

CORPORATE GOVERNANCE GUIDELINES

The corporate governance standards established by the Board of Directors (the “Board”) of Rackspace Hosting, Inc. (the “Company”) provide a structure within which directors and management can effectively pursue the Company’s objectives for the benefit of its stockholders. To that end, the Board adopted the following Corporate Governance Guidelines.

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1. THE PRINCIPAL FUNCTIONS OF THE BOARD OF DIRECTORS

To Review and Approve the Company’s Strategic Direction and Annual Operating Plan and Monitor the Company’s Performance:

The fundamental role of the members of the Board is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. It is the duty of the Board to oversee the Chief Executive Officer and other senior management in the competent and ethical operation of the Company. The Board should promote and adhere to the Company’s Core Values and strive to maintain the collegiality and the culture of a common enterprise with the President and Chief Executive Officer and senior management.

The Board is scheduled to hold its regular meetings at least once a quarter, and each quarterly meeting of the Board will generally include a strategy discussion.

In addition, the Board will meet at least one additional time per year to review and approve yearly goals and operating plans as required for the Company, and for educational purposes. On an ongoing basis during the year, the Board monitors the Company’s performance against its annual operating plan.

To Evaluate the Chief Executive Officer:

The Chief Executive Officer meets with the Compensation Committee to develop appropriate goals for the next year, which are then discussed with the entire Board. At year end, the Compensation Committee shall obtain information from the Board and management to evaluate the performance of the Chief Executive Officer in meeting those goals.

To Review Management Performance and Compensation:

The Compensation Committee evaluates the compensation plans, standards and programs for officers (as that term is defined in Rule 16a-1 promulgated under the Securities Exchange Act of 1934, as amended, the "Executive Officers") and other employees to ensure they are appropriate, competitive and properly reflect the Company's objectives and performance.

The Compensation Committee annually reviews and approves the compensation, including equity compensation, for the Chief Executive Officer and the Executive Officers.

To Review Management Succession Planning:

The Board or the appropriate committee plans for succession to the position of Chief Executive Officer as well as certain other senior management positions.

To Advise and Counsel Management:

Advice and counsel to management occurs both in formal meetings of the Board and committees of the Board and through informal, individual director's contacts with the Chief Executive Officer and other members of management.

The Board should be composed of individuals whose knowledge, background, experience and judgment are valuable to the Company, and who are committed to being actively engaged as directors.

The information needed for the Board's decision-making generally will be found within the Company, and members of the Board have full access to management and other employees, as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of management.

To Monitor and Manage Potential Conflicts of Interests of Management, Board Members, and Stockholders:

All members of the Board must inform the Audit Committee of the Board or the full Board of all types of transactions between them (directly or indirectly) and the Company or any related parties, prior to their conclusion, even if such transactions are in the ordinary course of business. The Audit Committee of the Board shall review and approve all related party transactions for which audit committee approval is required by applicable law or the rules of the New York Stock Exchange.

The Board should ensure that there is no abuse of corporate assets or unlawful related party transactions.

To Ensure the Integrity of Financial Information:

The Audit Committee of the Board ensures the integrity of the Company's accounting and financial reporting systems, including the audit of the Company's annual financial statements by the independent auditors, and that appropriate systems of control are in place. The Audit Committee reports to the Board on a regular basis and the Board, upon the recommendation of the Audit Committee, takes such actions as are necessary to ensure the integrity of the Company's accounting and financial reporting systems and that appropriate controls are in place.

To Monitor the Effectiveness of the Governance Practices under which the Board Operates and Make Changes as Needed:

The Nominating and Governance Committee of the Board shall periodically review and evaluate the effectiveness of the governance practices under which the

Board operates and make changes to such practices as needed.

2. BOARD STRUCTURE AND COMPOSITION

Guiding Principles for Board Development and Succession:

A number of principles (and practices) have guided the evolution of the Company's board membership over the years, all with the aim of maintaining robust and effective governance. These are as follows:

- A relatively small, highly engaged board is desirable.
- Since our business rapidly changes, we must add board members with highly relevant (and contemporary) professional experience.
- Although we lack formal term limits, approximately nine to twelve years of service is an expected commitment for any individual director.
- A certain amount of director turnover is both inevitable and desirable, permitting the board to be "refreshed" over time, while also allowing for individual flexibility.

Selection and Evaluation of Board Candidates:

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate qualifications and skills required of Board members in the context of the current make-up of the Board. These qualifications and skills of the Board, as a whole, may include (i) various and relevant career experience, (ii) relevant skills, such as an understanding of the Company's business and the markets in which it competes, (iii) financial expertise, (iv) diversity, including diversity in terms of career, background, gender, race and ethnicity, (v) local and community ties, and (vi) the absence of any competitive conflict with the Company, based on a Board member's other job responsibilities or financial interests.

The Board shall have a majority of directors who meet the criteria for independence established by applicable law, including the Securities and Exchange Commission and the New York Stock Exchange.

The Nominating and Governance Committee considers and recommends changes in the size of the Board. The Board would consider expanding its size to accommodate outstanding candidates.

The Nominating and Governance Committee will approve all nominees for membership on the Board, including the slate of director nominees to be proposed by the Board to the Company's stockholders for election or any director nominees to be elected or appointed by the Board to fill interim director vacancies on the Board.

The Nominating and Governance Committee will annually oversee the review and evaluation of the Board's performance and effectiveness.

Orientation of New Directors:

New directors should participate in an orientation process that includes presentations and materials regarding the Company's business and operations and meetings with key personnel.

Directors Continued Education:

The Board believes that ongoing education is important for maintaining a current and effective Board. Accordingly, the Board encourages directors to participate in ongoing education and considers, from time to time, more formal director education programs. It is expected that directors will keep current on corporate governance roles and responsibilities, fiduciary duties, financial acumen, committee roles, risk oversight issues and regulatory requirements.

Selection of Chair and Chief Executive Officer:

The Board does not have a standard regarding whether or not the roles of the Chairperson of the Board and Chief Executive Officer should be separate. The Board believes it should be free to determine what is best for the Company at a given point in time.

Lead Independent Director:

If the Chairman is not an independent director under the listing standards of the New York Stock Exchange, the Chairman of the Nominating and Governance Committee shall serve as the lead independent director. The lead independent director will act as a liaison between the non-employee independent directors and the Company's management and shall be responsible for assisting the Chairman in establishing the agenda for Board meetings, for coordinating the agenda for, and chairing, the executive sessions of the non-management directors, and for performing such other duties as may be specified by the Board from time to time. In addition, the lead independent director will serve as the principal liaison for consultation and communication between non-employee independent directors and stockholders. If the Chairman is an independent director under the listing standards of the New York Stock Exchange, the duties of the lead independent director will be assumed by the Chairman.

Classes:

The Company's Certificate of Incorporation, as amended, provides that the Company's directors shall be divided into three classes, with the classes of directors serving for staggered three-year terms.

Majority Voting; Advance Resignation as Prerequisite to Director Nomination:

In accordance with the Company's Bylaws, except in a contested election, a nominee must receive a majority of votes cast, as defined in the Bylaws, in order to be elected or reelected to the Board. The Board expects a director to tender his or her resignation if he or she fails to receive the required number of votes. The Board shall nominate for election or reelection as director only candidates who have tendered, in advance of such nomination, an irrevocable, conditional resignation that will be effective only upon both (i) the failure to receive the required vote at the next stockholders' meeting at which they face reelection and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors in accordance with this Board guideline.

If an incumbent director fails to receive the required vote for reelection, the Nominating & Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's irrevocable, conditional resignation, and it will submit such recommendation for prompt consideration by the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating & Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

3. BOARD OPERATIONS AND MEETINGS

The Board usually meets at least six times per year, but meets more often if necessary.

The items on the agenda are typically determined by the Chairman of the Board in consultation with the Board and management. Any director may request that an item be included on the agenda.

Generally, members of the Board receive information in advance of meetings of the Board so they will have an opportunity to prepare for discussion of the items at the meeting. Information may include summaries, reports and other materials prepared by management and/or third parties.

At meetings of the Board, ample time is scheduled to assure full discussion of important matters. Management presentations are scheduled to permit sufficient Board meeting time to be available for discussion and comments.

Members of the Board are expected to prepare for and participate in all meetings of the Board and applicable meetings of committees of the Board. Each member of the Board is expected to ensure that other commitments do not materially interfere with the member's service as director. To facilitate participation, directors may attend in person, via telephone conference or via video-conference.

The Board's practice is to have at least four separate meetings on an annual basis for the independent directors, which meetings will be chaired by the Chairman of the Nominating and Governance Committee.

4. BOARD INTERACTION WITH THIRD PARTIES

Board Access to Management:

Directors shall have complete access to the Company's management and employees. Further, the Board encourages the management to, from time to time, bring managers into meetings of the Board who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

Board Interaction with Other Parties:

The Board believes that management speaks for the Company. Individual members of the Board may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that members of the Board would do this with the prior consent of the Chairman of the Board or President and Chief Executive Officer, at the request of senior management.

5. COMMITTEES

The Board has at least the following three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

All of the members of the Audit, Compensation and Nominating and Governance Committees will meet the criteria for independence established by applicable law, including the rules and regulations of the Securities and Exchange Commission and the New York Stock Exchange. The members of these committees will also meet any other membership criteria specified in the respective charters of such committees.

Members of the Audit and Compensation Committees are appointed by the Board after being recommended by the Nominating and Governance Committee. Members of the Nominating and Governance Committee are appointed by the members of the Board who are independent as determined in accordance with the rules of the New York Stock Exchange.

Each of the Audit, Compensation and Nominating and Governance Committees has its own charter. Such charters set forth the standards and responsibilities of the respective committees in addition to the qualifications for membership on such committees.

The Chair of each committee of the Board will, in consultation with appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee's agenda.

The Board and each committee of the Board shall have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisers and shall have the power to hire independent legal, financial and other advisers as they may deem necessary, without consulting with, or obtaining approval from, management of the Company in advance.

The Board may, from time to time, form new committees as it deems appropriate. The Board may, to the fullest extent permitted by law, delegate any of its functions and responsibilities to a committee of the Board.

6. DIRECTOR COMPENSATION

The Compensation Committee will annually review and recommend to the Board for its approval the cash and equity compensation for members of the Board in accordance with the Compensation Committee's charter.

(Amended March 15 and August 2, 2012)