

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

The Board of Directors of Rackspace Hosting, Inc. ("Rackspace") has adopted this Code of Business Conduct and Ethics ("Code" or "Code of Conduct"). The purpose of this Code of Conduct is to promote ethical conduct and deter wrongdoing. This Code of Conduct supports the Rackspace Policies and applies to all employees, executive officers, and contractors (collectively, "employees"), as well as directors (together with the employees, "Rackers") of Rackspace and its direct and indirect wholly-owned subsidiaries worldwide, within all sectors, regions, areas and functions (Rackspace together with its subsidiaries, the "Company"). References to the "Chief Executive Officer", "General Counsel" or the "Chief Financial Officer" refer to the officers of Rackspace, Inc. with those titles.

All Rackers are expected to read this Code and ensure that they understand and comply with it. However, while this Code covers a wide range of business practices and procedures, it is not all-inclusive. Rather, the Code of Conduct sets out basic principles to guide all Rackers in the professional and ethical conduct of our business. All Rackers must conduct themselves accordingly and seek to avoid even the appearance of improper or inappropriate behavior. Rackers are responsible for exercising good judgment, applying ethical standards, obeying the law, and raising questions when in doubt.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. Rackers who have knowledge of a violation and fail to move promptly to report or correct it, or who direct or approve violations, may also be subject to disciplinary action, up to and including termination of employment. Further, violations of some provisions of the Code are illegal and may subject the employee or director to civil and criminal liability. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 18 of this Code.*

The Code of Conduct is not a replacement of our policies or the employee handbook, but is a statement of additional standards, practices and guidelines which are applicable to all Rackers. Rackers should refer to the Company's other policies and procedures for implementing the general principles set forth below. Rackers are encouraged to seek guidance from supervisors, managers or other appropriate personnel when in doubt about the best course of action to take in a particular situation. Any questions about the Code of Conduct should be directed to the Rackspace's General Counsel.

Rackspace may periodically revise and supplement the Code of Conduct. Thus, your comments and suggestions regarding the Code are encouraged. The Code of Conduct is a tool to assist you in performing your work with the end objective being that your efforts are in support of our policies and in compliance with the requirements of the law.

RACKSPACE INVESTOR RELATIONS

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1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obedying the law, both in letter and in spirit, is the foundation on which Rackspace's ethical standards are built. This is a minimum standard, as all Rackers are expected to act in accordance with the highest ethical standards. All Rackers must respect and obey the laws of the cities, states and countries in which we operate. Although not all Rackers are expected to know the details of these laws, it is important for each Racker to acquire appropriate knowledge of the legal requirements relating to his or her duties sufficient to determine when to seek advice from supervisors, managers or other appropriate personnel. Violations of laws, rules and regulations may subject the violator to individual criminal or civil liability, as well as to discipline by the Company. These violations may also subject the Company to civil or criminal liability or loss of business.

The Company conducts business in many countries around the world. As a result, our operations are subject to the laws of many countries, provinces, states and municipalities, and organizations such as the European Union. An important challenge for Rackers is to understand how these laws may apply to the Company's operations. Rackspace is a corporation organized in the United States. The laws of the United States frequently extend to the operations of the Company throughout the world, as well as to the business activities of Rackers wherever they may work or live. Other countries may also apply their own laws outside of their borders to their own citizens and to corporations that are organized under their laws, such as Rackspace subsidiaries or controlled affiliates.

The references in the Company's policies to the laws of the United States and the other countries where we do business reflect the reality that a global company is regulated by many different laws at the same time. In some instances, there may be a conflict between the applicable laws of two or more countries. When a Racker encounters such a conflict, it is especially important that you consult the General Counsel to understand how to resolve that conflict properly.

2. CONFLICTS OF INTEREST

A "conflict of interest" exists when a Racker's private interest interferes in any way – or even appears to interfere – with the interests of the Company. A conflict situation can arise when a Racker takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. This could be any situation in which a Racker is (or believes he or she is) obliged to do something (or not do something) that is not authorized by the Company in return for a benefit in-kind or in cash. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, such persons are of special concern.

It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. The Company's employees are not allowed to serve as an employee, independent contractor, consultant, or director of a competitor or any other business entity that does or seeks to do business with the Company. In certain exceptional circumstances, an executive officer may be permitted to serve as a director of an entity, so long as it is not a competitor. The best approach is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except in the direct performance of your job duties as an employee of the Company.

Rackers are encouraged to serve as a director, trustee, or officer of a non-profit organization in their individual capacity and on their own time, but they must obtain prior approval from the General Counsel and be aware of and avoid any conflicts of interest resulting from non-profit service.

It is the policy of Rackspace not to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company. Any questions about whether a loan has been made to a director or executive officer in violation of this policy should be directed to the General Counsel, the Chief Financial Officer, or the Chairman of the Audit Committee of the Rackspace Board of Directors.

All conflicts of interest are prohibited as a matter of Rackspace policy, except under guidelines approved by the Rackspace Board of Directors. However, conflicts of interest may not always be clear. Accordingly, if you have any doubt or question as to whether or not a conflict may exist in a particular situation, you should consult the General Counsel, the Chief Financial Officer, or the Chairman of the Audit Committee of the Rackspace Board of Directors. Likewise, any Racker who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager, HR generalist or other appropriate person within the Company or consult the procedures described in Section 16 of this Code.

3. INSIDER TRADING

The purpose of the Company's Insider Trading Standards and Practices is to establish guidelines to ensure that all Rackers comply with laws prohibiting insider trading. No Racker in possession of material, non-public information may trade in the Company's securities (or advise others to trade) from the time they obtain such information until after adequate public disclosure of the information has been made. Rackers who knowingly trade Company securities while in possession of material, non-public information or who tip information to others will be subject to appropriate disciplinary action up to and including termination. Insider trading is also a criminal offense.

Rackers also may not trade in stocks of other companies about which they learn material, non-public information through the course of their employment or service.

Any questions as to whether information is material or has been adequately disclosed should be directed to the Company's General Counsel. Additional information regarding insider trading can be found in the Company's Insider Trading Standards and Practices.

4. CORPORATE OPPORTUNITIES

Rackers are prohibited from:

- Personally taking for themselves opportunities that are discovered through the use of corporate property, information or position;
- Using corporate property, information or position for personal gain; and
- Competing with the Company.

In the interest of clarifying the definition of "Competing with the Company," if any non-employee member of the Rackspace Board of Directors acquires knowledge of a corporate opportunity other than in connection with such individual's service as a member of the Rackspace Board of Directors then, provided that such director has acted in good faith, such an event shall be deemed not to be "Competing with the Company" under this Section 4. Rackers owe a duty to the Company to advance its legitimate interests when the opportunity to do so in a legal and ethical manner arises.

5. COMPETITION AND FAIR DEALING

The Company seeks to outperform our competition fairly and honestly. Stealing confidential or proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is strictly prohibited. All Rackers should endeavor to respect the rights of and deal fairly with the Company's customers, partners, suppliers, competitors and employees. No Racker should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

6. CUSTOMER AND SUPPLIER RELATIONSHIPS

Rackers must act in a manner that creates value for the Company's customers and helps to build relationships based upon trust. The Company has provided services for many years and has built up significant goodwill over that time. This goodwill is one of our most important assets, and all Rackers must act to preserve and enhance the Company's reputation.

The Company's suppliers make significant contributions to the Company's success. To create an environment where the Company's suppliers have an incentive to work with the Company, suppliers must be confident that they will be treated lawfully and in an ethical manner. The Company's policy is to purchase supplies and services based on need, quality, service, price and terms and conditions. The Company's policy is to select significant suppliers or enter into significant supplier agreements through a competitive bid process where possible. In selecting suppliers, the Company does not discriminate on the basis of race, color, religion, sex, national origin, age, sexual preference, sexual orientation, marital status, medical condition, veteran status, physical or mental disability, or any other characteristic protected by applicable law. A supplier to

the Company is generally free to sell its products or services to any other party, including Company competitors. In some cases where the products or services have been designed, developed or manufactured to the Company's specifications, the agreement between the parties may contain restrictions on sales to others where this is lawful to do so.

7. BUSINESS ENTERTAINMENT AND GIFTS

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships among business partners, not to gain any unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Rackers or a member of his or her family unless it: (1) is consistent with customary business practices and the guidelines set forth in the employee handbook, (2) is not excessive in value, (3) cannot be construed as a bribe or payoff, and (4) does not violate any laws or regulations. Never is a cash gift appropriate under these standards. Please discuss with the HR department any gifts or proposed gifts which you are not certain are appropriate.

8. DISCRIMINATION AND HARASSMENT

The diversity of Rackers is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate illegal discrimination or harassment of any kind. Rackers are directed to the employee handbook for more detailed information on this subject.

9. HEALTH AND SAFETY

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Rackers are directed to the employee handbook for more detailed information on this subject.

10. RECORD-KEEPING

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked by an employee should be reported.

Many Rackers regularly use business expense accounts. These accounts must be properly documented and expenses recorded accurately for reimbursement. If you are not sure whether a certain expense is authorized for reimbursement, ask your manager.

The Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. All assets of the Company must be carefully and properly accounted for. Written contracts with customers, suppliers and others must be reflective of the entire agreement. Unreported side agreements are prohibited. The making of false or misleading records or documentation is strictly prohibited. Unrecorded funds or assets should not be maintained. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation and approved by the General Counsel and Chief Financial Officer.

The Company complies with all laws and regulations regarding the preservation of records. Records should be retained or destroyed only in accordance with the Company's document retention policies. Any questions about these policies should be directed to the Company's General Counsel.

Business records and communications often become public, and we should avoid exaggeration, defamatory or otherwise derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to all forms of communication, including, for example, telephone calls, emails, blog postings, chat rooms, bulletin board postings, and instant messaging. Professionalism in all communications is our goal.

11. CONFIDENTIALITY

Rackers must maintain the confidentiality of proprietary and confidential information entrusted to them by the Company, our customers, partners and suppliers, except when disclosure is authorized or otherwise required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to Rackspace or its customers, partners, or suppliers, if disclosed. It also includes information that partners, suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends. In connection with this obligation, every employee is required to execute a confidentiality agreement upon commencement of employment with the Company. The terms of the confidentiality agreement (which may be contained within an agreement of employment) should be periodically reviewed for additional detail. Any question about whether information is confidential should be directed to the General Counsel.

12. PROTECTION AND PROPER USE OF COMPANY ASSETS

All Rackers should endeavor to protect the Company's assets and the assets of our customers and others who have entrusted us with their assets, and ensure their efficient use. Company equipment should not be used for non-Company business, though incidental personal use may be authorized by the Company. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation to your manager, other appropriate member of management, or through the employee hotline or web reporting system.

The obligation of Rackers to protect the Company's assets and that of our customers and those to whom Rackspace owes a duty of confidentiality includes proprietary information. Proprietary information includes but is not limited to intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, solution diagrams, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

13. RELATIONSHIPS WITH GOVERNMENT PERSONNEL

Acceptable practices in the commercial business environment, such as providing education, transportation, meals, entertainment or other things of value, may be entirely unacceptable, and may even violate certain federal, state, local or foreign laws and regulations, when we are dealing with government employees or those who act on the government's behalf. Therefore, you must be aware of, and adhere to, the relevant laws and regulations governing relations between government employees and customers, business partners, and suppliers in every country where you conduct business.

Some key requirements for doing business with government are:

- Accurately representing which Company products are covered by government contracts;
- Not improperly soliciting or obtaining confidential information, such as sealed competitors' bids, from government officials prior to the award of a contract;
- Hiring present and former government personnel may only occur in compliance with applicable laws and regulations (as well as consulting the General Counsel and the human resources department).

When dealing with public officials, Rackers must avoid any activity that is or appears illegal or unethical. Promising, offering or giving of favors, gratuities or gifts, including meals, entertainment, transportation, and lodging, to government officials is restricted by the laws of the political jurisdictions in which we do business. Rackers must obtain pre-approval from the General Counsel before providing anything of value to any government official or employee of any country. (The foregoing does not apply to lawful personal political contributions.) You should contact the General Counsel for guidance.

You must not give money or a gift to an official or an employee of a governmental entity if doing so could be reasonably construed as having any connection with our business relationship. U.S. and foreign laws often prohibit such actions: for example, the Foreign Corrupt Practices Act (FCPA), a U.S. law, makes it a crime to pay money or to give anything of value to a foreign official to assist the company or another to obtain or retain business with the government, whether the improper payment or gift is made directly by a company or indirectly through someone acting for the company. Any proposed payment

or gift to a foreign official, political party or candidate must have prior review by Rackspace's local counsel, even if such payment is common in that country. Keep in mind that foreign officials, under the FCPA, can include executives and employees of government-owned corporations, universities, and other entities. Always ask if you have some doubt regarding government ownership.

In addition, you must comply fully with all local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the General Counsel and, if required, Rackspace's Board of Directors.

In countries where local customs call for giving gifts to customers or others on special occasions, you may, with prior approval from management, present gifts that are lawful, appropriate, and of nominal value, provided the action cannot be seen as seeking special favor.

Further, certain legal or ethical restrictions may exist with respect to the hiring by the Company of current or former employees of the government or their family members. You should consult with Company management and the General Counsel before any attempts, even preliminary discussions, are made to hire any such persons.

14. DISCLOSURE

The information in the Company's public communications, including filings with the U.S. Securities and Exchange Commission, must be full, fair, accurate, timely and understandable. All Rackers are responsible for acting in furtherance of this policy. In particular, each Racker is responsible for complying with the Company's disclosure controls and procedures and internal controls for financial reporting. Any questions concerning the Company's disclosure controls and procedures and internal controls for financial reporting should be directed to Rackspace's Chief Executive Officer or Chief Financial Officer, as appropriate.

15. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

Some activities described in this Code of Conduct require advance permission from a Racker's manager or other designated person or group as set forth in this Code or the employee handbook. In these circumstances, Rackers must be certain to obtain the required approval in writing. In addition, under certain circumstances the requirements of the Code of Conduct may be waived. If you are seeking a waiver, you should speak first with the human resources department, who may need to involve other persons in consideration of your waiver request.

Any waiver of this Code for a director, executive officer and any financial or accounting officer at the level of the principal accounting officer or controller or above, may be made only by the Rackspace Board of Directors, and must be promptly disclosed to stockholders if and as required by law or the rules of the stock exchange or over the counter trading system on which the Company's stock is traded or quoted. Waivers with respect to other employees or applicable contractors may be made only by the Company's Chief Executive Officer. Any waiver of this Code with respect to a conflict of interest transaction which is required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act of 1933, as amended, must be approved in advance by Rackspace's Audit Committee.

This Code may be amended or modified by the Rackspace Board of Directors or a committee of the Board of Directors.

16. REPORTING PROCEDURES

Maintaining ethical standards is the responsibility and obligation of every Racker. Early identification and resolution of conflict of interest and other ethical issues that may arise are critical to maintaining our commitments to our customers, partners, suppliers, service providers, vendors, stockholders, and to ourselves and our fellow Rackers. Rackers are expected to treat compliance with ethical standards as a critical element of their responsibilities. While this Code of Conduct sets forth a wide range of practices and procedures, it cannot address every issue that may arise. If you are unsure of what to do in a situation, you should seek additional guidance and information before you act. If something seems unethical or improper, or if you have questions regarding the best course of action, you should promptly contact any of the following:

- Your supervisor, department manager or any Rackspace officer
- Your human resources representative
- The General Counsel
- The Rackspace Business Ethics Hotline 1-800-543-8019
- The Rackspace web reporting site at www.rackspace.ethicspoint.com

The Hotline and web reporting site are operated by specially trained third-party representatives. You can choose to keep your report anonymous (except for certain types of reports in certain countries.) The Hotline is available 24 hours a day, 7 days a week. Hotline representatives will listen to your concerns, ask questions, and review the information provided. They will then forward your concern to an appropriate Rackspace officer or director, who will take appropriate action.

It is against Company policy to retaliate against any Racker who reported a violation or suspected violation of law, this Code or other Company policies in good faith or against any person who is assisting in any investigation or process with respect to such a violation. All reported violations will be acted on appropriately. If your concern requires an investigation, the Company will respond promptly. If possible, you will be informed about the status of the investigation and the outcome of the matter. However, Rackspace has an obligation of confidentiality to all Rackers, including those being investigated. If your situation requires that your identity be kept secret, your anonymity will be protected to the extent possible and allowed by law, but consistent with the need to thoroughly investigate and resolve a situation.

Any Racker involved in retaliation will be subject to serious disciplinary action by the Company. Further, the Company could be subject to criminal or civil actions of retaliation against employees who “blow the whistle” on U.S. federal securities law violations and other federal offenses.

Reported violations will be promptly investigated and, if a Sensitive Complaint, in accordance with Section 17. The Rackspace Board of Directors or its designated committee will be responsible for investigating violations (other than Sensitive Complaints) and determining appropriate disciplinary action for matters involving directors or executive officers. The Rackspace Board of Directors or its designated committee may designate others to conduct or manage such investigations on its behalf and recommend disciplinary action. The Rackspace Board of Directors reserves the right to investigate violations and determine appropriate disciplinary action on its own or to designate others to do so in place of, or in addition to, the General Counsel. It is imperative that the person reporting the violation not conduct an investigation on his or her own. However, Rackers are expected to cooperate fully with any investigation made by the Company into reported violations.

17. SENSITIVE COMPLAINTS (INCLUDING AUDITING AND ACCOUNTING MATTERS)

A Sensitive Complaint is a complaint containing allegations that:

- Concern improprieties in accounting, auditing, financial record keeping or internal accounting controls
- Involve conduct of directors or officers;
- Have realistic potential to cause significant financial, legal or regulatory consequences for the Company;
- Might reasonably result in significant adverse publicity;
- Involve the systematic violation of customer trust; or
- Concern systemic criminal conduct not otherwise covered by one of the above categories.

Any person who has or receives a complaint that he or she believes may reasonably be a Sensitive Complaint should forward that complaint immediately to the General Counsel or through the web reporting site in a manner that clearly identifies the matter as a potential Sensitive Complaint.

Oversight of Sensitive Investigations. The Sensitive Investigations Committee shall review all Sensitive Complaints and shall initiate and oversee investigations of Sensitive Complaints. The Sensitive Investigations Committee shall consist of Rackspace’s Senior Vice President of Human Resources, the General Counsel and the Chief Financial Officer and such persons’ designees. The Sensitive Investigations Committee shall determine the necessity of investigations on a case-by-case basis.

The Sensitive Investigations Committee shall have the authority to direct the Company's internal resources (e.g., Internal Audit, Legal Department) to conduct such investigations. The Sensitive Investigations Committee shall also have the authority to direct the General Counsel or outside counsel to engage outside resources to conduct an investigation whenever the Sensitive Investigations Committee determines a conflict of interest exists in using a Company internal resource, or the nature of the investigation requires outside expertise or perspective.

The Sensitive Investigations Committee shall report to the Audit Committee of the Board of Directors the existence of any Sensitive Complaint regarding accounting, internal accounting controls or auditing matters, and shall keep the Audit Committee informed of the progress and results of the investigations of such matters.

A member of the Sensitive Investigations Committee who is implicated in connection with a Sensitive Complaint shall recuse himself or herself from involvement in the investigation.

The law and Company standards require that the Sensitive Investigations Committee conduct effective investigations of Sensitive Complaints. The Sensitive Investigations Committee shall keep a complainant's identity confidential to the extent allowed by law, except where disclosure is required to conduct an effective investigation. The Company shall not retaliate against any individual who in good faith submits a Sensitive Complaint or participates in a Sensitive Investigation. See Section 16 for more information regarding reporting.

18. COMPLIANCE GUIDELINES

All Rackers must work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your department manager or the HR department. This is the basic guidance for all situations. In many cases, your department manager or the HR department will be more knowledgeable about the question, and will appreciate being brought into the decision-making process.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your department manager or where you do not feel comfortable approaching this person with your question, contact and discuss the issue directly with the HR manager.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the extent possible and allowed by law, but consistent with the need to thoroughly investigate and resolve a situation. Certain countries may not allow for anonymous reporting. The Hotline representative will be able to inform you of whether you can submit an anonymous report. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

SUMMARY

The Rackspace Code of Conduct is intended to provide you with a better understanding of what is expected of you and the legal and ethical standards the Company must maintain. Understanding what is expected of you will better enable you to meet your responsibilities and better enable the Company to continue to grow and prosper in a responsible manner to the benefit of our shareholders, employees, customers and the communities where we live and do business.