capacity, have access to, or be otherwise permitted to review any information in the Register other than information with respect to such Lender.
Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee’s completed Administrative Questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section 9.04, if applicable, and any written consent to such assignment required by clause (b) of this Section 9.04 and any applicable tax forms, the Administrative Agent shall accept such Assignment and Acceptance and promptly record the information contained therein in the Register. No assignment, whether or not evidenced by a promissory note, shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this subclause (v).

(c) [Reserved].

(d) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations in Loans and Commitments to one or more banks or other entities other than (I) any Ineligible Institution (to the extent that the list of Ineligible Institutions has been made available to all Lenders; provided, that regardless of whether the list of Ineligible Institutions has been made available to all Lenders, no Lender may sell participations in Loans or Commitments to an Ineligible Institution without the consent of the Borrower if the list of Ineligible Institutions has been made available to such Lender) or (II) any Defaulting Lender or any of its Subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons described in this clause (II) (a “Participant”); in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided, that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided, that (x) such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that both (1) requires the consent of each Lender directly affected thereby pursuant to clauses (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b) and (2) directly adversely affects such Participant (but, for the avoidance of doubt, not any waiver of any Default or Event of Default) and (y) no other agreement with respect to amendment, modification or waiver may exist between such Lender and such Participant. Subject to clause (d)(iii) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the limitations and requirements of those Sections and Section 2.19) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 9.04. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender; provided, that such Participant shall be subject to Section 2.18(c) as though it were a Lender. Notwithstanding the foregoing, each Loan Party and the Lenders acknowledge and agree that the Administrative Agent shall not have any responsibility or obligation to determine whether any Participant or potential Participant is an Ineligible Institution and the Administrative Agent shall have no liability with respect to any participation made to an Ineligible Institution.
(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts and interest amounts of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”). The entries in the Participant Register shall be conclusive absent manifest error, and each party hereto shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. Without limitation of the requirements of this Section 9.04(d), no Lender shall have any obligation to disclose all or any portion of a Participant Register to any person (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans or other Loan Obligations under any Loan Document), except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other Loan Obligation is in registered form for U.S. federal income tax purposes or is otherwise required by applicable law. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(iii) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower’s prior written consent, which consent shall state that it is being given pursuant to this Section 9.04(d)(iii); provided, that each potential Participant shall provide such information as is reasonably requested by the Borrower in order for the Borrower to determine whether to provide its consent.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to any Federal Reserve Bank or other central bank and in the case of any Lender that is an Approved Fund, any pledge or assignment to any other person or to any holder of obligations owed, or securities issued, by such Lender, including to any trustee for, or any other representative of, such holders, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided, that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(f) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in clause (e) above.

(g) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent. Each of Holdings, the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto and each Loan Party for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(h) If the Borrower wishes to replace the Loans or Commitments under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days’ advance notice to the Lenders under such Facility, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the Lenders under such Facility to assign such Loans or Commitments to the Administrative Agent or its
designees and (ii) amend the terms thereof in accordance with Section 9.08 (with such replacement, if applicable, being deemed to have been made pursuant to Section 9.08(d)). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing pursuant to Section 9.05(b). By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans or Commitments under such Facility pursuant to the terms of the form of Assignment and Acceptance attached hereto as Exhibit A to the Original Credit Agreement, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (h) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

(i) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (i) or (j) of this Section 9.04), any of Holdings or its Subsidiaries, including the Borrower, may purchase by way of assignment and become an Assignee with respect to Term Loans at any time and from time to time from Lenders in accordance with Section 9.04(b) hereof (each, a “Permitted Loan Purchase”); provided, that, in respect of any Permitted Loan Purchase, (A) no Permitted Loan Purchase shall be made from the proceeds of any extensions of credit under the Revolving Facility, (B) upon consummation of any such Permitted Loan Purchase, the Loans purchased pursuant thereto shall be deemed to be automatically and immediately cancelled and extinguished in accordance with Section 9.04(j), (C) in connection with any such Permitted Loan Purchase, any of Holdings or its Subsidiaries, including the Borrower and such Lender that is the assignor (an “Assignor”) shall execute and deliver the Administrative Agent a Permitted Loan Purchase Assignment and Acceptance (and for the avoidance of doubt, (x) shall make the representations and warranties set forth in the Permitted Loan Purchase Assignment and Acceptance and (y) shall not be required to execute and deliver an Assignment and Acceptance pursuant to Section 9.04(b)(ii)(B)) and shall otherwise comply with the conditions to assignments under this Section 9.04 and (D) no Default or Event of Default would exist immediately after giving effect on a Pro Forma Basis to such Permitted Loan Purchase.

(j) Each Permitted Loan Purchase shall, for purposes of this Agreement be deemed to be an automatic and immediate cancellation and extinguishment of such Term Loans and the Borrower shall, upon consummation of any Permitted Loan Purchase, notify the Administrative Agent that the Register be updated to record such event as if it were a prepayment of such Loans.

(k) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, each Issuing Bank, each Swingline Lender or any other Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Revolving Facility Percentage; provided that notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.
Section 9.05 Expenses; Indemnity. (a) The Borrower agrees to pay (i) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent or the Collateral Agent in connection with the preparation of this Agreement and the other Loan Documents, or by the Administrative Agent or the Collateral Agent in connection with the administration of this Agreement and any amendments, modifications or waivers of the provisions hereof or thereof, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel for the Administrative Agent, the Collateral Agent and the Arrangers and the Co-Manager, and, if necessary, the reasonable fees, charges and disbursements of one local counsel per jurisdiction, and (ii) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Agents, any Issuing Bank or any Lender in connection with the enforcement of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made or the Letters of Credit issued hereunder, including the fees, charges and disbursements of a single counsel for all such persons, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where such person affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel with the Borrower’s prior written consent (not to be unreasonably withheld), of another firm of counsel for such affected person).

(b) The Borrower agrees to indemnify the Administrative Agent, the Collateral Agent, the Arrangers, the Joint Bookrunners, the Co-Manager, each Issuing Bank, each Lender, the Syndication Agents, the Documentation Agents, each of their respective Affiliates, successors and assigns, and each of their respective directors, officers, employees, agents, trustees, advisors and members (each such person being called an “Indemnitee”) against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements (excluding the allocated costs of in house counsel and limited to not more than one counsel for all such Indemnitees, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel with the Borrower’s prior written consent (not to be unreasonably withheld), of another firm of counsel for such affected Indemnitee)), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions, the 2016 Repricing Transactions or the June 2017 Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or the use of any Letter of Credit (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any violation of or liability under Environmental Laws by the Borrower or any Subsidiary, (iv) any actual or alleged presence, Release or threatened Release of or exposure to Hazardous Materials at, under, on, from or to any property owned, leased or operated by the Borrower or any Subsidiary or (v) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto and regardless of whether such matter is initiated by a third party or by Holdings, the Borrower or any of their subsidiaries or Affiliates; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or any of its Related Parties, (y) arose from a material breach of such Indemnitee’s or any of its Related Parties’ obligations.
under any Loan Document (as determined by a court of competent jurisdiction in a final, non-appealable judgment) or (z) arose from any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and is brought by an Indemnitee against another Indemnitee (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against any Agent, Arranger or the Co-Manager in its capacity as such). None of the Indemnitees (or any of their respective affiliates) shall be responsible or liable to the Fund, Holdings, the Borrower or any of their respective subsidiaries, Affiliates or stockholders or any other person or entity for any special, indirect, consequential or punitive damages, which may be alleged as a result of the Facilities or the Transactions, the 2016 Repricing Transactions or the June 2017 Transactions. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, any Issuing Bank or any Lender. All amounts due under this Section 9.05 shall be payable within 15 days after written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.17, this Section 9.05 shall not apply to any Taxes (other than Taxes that represent losses, claims, damages, liabilities and related expenses resulting from a non-Tax claim), which shall be governed exclusively by Section 2.17 and, to the extent set forth therein, Section 2.15.

(d) To the fullest extent permitted by applicable law, Holdings and the Borrower shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) The agreements in this Section 9.05 shall survive the resignation of the Administrative Agent, the Collateral Agent or any Issuing Bank, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations and the termination of this Agreement.

Section 9.06 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Lender or such Issuing Bank to or for the credit or the account of Holdings (prior to a Qualified IPO), the Borrower or any Subsidiary against any of and all the obligations of Holdings (prior to a Qualified IPO) or the Borrower now or hereafter existing under this Agreement or any other Loan Document held by such Lender or such Issuing Bank, irrespective of whether or not such Lender or such Issuing Bank shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.22 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the
Section 9.06 Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and each Issuing Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender or such Issuing Bank may have.

Section 9.07 Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLE OF CONFLICTS OF LAW THAT COULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

Section 9.08 Waivers; Amendment. (a) No failure or delay of the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, each Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by clause (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, the Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) as provided in Section 2.21, (y) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings (prior to a Qualified IPO), the Borrower and the Required Lenders (or, (A) in respect of any waiver, amendment or modification of Section 6.11 (or any Default or Event of Default in respect thereof) or of Section 4.01 after the Closing Date, the Required Revolving Facility Lenders voting as a single Class, rather than the Required Lenders, or (B) in respect of any waiver, amendment or modification of Section 2.11(b) or (c), the Required Prepayment Lenders, rather than the Required Lenders), and (z) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by each Loan Party party thereto and the Administrative Agent and consented to by the Required Lenders; provided, however, that no such agreement shall:

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan or any L/C Disbursement, or extend the stated expiration of any Letter of Credit beyond the applicable Revolving Facility Maturity Date (except as provided in Section 2.05(c)), without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification); provided, that any amendment to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i),
(ii) increase or extend the Commitment of any Lender, or decrease the Commitment Fees, L/C Participation Fees or any other Fees of any Lender without the prior written consent of such Lender (which, notwithstanding the foregoing, such consent of such Lender shall be the only consent required hereunder to make such modification); provided, that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default, mandatory prepayments or of a mandatory reduction in the aggregate Commitments shall not constitute an increase or extension of the Commitments of any Lender for purposes of this clause (ii),

(iii) extend or waive any Term Loan Installment Date or reduce the amount due on any Term Loan Installment Date or extend any date on which payment of interest on any Loan or any L/C Disbursement or any Fees is due, without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(iv) amend the provisions of Section 7.02 with respect to the pro rata application of payments required thereby in a manner that by its terms modifies the application of such payments required thereby to be on a less than pro rata basis, without the prior written consent of each Lender adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(v) amend or modify the provisions of this Section 9.08 or the definition of the terms “Required Lenders,” “Majority Lenders,” “Required Revolving Facility Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected thereby, in each case except, for the avoidance of doubt, as otherwise provided in Section 9.08(d) and (e) (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release all or substantially all of the Collateral or all or substantially all of the Subsidiary Loan Parties from their respective Guarantees under the Subsidiary Guarantee Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender other than a Defaulting Lender,

(vii) effect any waiver, amendment or modification that by its terms adversely affects the rights in respect of payments or collateral of Lenders participating in any Facility differently from those of Lenders participating in another Facility, without the consent of the Majority Lenders participating in the adversely affected Facility except, for the avoidance of doubt, as otherwise provided in Section 9.08(d) and (e) (it being agreed that the Required Lenders may waive, in whole or in part, any prepayment or Commitment reduction required by Section 2.11 so long as the application of any prepayment or Commitment reduction still required to be made is not changed);

provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, Swingline Lender or an Issuing Bank hereunder without the prior written consent of the Administrative Agent, Swingline Lender or such Issuing Bank acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any Assignee of such Lender.
Notwithstanding anything to the contrary herein, no Defaulting Lender shall have the right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be affected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(c) Without the consent of any Lender or Issuing Bank, the Loan Parties and the Administrative Agent and/or Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, to include holders of Other First Liens in the benefit of the Security Documents in connection with the incurrence of any Other First Lien Debt, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Loan Document.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings (prior to a Qualified IPO) and the Borrower (a) to permit additional extensions of credit to be outstanding hereunder from time to time and the accrued interest and fees and other obligations in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Facility Loans and the accrued interest and fees and other obligations in respect thereof and (b) to include appropriately the holders of such extensions of credit in any determination of the requisite lenders required hereunder, including Required Lenders, Required Prepayment Lenders and the Required Revolving Facility Lenders.

(e) Notwithstanding the foregoing, technical and conforming modifications to the Loan Documents may be made with the consent of the Borrower and the Administrative Agent (but without the consent of any Lender) to the extent necessary (A) to integrate any Incremental Term Loan Commitments or Incremental Revolving Facility Commitments in a manner consistent with Section 2.21, including, with respect to Other Revolving Loans or Other Term Loans, as may be necessary to establish such Incremental Term Loan Commitments or Revolving Facility Commitments as a separate Class or tranche from the existing Term Loan Commitments or Incremental Revolving Facility Commitments, as applicable, and, in the case of Extended Term Loans, to reduce the amortization schedule of the related existing Class of Term Loans proportionately, (B) to integrate any Other First Lien Debt or (C) to cure any ambiguity, omission, defect or inconsistency.

(f) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be necessary to ensure that all Term Loans established pursuant to Section 2.21 after the Closing Date that will be included in an existing Class of Term Loans outstanding on such date (an "Applicable Date"), when originally made, are included in each Borrowing of outstanding Term Loans of such Class (the "Existing Class Loans"), on a pro rata basis, and/or to ensure that, immediately after giving effect to such new Term Loans (the "New Class Loans" and, together with
the Existing Class Loans, the “Class Loans”), each Lender holding Class Loans will be deemed to hold its Pro Rata Share of each Class Loan on the Applicable Date (but without changing the amount of any such Lender’s Term Loans), and each such Lender shall be deemed to have effectuated such assignments as shall be required to ensure the foregoing. The “Pro Rata Share” of any Lender on the Applicable Date is the ratio of (1) the sum of such Lender’s Existing Class Loans immediately prior to the Applicable Date plus the amount of New Class Loans made by such Lender on the Applicable Date over (2) the aggregate principal amount of all Class Loans on the Applicable Date.

(g) With respect to the incurrence of any secured or unsecured Indebtedness (including any intercreditor agreement relating thereto), the Borrower may elect (in its discretion, but shall not be obligated) to deliver to the Administrative Agent a certificate of a Responsible Officer at least three Business Days prior to the incurrence thereof (or such shorter time as the Administrative Agent may agree in its reasonable discretion), together with either drafts of the material documentation relating to such Indebtedness or a description of such Indebtedness (including a description of the Liens intended to secure the same or the subordination provisions thereof, as applicable) in reasonably sufficient detail to be able to make the determinations referred to in this paragraph, which certificate shall either, at the Borrower’s election, (x) state that the Borrower has determined in good faith that such Indebtedness satisfies the requirements of the applicable provisions of Sections 6.01 and 6.02 (taking into account any other applicable provisions of this Section 9.08), in which case such certificate shall be conclusive evidence thereof, or (y) request the Administrative Agent to confirm, based on the information set forth in such certificate and any other information reasonably requested by the Administrative Agent, that such Indebtedness satisfies such requirements, in which case the Administrative Agent may determine whether, in its reasonable judgment, such requirements have been satisfied (in which case it shall deliver to the Borrower a written confirmation of the same), with any such determination of the Administrative Agent to be conclusive evidence thereof, and the Lenders hereby authorize the Administrative Agent to make such determinations.

(h) Notwithstanding the foregoing, this Agreement may be amended, waived or otherwise modified with the written consent of the Required Revolving Facility Lenders, the Administrative Agent, Holdings (prior to a Qualified IPO) and the Borrower with respect to (i) the provisions of Section 4.01, solely as they relate to the Revolving Facility Loans, Swingline Loans and Letters of Credit and (ii) the provisions of Section 6.11 (or Article VII or any other provision incorporating such Section 6.11 with respect to the effects thereof).

(i) Notwithstanding the foregoing, this Agreement may be amended, with the written consent of each Revolving Facility Lender, the Administrative Agent, Holdings and the Borrower to the extent necessary to integrate any Alternate Currency.

Section 9.09 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the “Charges”), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or any Issuing Bank, shall exceed the maximum lawful rate (the “Maximum Rate”) that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender or such Issuing Bank, shall be limited to the Maximum Rate; provided, that such excess amount shall be paid to such Lender or such Issuing Bank on subsequent payment dates to the extent not exceeding the legal limitation.
Section 9.10 Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11 WAIVER OF JURY TRIAL. 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 LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

Section 9.12 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13 Counterparts; Electronic Execution of Assignments and Certain Other Documents.

(a) This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission (or other electronic transmission pursuant to procedures approved by the Administrative Agent) shall be as effective as delivery of a manually signed original.

(b) The words “execution,” “execute”, “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Acceptances, amendments, Borrowing Requests, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.
Section 9.14 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15 Jurisdiction; Consent to Service of Process. (a) The Borrower and each other Loan Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, the Collateral Agent, any Lender, or any Affiliate of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement or any other Loan Document to serve process in any other manner permitted by law.

Section 9.16 Confidentiality. Each of the Lenders, each Issuing Bank and each of the Agents agrees that it shall maintain in confidence any information relating to Holdings, any Parent Entity, the Borrower and any Subsidiary furnished to it by or on behalf of Holdings, any Parent Entity, the Borrower or any Subsidiary (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender, such Issuing Bank or such Agent without violating this Section 9.16 or (c) was available to such Lender, such Issuing Bank or such Agent from a third party having, to such person’s knowledge, no obligations of confidentiality to Holdings, any Parent Entity, the Borrower or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know and any numbering, administration or settlement service providers or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of normal reporting or review procedures to, or examinations by, Governmental Authorities or self-regulatory authorities, including the National Association of Insurance Commissioners or the Financial Industry Regulatory
Authority, Inc., (C) to its parent companies, Affiliates or auditors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any pledgee under Section 9.04(d) or any other prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (F) to any direct or indirect contractual counterparty in Hedging Agreements or such contractual counterparty’s professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 9.16); provided that, in the case of clauses (E) and (F), no information may be provided to any Ineligible Institution or person who is known to be acting for an Ineligible Institution.

Section 9.17 Platform; Borrower Materials. The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the Issuing Banks materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform"), and (b) certain of the Lenders may be “public-side” Lenders (i.e., Lenders that do not wish to receive material non-public information (or, if Holdings is not at the time a public reporting company, material information of a type that would not reasonably be expected to be publicly available if Holdings was a public reporting company) with respect to Holdings, the Borrower or its Subsidiaries or any of their respective securities) (each, a “Public Lender”). The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof, (ii) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the Co-Manager, the Issuing Banks and the Lenders to treat such Borrower Materials as solely containing information that is either (A) publicly available information or (B) not material (although it may be sensitive and proprietary) with respect to Holdings, the Borrower or its Subsidiaries or any of their respective securities for purposes of United States Federal and state securities laws (provided, however, that such Borrower Materials shall be treated as set forth in Section 9.16, to the extent such Borrower Materials constitute information subject to the terms thereof), (iii) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (iv) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

Section 9.18 Release of Liens and Guarantees.

(a) The Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that the Liens granted to the Collateral Agent by the Loan Parties on any Collateral shall be automatically released: (i) in full upon the occurrence of the Termination Date as set forth in Section 9.18(d) below; (ii) upon the Disposition of such Collateral by any Loan Party to a person that is not (and is not required to become) a Loan Party in a transaction not prohibited by this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iii) to the extent that such Collateral comprises property leased to a Loan Party, upon termination or expiration of such lease (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 9.08), (v) to the extent that the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Holdings Guarantee and Pledge Agreement, the Subsidiary Guarantee Agreement.
or clause (b) below (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (vi) as provided in Section 8.11 (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), and (vii) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release (other than pursuant to clause (i) above) shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents.

(b) In addition, (i) the Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that the Guarantors shall be automatically released from the Guarantees upon consummation of any transaction not prohibited hereunder resulting in such Subsidiary ceasing to constitute a Subsidiary Loan Party or otherwise becoming an Excluded Subsidiary (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), and (ii) immediately prior to the consummation of a Qualified IPO of the Borrower, the Guarantee incurred by Holdings of the Obligations shall automatically terminate and Holdings shall be released from its obligations under the Loan Documents, shall cease to be a Loan Party and any Liens created by any Loan Documents on any assets or Equity Interests owned by Holdings shall automatically be released (unless, in each case, Holdings shall elect in its sole discretion that such release of Holdings shall not be effected).

(c) The Lenders, the Issuing Banks and the other Secured Parties hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this Section 9.18 and to return to Holdings or the Borrower all possessory collateral (including share certificates (if any)) held by it in respect of any Collateral so released, all without the further consent or joinder of any Lender or any other Secured Party. Any representation, warranty or covenant contained in any Loan Document relating to any such Collateral or Guarantor shall no longer be deemed to be made. In connection with any release hereunder, the Administrative Agent and the Collateral Agent shall promptly (and the Secured Parties hereby authorize the Administrative Agent and the Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrower and at the Borrower’s expense in connection with the release of any Liens created by any Loan Document in respect of such Subsidiary, property or asset; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower containing such certifications as the Administrative Agent shall reasonably request and any such release should be without recourse to or warranty by the Administrative Agent or Collateral Agent.

(d) Notwithstanding anything to the contrary contained herein or any other Loan Document, on the Termination Date, all Liens granted to the Collateral Agent by the Loan Parties on any Collateral and all obligations of the Borrower and the other Loan Parties under any Loan Documents (other than such obligations that expressly survive the Termination Date pursuant to the terms hereof) shall, in each case, be automatically released and, upon request of the Borrower, the Administrative Agent and/or the Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to evidence the release its security interest in all Collateral (including returning to Holdings or the Borrower all possessory collateral (including all share certificates (if any)) held by it in respect of any Collateral), and to evidence the release of all obligations under any Loan Document (other than such obligations that expressly survive the Termination Date
pursuant to the terms hereof), whether or not on the date of such release there may be any (i) obligations in respect of any Secured Hedge Agreements or any Secured Cash Management Agreements and (ii) any contingent indemnification obligations or expense reimburse claims not then due; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower containing such certifications as the Administrative Agent shall reasonably request. Any such release of obligations shall be deemed subject to the provision that such obligations shall be reinstated if after such release any portion of any payment in respect of the obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made. The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent or the Collateral Agent (and their respective representatives) in connection with taking such actions to release security interest in all Collateral and all obligations under the Loan Documents as contemplated by this Section 9.18(d).

(e) Obligations of the Borrower or any of its Subsidiaries under any Secured Cash Management Agreement or Secured Hedge Agreement (after giving effect to all netting arrangements relating to such Secured Hedge Agreements) shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed. No person shall have any voting rights under any Loan Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement or Secured Cash Management Agreement. For the avoidance of doubt, no release of Collateral or Guarantors effected in the manner permitted by this Agreement shall require the consent of any holder of obligations under Secured Hedge Agreements or any Secured Cash Management Agreements.

Section 9.19 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “Agreement Currency”), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from the Borrower in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to the Borrower (or to any other person who may be entitled thereto under applicable law).

Section 9.20 USA PATRIOT Act Notice. Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the USA PATRIOT Act.

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Section 9.21 Affiliate Lenders.

(a) Each Lender who is an Affiliate of the Borrower, excluding (x) Holdings, the Borrower and their respective Subsidiaries and (y) any Debt Fund Affiliate Lender (each, an “Affiliate Lender”); it being understood that (x) neither Holdings, the Borrower, nor any of their Subsidiaries may be Affiliate Lenders and (y) Debt Fund Affiliate Lenders and Affiliate Lenders may be Lenders hereunder in accordance with Section 9.04, subject in the case of Affiliate Lenders, to this Section 9.21, in connection with any (i) consent (or decision not to consent) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document, (ii) other action on any matter related to any Loan Document or (iii) direction to the Administrative Agent, the Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, agrees that, except with respect to any amendment, modification, waiver, consent or other action (1) described in clauses (i), (ii), (iii) or (iv) of the first proviso of Section 9.08(b) or (2) that adversely affects such Affiliate Lender (in its capacity as a Lender) in a disproportionately adverse manner as compared to other Lenders, such Affiliate Lender shall be deemed to have voted its interest as a Lender without discretion in such proportion as the allocation of voting with respect to such matter by Lenders who are not Affiliate Lenders. Each Affiliate Lender hereby irrevocably appoints the Administrative Agent (such appointment being coupled with an interest) as such Affiliate Lender’s attorney-in-fact, with full authority in the place and stead of such Affiliate Lender and in the name of such Affiliate Lender, from time to time in the Administrative Agent’s discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this clause (a).

(b) Notwithstanding anything to the contrary in this Agreement, no Affiliate Lender shall have any right to (1) attend (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Borrower are not then present, (2) receive any information or material prepared by Administrative Agent or any Lender or any communication by or among Administrative Agent and/or one or more Lenders, except to the extent such information or materials have been made available to the Borrower or its representatives, (3) make or bring (or participate in, other than as a passive participant in or recipient of its pro rata benefits of) any claim, in its capacity as a Lender, against Administrative Agent, the Collateral Agent or any other Lender with respect to any duties or obligations or alleged duties or obligations of such Agent or any other such Lender under the Loan Documents, (4) purchase any Term Loan if, immediately after giving effect to such purchase, Affiliate Lenders in the aggregate would own Term Loans with an aggregate principal amount in excess of 25% of the aggregate principal amount of all Term Loans then outstanding or (5) purchase any Revolving Facility Loans or Revolving Facility Commitments. It shall be a condition precedent to each assignment to an Affiliate Lender that such Affiliate Lender shall have (x) represented to the assigning Lender in the applicable Assignment and Acceptance, and notified the Administrative Agent, that it is (or will be, following the consummation of such assignment) an Affiliate Lender and that the aggregate amount of Term Loans held by it giving effect to such assignments shall not exceed the amount permitted by clause (4) of the preceding sentence and (y) represented in the applicable Assignment and Acceptance that it is not in possession of material non-public information (within the meaning of United States federal and state securities laws) with respect to Holdings, the Borrower, its Subsidiaries or their respective securities (or, if Holdings is not at the time a public reporting company, material information of a type that would not be reasonably expected to be publicly available if Holdings were a public reporting company) that (A) has not been disclosed to the assigning Lender or the Lenders generally (other than because any such Lender does not wish to receive material non-public information with respect to Holdings, the Borrower or its Subsidiaries) and (B) could reasonably be expected to have a material effect upon, or otherwise be material to, the assigning Lender’s decision make such assignment.
Section 9.22 Agency of the Borrower for the Loan Parties. Each of the other Loan Parties hereby appoints the Borrower as its agent for all purposes relevant to this Agreement and the other Loan Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

Section 9.23 No Liability of the Issuing Banks. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither any Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the Borrower proves were caused by (i) such Issuing Bank’s willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank’s willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 9.24 Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Solely to the extent any Lender or Issuing Bank that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or Issuing Bank that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or Issuing Bank that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any the applicable Resolution Authority.

Section 9.25 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 9.25, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” shall mean any of the following:

i. a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

ii. a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

iii. a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.
"QFC" has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section 9.26 Amended and Restated First Lien Credit Agreement; Effectiveness of Amendment and Restatement. On and after the June 2017 Effective Date, all obligations of the Loan Parties under the Amended and Restated First Lien Credit Agreement shall become obligations of the Loan Parties hereunder and the provisions of the Amended and Restated First Lien Credit Agreement shall be superseded by the provisions hereof except for provisions under the Amended and Restated First Lien Credit Agreement that expressly survive the termination thereof. The parties hereto acknowledge and agree that (a) the amendment and restatement of the Amended and Restated First Lien Credit Agreement pursuant to this Agreement and all other Loan Documents executed and delivered in connection herewith shall not constitute a novation of the Amended and Restated First Lien Credit Agreement and the other Loan Documents as in effect prior to the June 2017 Effective Date and (b) all deemed references in the other Loan Documents to the Amended and Restated First Lien Credit Agreement shall be deemed to refer without further amendment to this Agreement.
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 2 to the Registration Statement on Form S-1 of Rackspace Technology, Inc. of our report dated May 6, 2020, except for the effects of the stock split described in Note 1, as to which the date is July 20, 2020, relating to the financial statements of Rackspace Technology, Inc. (formerly known as Rackspace Corp.), which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Austin, Texas
July 27, 2020