

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

DELEGATED AUTHORITY

The Compensation Committee of the Board of Directors (the “Board”) of Rackspace Hosting, Inc. (the “Company”) is established pursuant to the Company’s Bylaws and Section 141(c) of the Delaware General Corporation Law.

PURPOSE

The purpose of the Compensation Committee shall be to:

- Provide oversight of the Company’s compensation philosophy, plans and benefits programs;
- Discharge the Board’s responsibilities relating to (1) oversight of the compensation of the Company’s Chief Executive Officer (“CEO”) and its executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934) and (2) the evaluation and approval of the Company’s CEO and executive officer compensation plans, philosophy and programs; and
- Administer the Company’s equity compensation plans for its executive officers and employees.

The Compensation Committee shall seek to ensure that the Company structures its compensation plans, philosophy and programs as to attract and retain the best available personnel for positions of substantial responsibility with the Company, to provide incentives for such persons to perform to the best of their abilities for the Company and to promote the success of the Company’s business. The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

The Compensation Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

COMPENSATION COMMITTEE MEMBERSHIP

The Compensation Committee will consist of at least two members of the Board. The members of the Compensation Committee shall be appointed by the Board on recommendation of the Nominating and Governance Committee. Compensation Committee members may be replaced by the Board and will serve at the discretion of the Board. Members of the Compensation Committee must meet the following criteria:

- The independence requirements of the listing standards of the New York Stock Exchange;
- The non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended; and
- The outside director definition of Section 162(m) of the Internal Revenue Code of 1986 (“IRC”), as amended.

MEETINGS AND PROCEDURES

- The Compensation Committee will set its own schedule of meetings and will meet at least quarterly, with the option of holding additional meetings at such times as it deems necessary or appropriate. The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.
- The Compensation Committee may form subcommittees for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate. The Compensation Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Compensation Committee as a whole.
- The Board may designate one member of the Compensation Committee as its chairperson. If the Board does not designate a chairperson, a majority of the members of the Compensation Committee may elect a chairperson of the Compensation Committee.
- Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board. Members of the Compensation Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.
- In addition to preparing the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Compensation Committee will summarize its examinations and recommendations to the full Board as may be appropriate, consistent with the Compensation Committee's charter.

COMPENSATION COMMITTEE AUTHORITY AND RESPONSIBILITIES

To the extent deemed necessary or appropriate, the Compensation Committee shall:

Set Compensation for Executive Officers

- Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate his or her performance in light thereof, and consider factors related to the performance of the Company in approving the compensation level of the CEO. The CEO may not be present during deliberations or voting on such matters.
- Oversee the evaluation of the Company's management.
- Review and recommend to the Board the CEO's (1) annual base salary, (2) annual incentive bonus, including the specific goals and amount, (3) equity compensation, (4) any employment agreement, severance arrangement and change in control agreement/provision, (5) any signing bonus or payment of relocation costs and (6) any other benefits, compensation or arrangements. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider, among other things, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Company's CEO in past years. The CEO may not be present during deliberations or voting on such matters.

- Have authority to review annually and approve items (1) through (6) in the previous paragraph for other executive officers identified by the Compensation Committee.
- Have the sole authority to retain and terminate any compensation consultant to be used by the Company to assist in the evaluation of CEO or executive officer compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, compensation, accounting or other advisors.

Monitor Incentive and Equity-Based Compensation Plans

- Administer the Company's equity incentive plans. In its administration of the plans, the Compensation Committee may, pursuant to authority delegated by the Board, (i) grant stock options, stock purchase rights or other awards to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934 in compliance with Rule 16b-3 promulgated thereunder) and in accordance with procedures and guidelines as may be established by the Board, and (ii) amend such stock options, stock purchase rights or other awards. The Compensation Committee shall also make recommendations to the Board with respect to amendments to the plans and changes in the number of shares reserved for issuance thereunder.
- Approve all award grants to executive officers of the Company giving consideration to the impact of Section 162(m) of the IRC.
- Oversee the Company's overall compensation plans and benefits programs by reviewing management reports with respect thereto on at least an annual basis. The Compensation Committee shall also make recommendations to the Board with respect to improvements or changes to such plans or the adoption of new plans when appropriate.
- Authorize the repurchase of shares from terminated employees pursuant to applicable law.
- Review and recommend compensation programs for outside directors.

Compliance and Governance Issues

- Discuss with management the Company's Compensation Discussion and Analysis ("CD&A") for the annual proxy statement; based on the review and discussion, recommend to the Board that the CD&A be included in the Company's annual report or annual proxy statement; and produce an annual report of the Compensation Committee on executive compensation for the Company's annual proxy statement in compliance with and to the extent required by applicable Securities and Exchange Commission rules and regulations and relevant listing authority.
- Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval.
- Review annually the performance of the Compensation Committee.
- The Compensation Committee shall perform such other functions as assigned by law, the Company's certificate of incorporation or bylaws or the Board.

- Review the risks associated with the Company's compensation policies and practices, including an annual review of the Company's risk assessment of its compensation policies and practices for its employees.
- Review any conflicts of interests of the Committee's advisers and determine, to the extent there are any conflicts, whether they are problematic to the continued services of the adviser.

As amended and approved August 5, 2009 and
October 31, 2012