

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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended March 31, 2017  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-36904



**GoDaddy Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**46-5769934**

(I.R.S. Employer Identification Number)

**14455 N. Hayden Road**

**Scottsdale, Arizona 85260**

(Address of principal executive offices, including zip code)

**(480) 505-8800**

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of May 4, 2017, there were 91,536,646 shares of GoDaddy Inc.'s Class A common stock, \$0.001 par value per share, outstanding and 78,404,899 shares of GoDaddy Inc.'s Class B common stock, \$0.001 par value per share, outstanding.

**GoDaddy Inc.**  
**Quarterly Report on Form 10-Q**  
**For the Quarterly Period Ended March 31, 2017**

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## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains certain forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, involving substantial risks and uncertainties. The words "believe," "may," "will," "potentially," "plan," "estimate," "continue," "anticipate," "intend," "project," "expect" and similar expressions conveying uncertainty of future events or outcomes are intended to identify forward-looking statements. These statements include, among other things, those regarding:

- our ability to continue to add new customers and increase sales to our existing customers;
- our ability to develop new solutions and bring them to market in a timely manner;
- our ability to timely and effectively scale and adapt our existing solutions, including GoCentral;
- our dependence on establishing and maintaining a strong brand;
- the occurrence of service interruptions and security or privacy breaches;
- system failures or capacity constraints;
- the rate of growth of, and anticipated trends and challenges in, our business and in the market for our products;
- our future financial performance, including our expectations regarding our revenue, cost of revenue, operating expenses, including changes in technology and development, marketing and advertising, general and administrative and Customer Care expenses, and our ability to achieve and maintain, future profitability;
- our ability to continue efficiently acquiring customers, maintaining our high customer retention rates and maintaining the level of our customers' lifetime spend;
- our ability to provide high quality Customer Care;
- the effects of increased competition in our markets and our ability to compete effectively;
- our ability to grow internationally;
- the impact of fluctuations in foreign currency exchange rates on our business and our ability to effectively manage the exposure to such fluctuations;
- our ability to effectively manage our growth and associated investments;
- our ability to integrate recent or potential future acquisitions, including our recent acquisition of Host Europe Holdings Limited (HEG) and to deliver a broader range of cloud-based products built on a single global technology platform;
- our ability to sell HEG's PlusServer managed hosting business;
- our ability to maintain our relationships with our partners;
- adverse consequences of our substantial level of indebtedness and our ability to repay our debt;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to maintain or improve our market share;
- sufficiency of cash and cash equivalents to meet our needs for at least the next 12 months;
- beliefs and objectives for future operations;
- our ability to stay in compliance with laws and regulations currently applicable to, or which may become applicable to, our business both in the United States (U.S.) and internationally;
- economic and industry trends or trend analysis;
- the attraction and retention of qualified employees and key personnel;
- the amount and timing of any payments we make under tax receivable agreements (TRAs) or for tax distributions;
- the future trading prices of our Class A common stock;
- the completion of our proposed public offering and repurchase of Desert Newco, LLC limited liability company units;

as well as other statements regarding our future operations, financial condition and prospects and business strategies.

**NOTE ABOUT FORWARD-LOOKING STATEMENTS (continued)**

We operate in very competitive and rapidly-changing environments, and new risks emerge from time-to-time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report may not occur, and actual results could differ materially and adversely from those implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Neither we, nor any other person, assume responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements for any reason after the date of this report to conform such statements to actual results or to changes in our expectations, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless expressly indicated or the context suggests otherwise, references to GoDaddy, we, us and our refer to GoDaddy Inc. and its consolidated subsidiaries, including Desert Newco, LLC and its subsidiaries (Desert Newco). We refer to Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, KKR), Silver Lake Partners (together with its affiliates, Silver Lake) and Technology Crossover Ventures (together with its affiliates, TCV) collectively as the Sponsors. We refer to YAM Special Holdings, Inc. as YAM. We refer to Robert R. Parsons, the sole beneficial owner of YAM, our founder and a member of our board of directors, as Bob Parsons.

**Part I - FINANCIAL INFORMATION****Item 1. Financial Statements**

**GoDaddy Inc.**  
**Condensed Consolidated Balance Sheets (unaudited)**  
(In millions, except share amounts in thousands and per share amounts)

	<b>March 31,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 658.2	\$ 566.1
Short-term investments	12.4	6.6
Accounts and other receivables	8.4	8.0
Registry deposits	18.7	20.6
Prepaid domain name registry fees	323.3	307.0
Prepaid expenses and other current assets	25.2	24.5
Total current assets	1,046.2	932.8
Property and equipment, net	228.1	231.0
Prepaid domain name registry fees, net of current portion	178.6	172.1
Goodwill	1,718.4	1,718.4
Intangible assets, net	701.1	716.5
Other assets	12.1	11.1
Deferred tax assets	5.4	5.0
Total assets	<u>\$ 3,889.9</u>	<u>\$ 3,786.9</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 70.0	\$ 61.7
Accrued expenses and other current liabilities	132.2	143.0
Payable to related parties for tax distributions	3.0	10.0
Deferred revenue	1,111.8	1,043.5
Long-term debt	6.0	4.0
Total current liabilities	1,323.0	1,262.2
Deferred revenue, net of current portion	559.1	532.7
Long-term debt, net of current portion	1,031.4	1,035.7
Payable to related parties pursuant to tax receivable agreements	197.6	202.6
Other long-term liabilities	39.4	39.5
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value - 50,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.001 par value - 1,000,000 shares authorized; 90,633 and 88,558 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	0.1	0.1
Class B common stock, \$0.001 par value - 500,000 shares authorized; 78,410 and 78,554 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	0.1	0.1
Additional paid-in capital	645.8	608.3
Accumulated deficit	(48.1)	(48.7)
Accumulated other comprehensive income	0.7	2.7
Total stockholders' equity attributable to GoDaddy Inc.	598.6	562.5
Non-controlling interests	140.8	151.7
Total stockholders' equity	739.4	714.2
Total liabilities and stockholders' equity	<u>\$ 3,889.9</u>	<u>\$ 3,786.9</u>

*See accompanying notes to condensed consolidated financial statements.*

**GoDaddy Inc.**  
**Condensed Consolidated Statements of Operations (unaudited)**  
(In millions, except share amounts in thousands and per share amounts)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Revenue:		
Domains	\$ 240.8	\$ 218.9
Hosting and presence	178.3	160.4
Business applications	70.6	54.4
Total revenue	<u>489.7</u>	<u>433.7</u>
Costs and operating expenses <sup>(1)</sup> :		
Cost of revenue (excluding depreciation and amortization)	176.8	154.4
Technology and development	80.2	71.7
Marketing and advertising	67.4	57.5
Customer care	67.0	61.7
General and administrative	61.0	48.2
Depreciation and amortization	31.6	38.9
Total costs and operating expenses	<u>484.0</u>	<u>432.4</u>
Operating income	5.7	1.3
Interest expense	(12.8)	(14.3)
Tax receivable agreements liability adjustment	5.0	(4.6)
Loss on debt extinguishment	(1.7)	—
Other income (expense), net	1.7	0.7
Loss before income taxes	(2.1)	(16.9)
Provision for income taxes	(1.0)	(1.4)
Net loss	(3.1)	(18.3)
Less: net loss attributable to non-controlling interests	(3.7)	(7.8)
Net income (loss) attributable to GoDaddy Inc.	<u>\$ 0.6</u>	<u>\$ (10.5)</u>
Net income (loss) per share of Class A common stock:		
Basic	<u>\$ 0.01</u>	<u>\$ (0.15)</u>
Diluted	<u>\$ 0.01</u>	<u>\$ (0.15)</u>
Weighted-average shares of Class A common stock outstanding:		
Basic	<u>89,600</u>	<u>67,834</u>
Diluted	<u>100,242</u>	<u>67,834</u>

<sup>(1)</sup> Costs and operating expenses include equity-based compensation expense as follows:

Technology and development	\$ 8.4	\$ 5.5
Marketing and advertising	1.7	1.9
Customer care	0.4	0.8
General and administrative	5.9	3.8

*See accompanying notes to condensed consolidated financial statements.*

**GoDaddy Inc.**  
**Condensed Consolidated Statement of Stockholders' Equity (unaudited)**  
(In millions, except share amounts in thousands)

	<u>Class A Common Stock</u>		<u>Class B Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Non- Controlling Interest</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance at December 31, 2016	88,558	\$ 0.1	78,554	\$ 0.1	\$ 608.3	\$ (48.7)	\$ 2.7	\$ 151.7	\$ 714.2
Net income (loss)	—	—	—	—	—	0.6	—	(3.7)	(3.1)
Equity-based compensation expense	—	—	—	—	16.4	—	—	—	16.4
Stock option exercises	1,486	—	—	—	20.1	—	—	(6.2)	13.9
Effect of exchanges of LLC Units	144	—	(144)	—	1.0	—	—	(1.0)	—
Vesting of restricted stock units and other	445	—	—	—	—	—	(2.0)	—	(2.0)
Balance at March 31, 2017	<u>90,633</u>	<u>\$ 0.1</u>	<u>78,410</u>	<u>\$ 0.1</u>	<u>\$ 645.8</u>	<u>\$ (48.1)</u>	<u>\$ 0.7</u>	<u>\$ 140.8</u>	<u>\$ 739.4</u>

*See accompanying notes to condensed consolidated financial statements.*

**GoDaddy Inc.**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**  
(In millions)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss	\$ (3.1)	\$ (18.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	31.6	38.9
Equity-based compensation	16.4	12.0
Other	2.7	8.3
Changes in operating assets and liabilities, net of amounts acquired:		
Registry deposits	1.9	(6.7)
Prepaid domain name registry fees	(22.8)	(19.6)
Deferred revenue	94.7	82.3
Other operating assets and liabilities	5.2	8.4
Net cash provided by operating activities	126.6	105.3
<b>Investing activities</b>		
Purchases of short-term investments	(6.4)	(3.9)
Maturities of short-term investments	0.6	—
Acquisition-related payments	(4.0)	—
Purchases of property and equipment, excluding improvements	(18.7)	(11.9)
Purchases of leasehold and building improvements	(1.1)	(0.1)
Net cash used in investing activities	(29.6)	(15.9)
<b>Financing activities</b>		
Proceeds received from:		
Stock option exercises	13.9	6.4
Payments made for:		
Distributions to holders of LLC Units	(7.0)	(5.1)
Repayment of term loan	—	(2.8)
Financing-related costs	(9.1)	—
Capital leases and other financing obligations	(2.7)	(4.2)
Net cash used in financing activities	(4.9)	(5.7)
Net increase in cash and cash equivalents	92.1	83.7
Cash and cash equivalents, beginning of period	566.1	348.0
Cash and cash equivalents, end of period	\$ 658.2	\$ 431.7
<b>Supplemental cash flow information:</b>		
Cash paid during the period for:		
Interest on long-term debt	\$ 8.8	\$ 11.6
Income taxes, net of refunds received	\$ 1.4	\$ 1.1
<b>Supplemental information for non-cash investing and financing activities:</b>		
Accrued capital expenditures, excluding improvements, at period end	\$ 6.7	\$ 7.9
Accrued capital expenditures, leasehold and building improvements, at period end	\$ 1.3	\$ 0.7

*See accompanying notes to condensed consolidated financial statements.*

**GoDaddy Inc.**  
**Notes to Condensed Consolidated Financial Statements (unaudited)**  
**(In millions, except share amounts in thousands and per share amounts)**

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## **1. Organization and Background**

### **Organization**

We were incorporated on May 28, 2014 for the purpose of facilitating an IPO and other related organizational transactions, completed on April 7, 2015, in order to operate and control all of the business and affairs of Desert Newco. As sole managing member, we have all voting power in, and control the management of, Desert Newco. As a result, we consolidate Desert Newco's financial results and report a non-controlling interest representing the economic interest held by the other members of Desert Newco. Non-controlling interest excludes any net income (loss) attributable directly to GoDaddy Inc. As of March 31, 2017, we owned approximately 54% of Desert Newco's limited liability company units (LLC Units).

### **Basis of Presentation**

Our condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (GAAP), and include our accounts and the accounts of our subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

A consolidated statement of comprehensive income (loss) is not presented because we had no material components of other comprehensive income (loss) during any of the periods presented.

Our interim condensed consolidated financial statements are unaudited. These financial statements have been prepared in accordance with GAAP, and in our opinion, include all adjustments of a normal recurring nature necessary for the fair presentation of the interim periods presented. The results for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for any subsequent quarter or for the year ending December 31, 2017.

These financial statements should be read in conjunction with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2016, (the 2016 Form 10-K).

### **Prior Period Reclassifications**

Reclassifications of certain immaterial prior period amounts have been made to conform to the current period presentation.

## Use of Estimates

GAAP requires us to make estimates and assumptions affecting amounts reported in our financial statements. Our more significant estimates include:

- the determination of the best estimate of selling price of the deliverables included in multiple-deliverable revenue arrangements;
- the fair value of assets acquired and liabilities assumed in business acquisitions;
- the assessment of recoverability of long-lived assets, including property and equipment, goodwill and intangible assets;
- the estimated reserve for refunds;
- the estimated useful lives of intangible and depreciable assets;
- the grant date fair value of equity-based awards;
- the recognition, measurement and valuation of current and deferred income taxes;
- the recognition and measurement of amounts payable under TRAs;
- the recognition and measurement of amounts payable as tax distributions to Desert Newco's owners; and
- the recognition and measurement of loss contingencies, indirect tax liabilities and certain accrued liabilities.

We periodically evaluate these estimates and adjust prospectively, if necessary. We believe our estimates and assumptions are reasonable; however, actual results may differ from our estimates.

## Segment and Reporting Unit

Our chief operating decision maker function is comprised of our Chief Executive Officer and Chief Operating Officer who collectively review financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance for the entire company. Accordingly, we have a single operating segment and reporting unit.

## 2. Summary of Significant Accounting Policies

### Derivative Financial Instruments

We enter into foreign exchange forward contracts with financial institutions to hedge certain forecasted sales transactions denominated in currencies other than the U.S. dollar. We designate these forward contracts as cash flow hedges, which are recognized as either assets or liabilities at fair value. We do not hold or issue derivative instruments for speculative or trading purposes. At March 31, 2017, the total notional amount of such contracts was \$83.2 million, all having remaining maturities of nine months or less.

We reflect unrealized gains or losses on the effective portion of a cash flow hedge as a component of accumulated other comprehensive income. Gains and losses, once realized, are recorded as a component of accumulated other comprehensive income and are amortized to revenue over the same period in which the underlying hedged amounts are recognized. Any ineffective portion of gains or losses are recorded as other income (expense), net and were immaterial during all periods presented. At inception, and each period, we evaluate the effectiveness of each of our hedges, and all hedges were determined to be effective.

**Fair Value Measurements**

We hold certain assets required to be measured at fair value on a recurring basis. These may include reverse repurchase agreements, commercial paper or other securities, which are classified as either cash and cash equivalents or short-term investments. We classify these assets within Level 1 or Level 2 because we use either quoted market prices or alternative pricing sources utilizing market observable inputs to determine their fair value, as follows:

	<b>March 31, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents:				
Reverse repurchase agreements <sup>(1)</sup>	\$ —	\$ 135.0	\$ —	\$ 135.0
Commercial paper	—	85.0	—	85.0
Short-term investments:				
Certificates of deposit and time deposits	12.4	—	—	12.4
<b>Total assets measured and recorded at fair value</b>	<b>\$ 12.4</b>	<b>\$ 220.0</b>	<b>\$ —</b>	<b>\$ 232.4</b>

(1) Reverse repurchase agreements include an \$80.0 million repurchase agreement with Morgan Stanley, callable with 31 days notice, and a \$55.0 million one-week repurchase agreement with Wells Fargo.

	<b>December 31, 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents:				
Reverse repurchase agreements <sup>(1)</sup>	\$ —	\$ 130.0	\$ —	\$ 130.0
Commercial paper	—	55.9	—	55.9
Short-term investments:				
Certificates of deposit and time deposits	6.6	—	—	6.6
<b>Total assets measured and recorded at fair value</b>	<b>\$ 6.6</b>	<b>\$ 185.9</b>	<b>\$ —</b>	<b>\$ 192.5</b>

(1) Reverse repurchase agreements include an \$80.0 million repurchase agreement with Morgan Stanley, callable with 31 days notice, and a \$50.0 million one-week repurchase agreement with Wells Fargo.

We have no other material assets or liabilities measured at fair value on a recurring basis.

**Recent Accounting Pronouncements*****Revenue Recognition***

In May 2014, the Financial Accounting Standards Board (FASB) issued a new standard on revenue recognition from contracts with customers. The new standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled to in exchange for those goods or services. The FASB has recently issued several amendments to the new standard, including clarification on identifying performance obligations, principal-versus-agent implementation guidance, collectability assessment, sales taxes and other similar taxes collected from customers, noncash consideration, contract modification and completed contracts at transition. These amendments are intended to address implementation issues raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new standard.

The new standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). The new standard is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted for annual reporting periods beginning after December 15, 2016. We will adopt the new standard effective January 1, 2018.

We have completed our initial assessment of the new standard and are in the process of further evaluating certain customer arrangements within each of our revenue streams to quantify potential impacts on the amount and timing of

recognition for each performance obligation. Although we are still evaluating the potential impacts on our consolidated financial statements and internal accounting processes, we do not currently anticipate any changes to have a material impact. We currently plan to adopt the standard under the modified retrospective method. However, our final determination will depend on the results of our final assessment, which is expected to be completed by the third quarter of 2017.

#### ***Other Accounting Standards***

In February 2016, the FASB issued new guidance related to accounting for leases. The new standard requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and the disclosure of key information about leasing arrangements. For leases with a term of 12 months or less, a lessee can make an accounting policy election by class of underlying asset to not recognize an asset and corresponding liability. We will adopt the new standard on January 1, 2019. In transition, lessees are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. We are currently evaluating the expected impact of this standard.

In March 2016, the FASB issued new guidance changing the accounting for certain aspects of share-based payments to employees. The guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis and allows for an employer to repurchase more of an employee's shares for tax withholding purposes without triggering liability accounting. In addition, the guidance requires recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid-in capital pools. We elected to continue to account for forfeitures on an estimated basis, and accordingly, our adoption of this guidance on January 1, 2017 did not have a material impact.

In June 2016, the FASB issued new guidance for the accounting for credit losses on instruments that will require us to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial instruments measured at amortized cost and also applies to some off-balance sheet credit exposures. The guidance is effective for annual and interim reporting periods beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the timing of our adoption and the expected impact of this new guidance on our consolidated financial statements.

In October 2016, the FASB issued new guidance requiring us to recognize the income tax consequences of intra-entity assets transfers when the transfer occurs. Our adoption of this guidance on January 1, 2017 did not have a material impact.

In November 2016, the FASB issued new guidance requiring amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the amounts shown on the statement of cash flows. This new guidance is effective for us on January 1, 2018, and our adoption is not expected to have a material impact.

In January 2017, the FASB issued new guidance clarifying the definition of a business for determining whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The guidance provides a screen for an entity to use to determine when a set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the asset is not a business. If the screen is not met, the guidance requires that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The guidance also removes the evaluation of whether a market participant could replace missing elements. This new guidance is effective for us on January 1, 2018, and our adoption is not expected to have a material impact.

In January 2017, the FASB issued new guidance simplifying the goodwill impairment test, eliminating the requirement for an entity to determine the fair value of its assets and liabilities (including unrecognized assets and liabilities) at the impairment testing date following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, an entity will be required to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity will be required to recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to the reporting unit. The guidance is effective for annual and interim reporting periods beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the timing of our adoption and the expected impact of this new guidance.

**3. Intangible Assets**

Intangible assets, net are summarized as follows:

<b>March 31, 2017</b>					
	<b>Gross Carrying Amount</b>		<b>Accumulated Amortization</b>	<b>Domains Sold</b>	<b>Net Carrying Amount</b>
Indefinite-lived intangible assets:					
Trade names and branding	\$ 445.0		n/a	n/a	\$ 445.0
Domain portfolio	120.5		n/a	\$ (15.9)	104.6
Finite-lived intangible assets:					
Customer-related	358.5	\$	(245.9)	n/a	112.6
Developed technology	94.8		(59.7)	n/a	35.1
Trade names	11.1		(7.3)	n/a	3.8
	<u>\$ 1,029.9</u>	<u>\$</u>	<u>(312.9)</u>	<u>\$ (15.9)</u>	<u>\$ 701.1</u>

<b>December 31, 2016</b>					
	<b>Gross Carrying Amount</b>		<b>Accumulated Amortization</b>	<b>Domains Sold</b>	<b>Net Carrying Amount</b>
Indefinite-lived intangible assets:					
Trade names and branding	\$ 445.0		n/a	n/a	\$ 445.0
Domain portfolio	120.5		n/a	\$ (14.4)	106.1
Finite-lived intangible assets:					
Customer-related	367.4	\$	(245.4)	n/a	122.0
Developed technology	226.0		(187.0)	n/a	39.0
Trade names	11.9		(7.5)	n/a	4.4
	<u>\$ 1,170.8</u>	<u>\$</u>	<u>(439.9)</u>	<u>\$ (14.4)</u>	<u>\$ 716.5</u>

Customer-related intangible assets, developed technology and trade names have weighted-average useful lives from the date of purchase of 100 months, 73 months and 58 months, respectively. Amortization expense was \$13.9 million and \$21.9 million for the three months ended March 31, 2017 and 2016, respectively. The weighted-average remaining amortization period for amortizable intangible assets was 42 months as of March 31, 2017.

Based on the balance of finite-lived intangible assets at March 31, 2017, expected future amortization expense is as follows:

<b>Year Ending December 31:</b>		
2017 (remainder of)		\$ 43.5
2018		49.2
2019		30.0
2020		23.4
2021		2.6
Thereafter		2.8
		<u>\$ 151.5</u>

#### 4. Equity-Based Compensation Plans

As of December 31, 2016, 12,579 shares of Class A common stock were available for issuance as future awards under the 2015 Equity Incentive Plan (the 2015 Plan). On January 1, 2017, an additional 6,684 shares were reserved for issuance pursuant to the automatic increase provisions of the 2015 Plan. As of March 31, 2017, 16,909 shares were available for issuance as future awards under the 2015 Plan.

As of December 31, 2016, 2,123 shares of Class A common stock were available for issuance under the 2015 Employee Stock Purchase Plan (the ESPP). On January 1, 2017, an additional 1,000 shares were reserved for issuance pursuant to the ESPP. As of March 31, 2017, 3,123 shares were available for issuance under the ESPP.

We grant options at exercise prices equal to the fair market value of our Class A common stock on the grant date. We grant both options and restricted stock units (RSUs) vesting solely upon the continued employment of the recipient as well as awards vesting upon the achievement of annual or cumulative financial-based targets coinciding with our fiscal year. We recognize the grant date fair value of equity-based awards as compensation expense over the required service period of each award, taking into account the probability of our achievement of associated performance targets.

The following table summarizes our option activity for the three months ended March 31, 2017 :

	Number of Shares of Class A Common Stock (#)	Weighted- Average Grant- Date Fair Value (\$)	Weighted- Average Exercise Price (\$)
Outstanding at December 31, 2016	18,628		14.06
Granted	1,101	14.69	36.81
Exercised	(1,486)		10.00
Forfeited	(423)		19.10
Outstanding at March 31, 2017	17,820		15.69
Vested and exercisable at March 31, 2017	9,978		10.48

The following table summarizes our RSU activity for the three months ended March 31, 2017 :

	Number of Shares of Class A Common Stock (#)	Weighted- Average Grant- Date Fair Value (\$)
Outstanding at December 31, 2016	2,757	
Granted	1,744	36.71
Vested	(446)	
Forfeited	(95)	
Outstanding at March 31, 2017	3,960	

At March 31, 2017, total unrecognized compensation expense related to non-vested stock options and RSUs was \$44.2 million and \$87.5 million, respectively, with expected remaining weighted-average recognition periods of 2.2 years and 3.1 years, respectively. We currently believe the performance targets related to the vesting of performance awards will be achieved. If such targets are not achieved, or are subsequently determined to not be probable of being achieved, we will not recognize any compensation expense relating to performance awards not expected to vest, and will reverse any previously recognized expense on such awards.

The fair value of each ESPP share is estimated on the first day of each offering period using the Black-Scholes option pricing model, and is recognized as compensation expense on a straight-line basis over the term in which it is outstanding. As of March 31, 2017, \$7.5 million has been withheld on behalf of employees for future purchases under the ESPP, which is included in accrued expenses and other current liabilities. At March 31, 2017, total unrecognized compensation expense related to ESPP shares was \$0.8 million, which will be recognized during the second quarter of 2017.

## 5. Deferred Revenue

Deferred revenue consists of the following:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Current:		
Domains	\$ 563.9	\$ 531.2
Hosting and presence	392.9	370.8
Business applications	155.0	141.5
	<u>\$ 1,111.8</u>	<u>\$ 1,043.5</u>
Noncurrent:		
Domains	\$ 325.0	\$ 311.1
Hosting and presence	170.4	163.4
Business applications	63.7	58.2
	<u>\$ 559.1</u>	<u>\$ 532.7</u>

## 6. Long-Term Debt

Long-term debt consists of the following:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Term Loan (effective interest rate of 4.4% at March 31, 2017 and 4.9% at December 31, 2016)	1,072.5	1,072.5
Revolving Credit Loan	—	—
Total	<u>1,072.5</u>	<u>1,072.5</u>
Less: unamortized original issue discounts on long-term debt <sup>(1)</sup>	(33.0)	(30.5)
Less: unamortized debt issuance costs <sup>(1)</sup>	(2.1)	(2.3)
Less: current portion of long-term debt	(6.0)	(4.0)
	<u>\$ 1,031.4</u>	<u>\$ 1,035.7</u>

(1) Original issue discounts and debt issuance costs are amortized to interest expense over the life of the related debt instruments using the effective interest method.

### Term Loan and Revolving Credit Loan

Our amended and restated secured credit agreement (the Credit Facility) included a \$1,100.0 million original balance term loan maturing on May 13, 2021 and an available \$150.0 million revolving credit loan maturing on May 13, 2019 .

On February 15, 2017 , we refinanced the Credit Facility to provide for: i) a \$1,072.5 million seven -year term loan (the Term Loan), ii) a second \$1,425.0 million tranche (the Acquisition Term Loan), which was issued on April 3, 2017 upon the completion of our acquisition of HEG, and iii) a \$150.0 million five -year revolving credit facility, which increased to \$200.0 million upon the completion of our acquisition of HEG (the Revolving Credit Loan). See Note 13 for further information regarding our acquisition of HEG.

The refinanced Term Loan was issued at a 0.25% discount on the face of the note at original issue for net proceeds of \$1,069.8 million and matures on February 15, 2024 . Borrowings under the Term Loan bear interest at a rate equal to, at our option, either (a) LIBOR plus 2.50% per annum or (b) 1.50% per annum plus the highest of (i) the Federal Funds Rate plus 0.5% , (ii) the Prime Rate or (iii) one-month LIBOR plus 1.0% .

The refinanced Revolving Credit Loan matures on February 15, 2022 and bears interest at a rate equal to, at our option, either (a) LIBOR plus a margin ranging from 2.00% to 2.50% per annum or (b) the higher of (i) the Federal Funds Rate plus 0.5% , (ii) the Prime Rate or (iii) the one-month LIBOR rate plus 1.0% plus a margin ranging from 1.00% to 1.50% per annum, with the margins determined based on our first lien net leverage ratio. The refinanced Revolving Credit Loan also

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contains a financial covenant requiring us to maintain a maximum net leverage ratio of 5.75 :1.00 at all times our usage exceeds 35.0% of the maximum capacity. The net leverage ratio is calculated as the ratio of first lien secured debt less cash and cash equivalents to consolidated EBITDA (as defined in the Credit Facility).

In evaluating the refinancing, we compared the net present value cash flows of the previous term loan and the refinanced Term Loan to determine whether the terms of the new debt and original instrument were "substantially different" on a creditor-by-creditor basis. Certain of the creditors in the loan syndication did not reinvest in the refinanced Term Loan, and we accounted for their proportionate share of the unamortized original issue discount and deferred financing costs as a \$1.7 million loss on debt extinguishment. As the cash flows for all of the continuing creditors varied by less than 10% between the old and new instruments, we concluded that debt modification accounting was appropriate and fees paid to the lenders of \$2.8 million were recorded as additional discount on the Term Loan. In addition, \$3.2 million in fees paid to third parties were recorded as general and administrative expense.

At March 31, 2017, we had \$150.0 million available for borrowing under the Revolving Credit Loan and were not in violation of any covenants of the Credit Facility.

The estimated fair value of the Term Loan was \$1,076.5 million at March 31, 2017 based on observable market prices for this loan, which is traded in a less active market and is therefore classified as a Level 2 fair value measurement.

### Future Debt Maturities

Aggregate principal payments, exclusive of any unamortized original issue discounts and debt issuance costs, due on long-term debt as of March 31, 2017 are as follows:

#### Year Ending December 31:

2017 (remainder of)	\$	8.0
2018		10.7
2019		10.7
2020		10.7
2021		10.7
Thereafter		1,021.7
	\$	<u>1,072.5</u>

## 7. Commitments and Contingencies

### Litigation

From time-to-time, we are a party to litigation and subject to claims incident to the ordinary course of business, including intellectual property claims, putative class actions, commercial and consumer protection claims, labor and employment claims, breach of contract claims and other asserted and unasserted claims. We investigate claims as they arise and accrue estimates for resolution of legal and other contingencies when losses are probable and estimable. The amounts currently accrued for such matters are not material. While the results of such normal course claims and legal proceedings cannot be predicted with certainty, management does not believe, based on current knowledge and the likely timing of resolution of various matters, any additional reasonably possible potential losses above the amounts accrued for such matters would be material. Regardless of the outcome, legal proceedings may have an adverse effect on us because of defense costs, diversion of management resources and other factors.

### Indemnifications

In the normal course of business, we have made indemnities under which we may be required to make payments in relation to certain transactions, including to our directors and officers to the maximum extent permitted under applicable state laws and indemnifications related to certain lease agreements. In addition, certain advertiser and reseller partner agreements contain indemnification provisions, which are generally consistent with those prevalent in the industry. We have not incurred material obligations under indemnification provisions historically, and do not expect to incur material obligations in the future. Accordingly, we have not recorded any liabilities related to such indemnities as of March 31, 2017 and December 31, 2016.

We include service level commitments to our customers guaranteeing certain levels of uptime reliability and performance for our hosting and premium DNS products. These guarantees permit those customers to receive credits in the event we fail to meet those levels, with exceptions for certain service interruptions including but not limited to periodic maintenance. We have not incurred any material costs as a result of such commitments during any of the periods presented, and have not recorded any liabilities related to such obligations as of March 31, 2017 and December 31, 2016 .

## **Indirect Taxes**

We are subject to indirect taxation in some, but not all, of the various states and foreign jurisdictions in which we conduct business. Laws and regulations attempting to subject communications and commerce conducted over the Internet to various indirect taxes are becoming more prevalent, both in the U.S. and internationally, and may impose additional burdens on us in the future. Increased regulation could negatively affect our business directly, as well as the businesses of our customers. Taxing authorities may impose indirect taxes on the Internet-related revenue we generate based on regulations currently being applied to similar, but not directly comparable, industries. There are many transactions and calculations where the ultimate indirect tax determination is uncertain. In addition, domestic and international indirect taxation laws are complex and subject to change. We may be audited in the future, which could result in changes to our indirect tax estimates. We continually evaluate those jurisdictions in which nexus exists, and believe we maintain adequate indirect tax accruals.

As of March 31, 2017 and December 31, 2016 , our accrual for estimated indirect tax liabilities was \$6.6 million and \$6.1 million , respectively, reflecting our best estimate of the probable liability based on an analysis of our business activities, revenues subject to indirect taxes and applicable regulations. Although we believe our indirect tax estimates and associated reserves are reasonable, the final determination of indirect tax audits and any related litigation could be materially different than the amounts established for indirect tax contingencies.

## **8. Income Taxes**

We are required to file federal and applicable state corporate income tax returns and recognize income taxes on pre-tax income. Desert Newco has been and will continue to be treated as a partnership for U.S. income tax purposes. As such, Desert Newco is considered a pass-through entity and generally does not pay income taxes on its taxable income in most jurisdictions. Instead, Desert Newco's members, of which we are one, are liable for federal and state income taxes based on their taxable income. Desert Newco is liable for income taxes in certain foreign jurisdictions, in those states not recognizing its pass-through status and for certain subsidiaries not taxed as pass-through entities. We have acquired the outstanding stock of various entities taxed as corporations, which are now owned 100% by us or our subsidiaries and are treated as an independent consolidated group for federal income tax purposes. Where required or allowed, these subsidiaries also file as a consolidated group for state income tax purposes. We anticipate this structure to remain in existence for the foreseeable future.

Our effective tax rate differs from statutory rates primarily due to Desert Newco's pass-through structure for U.S. income tax purposes, while being treated as taxable in certain states and various foreign jurisdictions as well as for certain subsidiaries. In all foreign jurisdictions where we conduct business, except Canada, we are subject to income tax in both the U.S. and the foreign jurisdictions.

Based on our limited operating history and future projections of taxable income, we believe there is significant uncertainty as to when we will be able to utilize our net operating losses (NOLs), credit carryforwards and other deferred tax assets (DTAs). Therefore, we have recorded a valuation allowance against the DTAs for which we have concluded it is more-likely-than-not they will not be realized.

Based on our analysis of tax positions taken on income tax returns filed, we have determined a liability related to uncertain income tax positions is not required. Although we believe the amounts reflected in our tax returns substantially comply with applicable federal, state and foreign tax regulations, the respective taxing authorities may take contrary positions based on their interpretation of the law. A tax position successfully challenged by a taxing authority could result in an adjustment to our provision or benefit for income taxes in the period in which a final determination is made.

**9. Payable to Related Parties Pursuant to the TRAs**

As of December 31, 2016, our liability under the TRAs was \$202.6 million, representing approximately 85% of the calculated tax savings based on the portion of the original basis adjustments we anticipated being able to utilize in future years. During the three months ended March 31, 2017, we decreased this liability by \$5.0 million primarily as a result of tax deductions related to employee stock option exercises which reduced our forecasted taxable income. As of March 31, 2017, the liability under the TRAs was \$197.6 million.

The projection of future taxable income involves significant judgment. Actual taxable income may differ from our estimates, which could significantly impact the liability under the TRAs. We have determined it is more-likely-than-not we will be unable to utilize all of our DTAs subject to the TRAs; therefore, we have not recorded a liability under the TRAs related to the tax savings we may realize from the utilization of NOL carryforwards and the amortization related to basis adjustments under Code Section 754 created by exchanges of LLC Units. If utilization of these DTAs becomes more-likely-than-not in the future, at such time, we will record liabilities under the TRAs of up to an additional \$169.7 million as a result of basis adjustments under Code Section 754 and up to an additional \$157.0 million related to the utilization of NOL and credit carryforwards, which will be recorded through charges to our consolidated statement of operations. However, if the tax attributes are not utilized in future years, it is reasonably possible no amounts would be paid under the TRAs. In this scenario, the reduction of the liability under the TRAs would result in a benefit to our consolidated statement of operations.

**10. Income (Loss) Per Share**

Basic income (loss) per share is computed by dividing net income (loss) attributable to GoDaddy Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted income (loss) per share is computed giving effect to all potentially dilutive shares, including outstanding options, RSUs and ESPP shares. In periods when we have a net loss, potentially issuable shares are excluded from the calculation of earnings per share as their inclusion would have an antidilutive effect.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted net income (loss) per share is as follows:

	<b>Three Months Ended</b>		<b>March 31,</b>
	<b>2017</b>	<b>2016</b>	
<b>Numerator:</b>			
Net loss	\$ (3.1)	\$	(18.3)
Less: net loss attributable to non-controlling interests	(3.7)		(7.8)
Net income (loss) attributable to GoDaddy Inc.	<u>\$ 0.6</u>	<u>\$</u>	<u>(10.5)</u>
<b>Denominator:</b>			
Weighted-average shares of Class A common stock outstanding—basic	89,600		67,834
<b>Effect of dilutive securities:</b>			
Options and vesting LLC Units	9,705		—
RSUs and ESPP shares	937		—
Weighted-average shares of Class A Common stock outstanding—diluted	<u>100,242</u>		<u>67,834</u>
Net income (loss) per share of Class A common stock—basic	<u>\$ 0.01</u>	<u>\$</u>	<u>(0.15)</u>
Net income (loss) per share of Class A common stock—diluted	<u>\$ 0.01</u>	<u>\$</u>	<u>(0.15)</u>

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The following number of weighted-average potentially dilutive shares were excluded from the calculation of diluted income (loss) per share because the effect of including such potentially dilutive shares would have been antidilutive:

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Options and vesting LLC Units	—	16,302
RSUs and ESPP shares	—	80
	—	16,382

Shares of Class B common stock do not share in our earnings and are not participating securities. Accordingly, separate presentation of income (loss) per share of Class B common stock under the two-class method has not been presented. Each share of Class B common stock (together with a corresponding LLC Unit) is exchangeable for one share of Class A common stock. Total shares outstanding were as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Class A common stock	90,633	88,558
Class B common stock	78,410	78,554
	169,043	167,112

## 11. Geographic Information

Revenue by geography is based on the customer's billing address, and was as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
U.S.	\$ 355.4	\$ 318.9
International	134.3	114.8
	\$ 489.7	\$ 433.7

No individual international country represented more than 10% of total revenue in any period presented. Substantially all of our assets are located in the U.S.

## 12. Related Party Transactions

### Tax Distributions to Desert Newco's Owners

Desert Newco is subject to an operating agreement containing numerous provisions related to allocations of income and loss, as well as timing and amounts of distributions to its owners. This agreement also includes a provision requiring cash distributions enabling its owners to pay their taxes on income passing through from Desert Newco. These tax distributions are computed based on an assumed income tax rate equal to the sum of (i) the maximum marginal federal income tax rate applicable to an individual and (ii) 7%. The assumed income tax rate currently totals 46.6%, which will increase to 50.4% in certain cases when the tax on net investment income is applicable.

In addition, under the tax rules, Desert Newco is required to allocate taxable income disproportionately to its unit holders. Because tax distributions are determined based on the holder of LLC Units who is allocated the largest amount of cumulative taxable income for the current year on a per unit basis, but are made pro rata based on ownership, Desert Newco is required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes Desert Newco would have otherwise paid.

As of December 31, 2016, our accrual for tax distributions related to estimated taxable income allocations to Desert Newco's owners for 2016, excluding us, was \$10.0 million. In January 2017, we paid \$7.0 million of such distributions based on ownership as of the payment date as follows: \$2.8 million to YAM, \$1.6 million to Silver Lake, \$1.5 million to KKR, \$0.8 million to TCV and \$0.3 million to other Desert Newco owners. The remaining accrual was paid in April 2017 as follows: \$1.2 million to YAM, \$0.7 million to Silver Lake, \$0.6 million to KKR, \$0.4 million to TCV and \$0.1 million to other Desert Newco owners.

An additional accrual for tax distributions was not required for the quarter ended March 31, 2017.

## **Other**

In the ordinary course of business, we purchase and lease computer equipment, technology licensing and software maintenance and support from affiliates of Dell Inc. (Dell) of which Silver Lake and its affiliates have a significant ownership interest. During the three months ended March 31, 2017 and 2016, we paid \$3.0 million and \$4.0 million, respectively, to Dell.

## **13. Subsequent Events**

### **Acquisition of Host Europe Holdings Limited**

On April 3, 2017, we completed the previously-announced acquisition of HEG. Pursuant to the terms of the purchase agreement, we purchased all of the outstanding shares of HEG and certain loan notes issued by Host Europe Finance Co. Ltd. for EUR 1.7 billion (approximately \$1.9 billion). We funded the acquisition with the proceeds from the Acquisition Term Loan and the Bridge Loan, both of which are described below.

The purchase price will be allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values at the acquisition date. We are currently preparing the valuations and other procedures necessary to determine the purchase price allocation, and will record our initial fair value estimates during the three months ending June 30, 2017.

HEG is a United Kingdom-based provider of domains, web hosting, applications hosting and managed hosting services to small and medium-sized customers throughout Europe. We believe the acquisition of HEG will accelerate our expansion in Europe through the delivery of a broader range of cloud-based products, built on a single global technology platform, and supported by a high level of customer care to help small businesses and web designers succeed online.

The acquisition includes HEG's PlusServer brand, an entity serving larger, more mature companies, which requires a dedicated field sales force and account management. Because its business model differs from ours, we plan to sell the PlusServer business.

### **Acquisition Term Loan and Revolving Credit Facility Increase**

As discussed in Note 6, we refinanced our existing Credit Facility in February 2017. Pursuant to the terms of the amended credit agreement, we drew down the \$1,425.0 million Acquisition Term Loan in connection with the completion of the HEG acquisition. The Acquisition Term Loan was issued at a 0.25% discount on the face of the note at original issue for net proceeds of \$1,421.4 million. The Acquisition Term Loan has the same maturity date and interest rate as the refinanced Term Loan. We also incurred fees of \$22.7 million, which will be recorded as deferred financing costs and will be amortized to interest expense over the term of the debt.

The refinancing also provided for an increase in the availability under our Revolving Credit Loan to \$200.0 million upon the completion of the HEG acquisition.

On April 3, 2017, we entered into two swap arrangements. In connection with the closing of the Acquisition Term Loan, we entered into a five-year interest rate swap arrangement to effectively convert \$1,325.4 million of the variable rate debt to fixed. The objective of the swap is to manage the variability of cash flows in the interest payments related to the portion of the variable-rate debt designated as being hedged. Additionally, in order to manage variability due to movements in foreign currency rates, we entered into a five-year cross-currency swap arrangement with a notional amount of \$1,325.4 million to convert EUR cash flows into U.S. dollars. Both the interest rate swap and the cross-currency swap will be designated as cash flow hedges.

## **Bridge Loan**

On April 3, 2017, we entered into a credit agreement, pursuant to which we borrowed an aggregate principal amount of EUR 500 million (approximately \$533.0 million) (the Bridge Loan) in connection with the HEG acquisition. The Bridge Loan was issued at a 0.25% discount at original issue for net proceeds of EUR 498.8 million (approximately \$531.7 million). It matures on April 3, 2018, but may be extended at our sole discretion to April 3, 2019, subject to the payment of a fee equal to 0.50% of the aggregate amount of the Bridge Loan outstanding as of the initial maturity date. The Bridge Loan bears interest at a rate per annum of EURIBOR (not less than 1.0%) plus 2.75%. If the Bridge Loan remains outstanding following the initial maturity date, the Bridge Loan will accrue interest at a rate per annum of EURIBOR (not less than 1.0% plus 3.5%). We also incurred fees of EUR 6.3 million (approximately \$6.7 million), which will be recorded as deferred financing costs and will be amortized to interest expense over the term of the debt.

Pursuant to the terms of the Bridge Loan, if we sell or otherwise dispose of the PlusServer business, we must prepay the Bridge Loan with an amount equal to 100% of the net cash proceeds from that sale or disposition.

All obligations under the Bridge Loan are guaranteed by the assets of substantially all of our domestic subsidiaries.

## **Other Acquisition**

In April 2017, we completed an acquisition for cash of \$54.7 million, including \$9.0 million payable in future periods upon expiration of the contractual holdback period, and additional contingent earn-out payments of up to \$30.0 million subject to the achievement of certain performance milestones and revenue targets.

## **Secondary Offering and LLC Unit Repurchase**

On May 4, 2017, we priced an underwritten public offering in which the Sponsors and YAM expect to sell an aggregate of 24,000 shares of our Class A common stock at a public offering price of \$38.50 per share. We will not receive any of the proceeds from the shares sold by the selling stockholders; however, we expect to receive \$3.7 million in proceeds from our sale of 100 additional shares of Class A common stock in the offering. The offering is expected to include the exchange of 14,214 LLC Units (together with the corresponding shares of Class B common stock) for Class A common stock by the selling stockholders, which will result in a material increase to the TRA liability during the three months ending June 30, 2017. The selling stockholders have also granted the underwriters an option to purchase up to an additional 3,615 shares of Class A common stock within 30 days of the completion of the offering. Substantially concurrent with the completion of the offering, we intend to repurchase an aggregate of \$275.0 million of LLC Units from the Sponsors and YAM at the same per share price, net of discounts and commissions, paid by the underwriters to the selling stockholders.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q as well as our audited consolidated financial statements and related notes and the discussion in the "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our 2016 Form 10-K.

(Throughout this discussion and analysis, dollars are in millions, excluding ARPU or unless otherwise noted.)

**First Quarter Financial Highlights**

Below are our key financial highlights as of and for the three months ended March 31, 2017 . All comparisons are to the three months ended March 31, 2016 .

- Total revenue of \$489.7 million , an increase of 12.9% , or approximately 13.7% on a constant currency basis <sup>(1)</sup> .
- International revenue of \$134.3 million , an increase of 17.0% , or approximately 19.9% on a constant currency basis <sup>(1)</sup> .
- Total bookings <sup>(2)</sup> of \$624.8 million , an increase of 12.0% , or approximately 12.7% on a constant currency basis <sup>(1)</sup> .
- Net loss was \$3.1 million .
- Total customers increased 6.9% to 15.1 million .
- Average revenue per user increased 6.4% to \$130 .
- Cash and cash equivalents were \$658.2 million .
- Net cash provided by operating activities was \$126.6 million .
- Capital expenditures were \$19.8 million .

<sup>(1)</sup> Discussion of constant currency is set forth in "Quantitative and Qualitative Disclosures about Market Risk."

<sup>(2)</sup> A reconciliation of total bookings to total revenue, the most directly comparable GAAP financial measure, is set forth in "Reconciliation of Bookings" below.

**Key Metrics**

In addition to our results determined in accordance with GAAP, we believe the operating metrics below are useful as supplements in evaluating our ongoing operational performance and help provide an enhanced understanding of our business:

	<b>Three Months Ended</b>		<b>March 31,</b>	
	<b>2017</b>		<b>2016</b>	
Total bookings	\$	624.8	\$	557.8
Total customers at period end (in thousands)		15,085		14,107
Average revenue per user	\$	130	\$	123

*Total bookings* . Total bookings represents cash receipts from the sale of products to customers in a given period adjusted for products where we recognize revenue on a net basis and without giving effect to certain adjustments, primarily net refunds granted in the period. Total bookings provides valuable insight into the sales of our products and the performance of our business since we typically collect payment at the time of sale and recognize revenue ratably over the term of our customer contracts. We report total bookings without giving effect to refunds granted in the period because refunds often occur in periods different from the period of sale for reasons unrelated to the marketing efforts leading to the initial sale. Accordingly, by excluding net refunds, we believe total bookings reflects the effectiveness of our sales efforts in a given period.

Total bookings increased 12.0% from \$557.8 million for the three months ended March 31, 2016 to \$624.8 million for the three months ended March 31, 2017. This increase was primarily driven by a 6.9% increase in total customers since March 31, 2016, a 3.2% increase in domains under management over the same period, continued increases in aftermarket domain sales, broadened customer adoption of non-domains products and a higher growth rate associated with our increased international presence, partially offset by the impact of adverse movements in foreign currency exchange rates.

*Total customers.* We define a customer as an individual or entity, as of the end of a period, having an account with one or more paid product subscriptions. A single user may be counted as a customer more than once if the user maintains paid subscriptions in multiple accounts. Total customers is an indicator of the scale of our business and is a critical factor in our ability to increase our revenue base.

Total customers increased 6.9% from 14,107 as of March 31, 2016 to 15,085 as of March 31, 2017. Our customer growth primarily resulted from our increased international presence, our ongoing marketing and advertising initiatives and our enhanced and expanded product offerings.

*Average revenue per user (ARPU).* We calculate ARPU as total revenue during the preceding 12 month period divided by the average of the number of total customers at the beginning and end of the period. ARPU provides insight into our ability to sell additional products to customers, though the impact to date has been muted due to our continued growth in total customers.

ARPU increased 6.4% from \$123 for the three months ended March 31, 2016 to \$130 for the three months ended March 31, 2017, primarily due to broadened customer adoption of our products resulting in increased customer spend and revenue from acquired businesses, partially offset by the impact of adverse movements in foreign currency exchange rates.

### **Reconciliation of Bookings**

The following table reconciles total bookings to total revenue, its most directly comparable GAAP financial measure.

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Total Bookings:</b>		
Total revenue	\$ 489.7	\$ 433.7
Change in deferred revenue <sup>(1)</sup>	93.7	83.3
Net refunds	39.9	38.4
Other	1.5	2.4
<b>Total bookings</b>	<b>\$ 624.8</b>	<b>\$ 557.8</b>

(1) Change in deferred revenue also includes the impact of realized gains or losses from the hedging of bookings in foreign currencies.

## Results of Operations

The following table sets forth our consolidated results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended March 31,			
	2017		2016	
	\$	% of Total Revenue	\$	% of Total Revenue
Revenue:				
Domains	\$ 240.8	49.2 %	\$ 218.9	50.5 %
Hosting and presence	178.3	36.4 %	160.4	37.0 %
Business applications	70.6	14.4 %	54.4	12.5 %
Total revenue	489.7	100.0 %	433.7	100.0 %
Costs and operating expenses:				
Cost of revenue (excluding depreciation and amortization)	176.8	36.1 %	154.4	35.6 %
Technology and development	80.2	16.4 %	71.7	16.5 %
Marketing and advertising	67.4	13.8 %	57.5	13.3 %
Customer care	67.0	13.7 %	61.7	14.2 %
General and administrative	61.0	12.4 %	48.2	11.1 %
Depreciation and amortization	31.6	6.4 %	38.9	9.0 %
Total costs and operating expenses	484.0	98.8 %	432.4	99.7 %
Operating income	5.7	1.2 %	1.3	0.3 %
Interest expense	(12.8)	(2.6)%	(14.3)	(3.3)%
Tax receivable agreements liability adjustment	5.0	1.0 %	(4.6)	(1.1)%
Loss on debt extinguishment	(1.7)	(0.3)%	—	— %
Other income (expense), net	1.7	0.3 %	0.7	0.2 %
Loss before income taxes	(2.1)	(0.4)%	(16.9)	(3.9)%
Provision for income taxes	(1.0)	(0.2)%	(1.4)	(0.3)%
Net loss	(3.1)	(0.6)%	(18.3)	(4.2)%
Less: net loss attributable to non-controlling interests	(3.7)	(0.7)%	(7.8)	(1.8)%
Net income (loss) attributable to GoDaddy Inc.	\$ 0.6	0.1 %	\$ (10.5)	(2.4)%

### Revenue

We generate substantially all of our revenue from sales of product subscriptions, including domain registrations and renewals, hosting and presence offerings and business applications. Our subscription terms are typically one year, but can range from monthly terms to multi-annual terms of up to ten years depending on the product. We generally collect the full amount of subscription fees at the time of sale, but recognize revenue ratably over the applicable contract term.

Domains revenue primarily consists of revenue from the sale of domain registration subscriptions, domain add-ons and aftermarket domain sales. Domain registrations provide a customer with the exclusive use of a domain during the applicable contract term. After the contract term expires, unless renewed, the customer can no longer access the domain.

Hosting and presence revenue primarily consists of revenue from the sale of subscriptions for our website hosting products, website building products and services, online visibility products, security products and an online store.

Business applications revenue primarily consists of revenue from the sale of subscriptions for email accounts, online calendar, online data storage, third-party productivity applications and email marketing tools.

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Revenue is presented net of refunds, and we maintain a reserve to provide for refunds granted to customers. Our reserve is an estimate based on historical refund experience. Refunds reduce deferred revenue at the time they are granted and result in a reduced amount of revenue recognized over the applicable subscription terms compared to the amount originally expected.

The following table presents our revenue during the three months ended March 31, 2017 and 2016 :

	Three Months Ended		Change	
	March 31,		\$	%
	2017	2016		
Domains	\$ 240.8	\$ 218.9	\$ 21.9	10.0%
Hosting and presence	178.3	160.4	17.9	11.2%
Business applications	70.6	54.4	16.2	29.8%
Total revenue	\$ 489.7	\$ 433.7	\$ 56.0	12.9%

Total revenue increased \$56.0 million , or 12.9% , from \$433.7 million for the three months ended March 31, 2016 to \$489.7 million for the three months ended March 31, 2017 . This increase was primarily driven by growth in total customers and ARPU, as well as revenue from acquired businesses. Total customers increased 1.0 million , or 6.9% , to 15.1 million as of March 31, 2017 . The increase in customers impacted each of our revenue lines, as the additional customers purchased subscriptions across our product portfolio.

#### *Domains*

Domains revenue increased \$21.9 million , or 10.0% , from \$218.9 million for the three months ended March 31, 2016 to \$240.8 million for the three months ended March 31, 2017 . This increase was primarily attributable to the 3.2% increase in domains under management from 62.5 million as of March 31, 2016 to 64.5 million as of March 31, 2017 , which was driven by our international growth and strong renewals. Increased aftermarket domain sales also contributed to the revenue increase.

#### *Hosting and presence*

Hosting and presence revenue increased \$17.9 million , or 11.2% , from \$160.4 million for the three months ended March 31, 2016 to \$178.3 million for the three months ended March 31, 2017 . The increase was primarily attributable to a \$15.2 million increase in revenue from our website hosting and website building products and services.

#### *Business applications*

Business applications revenue increased \$16.2 million , or 29.8% , from \$54.4 million for the three months ended March 31, 2016 to \$70.6 million for the three months ended March 31, 2017 . This increase was primarily driven by increased customer adoption of our expanded email and productivity solutions.

### ***Costs and Operating Expenses***

#### *Cost of revenue*

Costs of revenue are the direct costs we incur in connection with selling an incremental product to our customers. Substantially all cost of revenue relates to domain registration fees paid to the various domain registries, payment processing fees, third-party commissions and licensing fees for third-party productivity applications. Similar to our billing practices, we pay domain costs at the time of purchase for the life of each subscription, but recognize the costs of service ratably over the term of our customer contracts. The terms of registry pricing are established by agreements between registries and registrars, and can vary significantly depending on the top-level domain (TLD). We expect cost of revenue to increase in absolute dollars in future periods as we expand our domains business, increase our sales of third-party productivity applications, increase our customer base and expand our international presence. Cost of revenue may increase or decrease as a percentage of total revenue, depending on the mix of products sold in a particular period and the sales and marketing channels used.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
Cost of revenue (excluding depreciation and amortization)	\$ 176.8	\$ 154.4	\$ 22.4	14.5%

Cost of revenue increased \$22.4 million , or 14.5% , from \$154.4 million for the three months ended March 31, 2016 to \$176.8 million for the three months ended March 31, 2017 . This increase was primarily attributable to increased domain costs driven by the 3.2% increase in domains under management, higher registration costs associated with many new gTLDs and increased aftermarket domain sales, a \$6.1 million increase in software licensing fees primarily related to increased sales of email and productivity solutions and increased third-party commissions driven by the increased aftermarket domain sales.

#### *Technology and development*

Technology and development expenses represent the costs associated with the creation, development and distribution of our products and websites. These expenses primarily consist of personnel costs associated with the design, development, deployment, testing, operation and enhancement of our products, as well as costs associated with the data centers and systems infrastructure supporting those products, excluding depreciation expense. We expect technology and development expense to increase in absolute dollars as we continue to enhance existing products, develop new products and geographically diversify our data center footprint. Technology and development expenses may increase or decrease as a percentage of total revenue depending on our level of investment in additional personnel and the expansion of our global infrastructure footprint. Our investments in additional technology and development expenses are made to enhance our integrated technology infrastructure and to support our new and enhanced product offerings and the overall growth of our business.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
Technology and development	\$ 80.2	\$ 71.7	\$ 8.5	11.9%

Technology and development expenses increased \$8.5 million , or 11.9% , from \$71.7 million for the three months ended March 31, 2016 to \$80.2 million for the three months ended March 31, 2017 . This increase was primarily attributable to increased compensation-related costs driven by higher average headcount associated with the continued growth of our business.

#### *Marketing and advertising*

Marketing and advertising expenses represent the costs associated with attracting and acquiring customers, primarily consisting of fees paid to third parties for marketing and advertising campaigns across television and radio, search engines, online display, social media and spokesperson and event sponsorships. These expenses also include personnel costs and affiliate program commissions. We expect marketing and advertising expenses to fluctuate both in absolute dollars and as a percentage of total revenue depending on both the mix of internal and external marketing resources used and the size and scope of our future campaigns, particularly related to new product introductions and the growth of our international business.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
Marketing and advertising	\$ 67.4	\$ 57.5	\$ 9.9	17.2%

Marketing and advertising expenses increased \$9.9 million , or 17.2% , from \$57.5 million for the three months ended March 31, 2016 to \$67.4 million for the three months ended March 31, 2017 . The increase was primarily attributable to increased discretionary advertising spend driven by our international growth and new product launches.

*Customer care*

Customer care expenses represent the costs to advise and service our customers, primarily consisting of personnel costs. We expect these expenses to increase in absolute dollars in the future as we expand our domestic and international Customer Care teams due to increases in total customers. We expect Customer Care expenses to fluctuate as a percentage of total revenue depending on the level of personnel required to support the continued growth of our business.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
Customer care	\$ 67.0	\$ 61.7	\$ 5.3	8.6%

Customer care expenses increased \$5.3 million , or 8.6% , from \$61.7 million for the three months ended March 31, 2016 to \$67.0 million for the three months ended March 31, 2017 . The increase was driven by the continued growth of our business and our international expansion.

*General and administrative*

General and administrative expenses primarily consist of personnel costs for our administrative functions, professional service fees, office rent for all locations, all employee travel expenses, acquisition-related expenses and other general costs. We expect general and administrative expenses to increase in absolute dollars in the future as a result of our overall growth, increased personnel costs and public company expenses.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
General and administrative	\$ 61.0	\$ 48.2	\$ 12.8	26.6%

General and administrative expenses increased \$12.8 million , or 26.6% , from \$48.2 million for the three months ended March 31, 2016 to \$61.0 million for the three months ended March 31, 2017 . This increase was primarily due to \$3.2 million of additional professional service fees associated with our debt refinancing, a \$3.1 million increase in acquisition-related expenses, primarily related to HEG, and increased compensation-related costs associated with the continued growth of our business.

*Depreciation and amortization*

Depreciation and amortization expenses consist of charges relating to the depreciation of the property and equipment used in our business and the amortization of acquired intangible assets. Depreciation and amortization may increase or decrease in absolute dollars in future periods depending on our future level of capital investments in hardware and other equipment as well as amortization expense associated with future acquisitions.

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
Depreciation and amortization	\$ 31.6	\$ 38.9	\$ (7.3)	(18.8)%

Depreciation and amortization expenses decreased \$7.3 million , or 18.8% , from \$38.9 million for the three months ended March 31, 2016 to \$31.6 million for the three months ended March 31, 2017 . The decrease primarily results from certain intangible assets becoming fully amortized during 2016.

*Interest expense*

	Three Months Ended		Change	
	March 31,			
	2017	2016	\$	%
Interest expense	\$ 12.8	\$ 14.3	\$ (1.5)	(10.5)%

Interest expense decreased \$1.5 million , or 10.5% , from \$14.3 million for the three months ended March 31, 2016 to \$12.8 million for the three months ended March 31, 2017 , primarily driven by interest savings resulting from the refinancing of our term loan in February 2017.

**Liquidity and Capital Resources***Overview*

Our principal sources of liquidity have been cash flow generated from operations, long-term debt borrowings and stock option exercises. Our principal uses of cash have been to fund operations, acquisitions and capital expenditures, as well as make distributions to holders of LLC Units, interest payments and mandatory principal payments on our long-term debt.

In general, we seek to deploy our capital in a systematically prioritized manner focusing first on requirements for operations, then on growth investments, and finally on equity holder returns. Our strategy is to deploy capital from any potential source, whether debt, equity or internally generated cash, depending on the adequacy and availability of the source of capital and which source may be used most efficiently and at the lowest cost at such time. Therefore, while cash from operations is our primary source of operating liquidity and we believe our internally-generated cash flows are sufficient to support our day-to-day operations, we may use a variety of capital sources to fund our needs for less predictable investment decisions such as strategic acquisitions and share repurchases.

We have incurred long-term debt, including under the Credit Facility described below, to fund acquisitions and for our working capital needs. As a result of our debt, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities, strategic acquisitions or share repurchases. However, the restrictions under our Credit Facility are subject to a number of qualifications and may be amended with lender consent.

We believe our existing cash and cash equivalents and internally-generated cash flows will be sufficient to meet our anticipated operating cash needs for at least the next 12 months. However, our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support domestic and international development efforts, continued brand development and advertising spend, the expansion of Customer Care and general and administrative activities, the introduction of new and enhanced product offerings, the costs to support new and replacement capital equipment, the completion of strategic acquisitions or share repurchases. Should we pursue strategic acquisitions or share repurchases, we may need to raise additional capital, which may be in the form of additional long-term debt or equity financings.

*Acquisition of HEG*

On April 3, 2017, we completed the previously-announced acquisition of HEG. Pursuant to the terms of the purchase agreement, we purchased all of the outstanding shares in HEG and related loan notes for EUR 1.7 billion (approximately \$1.9 billion ). The acquisition was financed using the Acquisition Term Loan and the Bridge Loan, both of which are discussed below.

*Credit Facility*

Our Credit Facility, which was refinanced on February 15, 2017 , consists of a \$1,072.5 million term loan maturing on February 15, 2024 , the \$1,425.0 million Acquisition Term Loan maturing on February 15, 2024, which was used to partially finance our acquisition of HEG, and a \$200.0 million Revolving Credit Loan maturing on February 15, 2022 . See further discussion of the Credit Facility in Notes 6 and 13 to our condensed consolidated financial statements.

The Credit Facility is subject to customary fees for loan facilities of this type, including a commitment fee on the Revolving Credit Loan. The Term Loan is required to be repaid in quarterly installments of 0.25% of the original principal, with the balance due at maturity. The Term Loan must be repaid with proceeds from certain asset sales and debt issuances and with a

portion of our excess cash flow, up to 50.0% , depending on our net leverage ratio. The Credit Facility is guaranteed by all of our material domestic subsidiaries and is secured by substantially all of our and such subsidiaries' real and personal property.

The Credit Facility contains covenants restricting, among other things, our ability, or the ability of our subsidiaries, to incur indebtedness, issue certain types of equity, incur liens, enter into fundamental changes including mergers and consolidations, sell assets, make restricted payments including dividends, distributions and investments, prepay junior indebtedness and engage in operations other than in connection with acting as a holding company, subject to customary exceptions. The refinanced Revolving Credit Loan also contains a financial covenant requiring us to maintain a maximum net leverage ratio of 5.75 :1.00 at all times our usage exceeds 35.0% of the maximum capacity. The net leverage ratio is calculated as the ratio of first lien secured debt less cash and cash equivalents to consolidated EBITDA (as defined in the Credit Facility). As of March 31, 2017 , we were in compliance with all such covenants and had no amounts drawn on the Revolving Credit Loan.

### ***Bridge Loan***

On April 3, 2017 , we entered into a credit agreement, pursuant to which we borrowed an aggregate principal amount of EUR 500.0 million (approximately \$533.0 million ) (the Bridge Loan) in connection with the HEG acquisition. The Bridge Loan matures on April 3, 2018 but may be extended an additional year at our sole discretion. If we sell or otherwise dispose of HEG's PlusServer business, we must prepay the Bridge Loan with the net cash proceeds of the sale. We intend to repay the Bridge Loan in full following our planned sale of PlusServer. Should the net proceeds be less than the amount required for such repayment, we will need to use our cash and cash equivalents or draw on our Revolving Credit Loan for this repayment. All obligations under the Bridge Loan are guaranteed by the assets of substantially all of our domestic subsidiaries. See Note 13 to our condensed consolidated financial statements for further discussion.

### ***Other Acquisition***

In April 2017 , we completed an acquisition for cash of \$54.7 million , including \$9.0 million payable in future periods upon expiration of the contractual holdback period, and additional contingent earn-out payments of up to \$30.0 million subject to the achievement of certain performance milestones and revenue targets.

### ***Tax Receivable Agreements***

As of March 31, 2017 , the liability under the TRAs was \$197.6 million , as described in Note 9 to our condensed consolidated financial statements.

We may record additional liabilities under the TRAs when LLC Units are exchanged in the future and as our estimates of the future utilization of the tax attributes, NOLs and other tax benefits change. We expect to make payments under the TRAs, to the extent they are required, within 150 days after our federal income tax return is filed for each fiscal year. Interest on such payments will begin to accrue from the due date (without extensions) of such tax return at a rate equal to the one year LIBOR plus 100 basis points. Under the TRAs, to avoid interest charges, we have the right, but not the obligation, to make TRA payments in advance of the date the payments are otherwise due. We currently do not expect to begin making payments related to the existing liability under the TRAs until 2018.

On May 4, 2017 , we priced an underwritten public offering in which the Sponsors and YAM expect to sell an aggregate of 24,000 shares of our Class A common stock at a public offering price of 38.50 per share. We will not receive any of the proceeds from the shares sold by the selling stockholders; however, we expect to receive \$3.7 million in proceeds from our sale of 100 additional shares of Class A common stock in the offering. The offering is expected to include the exchange of 14,214 LLC Units (together with the corresponding shares of Class B common stock) for Class A common stock by the selling stockholders. The selling stockholders have also granted the underwriters an option to purchase up to an additional 3,615 shares of Class A common stock within 30 days of the completion of the offering. We estimate the increase to the TRA liability following these exchanges to be a maximum of \$440.0 million , which assumes, among other things, that the underwriters exercise their option to purchase the additional shares and that there are no limitations on the utilization of tax attributes associated with the TRA liability. We will complete the final calculation during the second quarter, at which time we will record the TRA liability as a reduction of additional paid-in capital.

Substantially concurrent with the completion of the offering, we intend to repurchase an aggregate of \$275.0 million of LLC Units from the Sponsors and YAM at the same per share price, net of discounts and commissions, paid by the underwriters to the selling stockholders. The repurchase will not result in an incremental TRA liability; however, it will increase the per unit basis

of the remaining LLC Units held by each of the selling stockholders. This results in a deferral of the recording of the TRA liability until the future exchange of LLC Units by such selling stockholders.

Because we are a holding company with no operations, we rely on Desert Newco to provide us with funds necessary to meet any financial obligations. If we do not have sufficient funds to pay TRA, tax or other liabilities or to fund our operations (as a result of Desert Newco's inability to make distributions to us due to various limitations and restrictions or as a result of the acceleration of our obligations under the TRAs), we may have to borrow funds and thus our liquidity and financial condition could be materially and adversely affected. To the extent we are unable to make payments under the TRAs for any reason, such payments will be deferred and will accrue interest at a rate equal to one year LIBOR plus 500 basis points until paid.

#### ***Tax Distributions to Desert Newco's Owners***

Tax distributions are required under the terms of Desert Newco's limited liability company agreement. Any required payments are calculated each quarter based on a number of variables, including Desert Newco's taxable income or loss, allocations of taxable income among Desert Newco's owners based on principles detailed within the Treasury Regulations, tax deductions for stock option exercises and vested RSUs and changing ownership percentages among Desert Newco's owners. In addition, under the tax rules, Desert Newco is required to allocate taxable income disproportionately to its unit holders. Because tax distributions are determined based on the holder of LLC Units who is allocated the largest amount of cumulative taxable income on a per unit basis, but are made pro rata based on ownership, Desert Newco is required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes Desert Newco would have otherwise paid.

As of December 31, 2016, our accrual for tax distributions related to estimated taxable income allocations to Desert Newco's owners for 2016, excluding us, was \$10.0 million. In January 2017, we paid \$7.0 million of such distributions based on ownership as of the payment date as follows: \$2.8 million to YAM, \$1.6 million to Silver Lake, \$1.5 million to KKR, \$0.8 million to TCV and \$0.3 million to other Desert Newco owners. The remaining accrual was paid in April 2017 as follows: \$1.2 million to YAM, \$0.7 million to Silver Lake, \$0.6 million to KKR, \$0.4 million to TCV and \$0.1 million to other Desert Newco owners.

An additional accrual for tax distributions was not required for the quarter ended March 31, 2017. We may be required to make additional payments to Desert Newco's owners related to taxable income allocations for the remainder of 2017. However, because the calculation of such payments is based on future taxable income and other variables, there is significant uncertainty as to whether or not such distributions will be required.

#### **Cash Flows**

The following table summarizes our cash flows for the periods indicated:

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net cash provided by operating activities	\$ 126.6	\$ 105.3
Net cash used in investing activities	(29.6)	(15.9)
Net cash used in financing activities	(4.9)	(5.7)
Net increase in cash and cash equivalents	\$ 92.1	\$ 83.7

#### ***Operating Activities***

Our primary source of cash from operating activities has been cash collections from our customers. We expect cash inflows from operating activities to be primarily affected by increases in total bookings. Our primary uses of cash from operating activities have been for domain registration costs paid to registries, personnel costs, discretionary marketing and advertising costs, technology and development costs and interest payments. We expect cash outflows from operating activities to be affected by the timing of payments we make to registries and increases in personnel and other operating costs as we continue to grow our business and increase our international presence.

Net cash provided by operating activities increased \$21.3 million from \$105.3 million during the three months ended March 31, 2016 to \$126.6 million during the three months ended March 31, 2017, primarily due to a \$4.4 million improvement in our operating income and a \$14.6 million increase in cash resulting from net changes in working capital driven by our bookings growth and offset by \$12.7 million paid in 2017 from an additional pay period as compared to 2016.

**Investing Activities**

Our investing activities primarily consist of strategic acquisitions and purchases of property and equipment related to growth in our data centers and to support the overall growth of our business and our increased international presence. We expect our investing cash flows to be affected by the timing of payments we make for capital expenditures and the strategic acquisition or other growth opportunities we decide to pursue.

Net cash used in investing activities increased \$13.7 million from \$15.9 million during the three months ended March 31, 2016 to \$29.6 million during the three months ended March 31, 2017, primarily due to a \$7.8 million increase in capital expenditures and \$4.0 million paid in 2017 related to recent business acquisitions.

**Financing Activities**

Our financing activities primarily consist of the repayment of principal on long-term debt, stock option activity and the payment of tax distributions to holders of LLC Units.

Net cash used in financing activities decreased \$0.8 million from \$5.7 million during the three months ended March 31, 2016 to \$4.9 million during the three months ended March 31, 2017. The significant changes in financing cash flow included \$9.1 million of financing costs paid in connection with the refinancing of our long-term debt in 2017 and a \$7.5 million increase in proceeds received from stock option exercises.

**Deferred Revenue**

Deferred revenue consists of sales for products not yet recognized as revenue at the end of a period. Deferred revenue as of March 31, 2017 was \$1,670.9 million, and is expected to be recognized as revenue as follows:

	<b>Remainder of 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Thereafter</b>	<b>Total</b>
Domains	\$ 485.1	\$ 215.4	\$ 81.1	\$ 45.3	\$ 26.9	\$ 35.1	\$ 888.9
Hosting and presence	342.5	139.3	54.6	15.2	6.1	5.6	563.3
Business applications	135.8	51.9	20.0	6.2	2.8	2.0	218.7
	<u>\$ 963.4</u>	<u>\$ 406.6</u>	<u>\$ 155.7</u>	<u>\$ 66.7</u>	<u>\$ 35.8</u>	<u>\$ 42.7</u>	<u>\$ 1,670.9</u>

**Off-Balance Sheet Arrangements**

As of March 31, 2017 and December 31, 2016, we had no off-balance sheet arrangements that had, or which are reasonably likely to have, a material effect on our consolidated financial statements.

**Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with GAAP, and in doing so, we have to make estimates, assumptions and judgments affecting the reported amounts of assets, liabilities, revenues and expenses, as well as the related disclosure of contingent assets and liabilities. We base our estimates, assumptions and judgments on historical experience and on various other factors we believe to be reasonable under the circumstances, and we evaluate these estimates, assumptions and judgments on an ongoing basis. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change our results from those reported. We refer to estimates, assumptions and judgments of this type as our critical accounting policies and estimates, which we discuss in our 2016 Form 10-K. We review our critical accounting policies and estimates with the audit committee of our board of directors on an annual basis.

There have been no material changes in our critical accounting policies from those disclosed in our 2016 Form 10-K.

**Recent Accounting Pronouncements**

For information regarding recent accounting pronouncements, see Note 2 to our condensed consolidated financial statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and variable interest rates.

#### ***Foreign Currency Risk***

A portion of our bookings, revenue and operating expenses is denominated in foreign currencies, which are subject to exchange rate fluctuations. Our most significant foreign currency exposures are the Euro, the British pound, the Indian rupee and the Canadian dollar. Our reported bookings, revenues and operating results may be impacted by fluctuations in foreign currency exchange rates. Fluctuations in foreign currency exchange rates may also cause us to recognize transaction gains and losses in our consolidated statement of operations; however, to date, such amounts have not been material. As our international operations grow, our exposure to fluctuations in currency rates may increase, which may increase the costs associated with this growth. During the three months ended March 31, 2017, our total bookings growth in constant currency would have been approximately 70 basis points higher and total revenue growth would have been approximately 80 basis points higher. Constant currency is calculated by translating bookings and revenue for each month in the current period using the foreign currency exchange rate for the corresponding month in the prior period, excluding any hedging gains or losses realized during the period.

We utilize foreign exchange forward contracts to manage the volatility of our bookings and revenue related to foreign currency transactions. These forward contracts reduce, but do not eliminate, the impact of adverse currency exchange rate fluctuations. We designate these forward contracts as cash flow hedges for accounting purposes. Changes in the intrinsic value of these hedges are recorded as a component of accumulated other comprehensive income. Gains and losses, once realized, are recorded as a component of accumulated other comprehensive income and are amortized to revenue over the same period in which the underlying hedged amounts are recognized. At March 31, 2017, the total notional amount of such contracts was \$83.2 million, all having remaining maturities of nine months or less, and the realized and unrealized gain included in accumulated other comprehensive income totaled \$1.0 million.

#### ***Interest Rate Sensitivity***

Interest rate risk reflects our exposure to movements in interest rates associated with our borrowings. Borrowings under the Term Loan were \$1,072.5 million as of March 31, 2017. Borrowings under the Term Loan bear interest at a rate equal to, at our option, either (a) LIBOR plus 2.50% per annum or (b) 1.50% per annum plus the highest of (i) the Federal Funds Rate plus 0.5%, (ii) the Prime Rate or (iii) one-month LIBOR plus 1.0%. The effect of a hypothetical 10% change in interest rates would not have had a material impact on our interest expense.

See Note 13 to our condensed consolidated financial statements for discussion of the Acquisition Term Loan, the Bridge Loan and the cash flow hedges associated with our acquisition of HEG, which was completed on April 3, 2017.

## **Item 4. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO), evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our CEO and CFO concluded that, as of March 31, 2017, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

### **Changes in Internal Control Over Financial Reporting**

No changes in our internal control over financial reporting occurred during the quarter ended March 31, 2017 that materially affected, or which are reasonably likely to materially affect, our internal control over financial reporting.

### **Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## Part II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are currently subject to litigation incidental to our business, including patent infringement litigation and trademark infringement claims, as well as putative class actions, employment, commercial and consumer protection claims and other litigation of a non-material nature. Although the results of any such current or future litigation, regardless of the underlying nature of the claims, cannot be predicted with certainty, the final outcome of any current or future claims or lawsuits we face could adversely affect our business, financial condition and results of operations.

Regardless of the final outcome, defending lawsuits, claims and proceedings in which we are involved is costly and can impose a significant burden on management and employees. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

### Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our 2016 Form 10-K and in our Current Report on Form 8-K filed May 3, 2017.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Not applicable.

### Item 6. Exhibits

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q.

**SIGNATURES**

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

Date: May 8, 2017

**GODADDY INC.**

/s/ Ray E. Winborne

Ray E. Winborne  
Chief Financial Officer

**EXHIBIT INDEX**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Agreement on the sale and purchase of all shares in Host Europe Holdings Limited and certain loan notes issued by Host Europe Finance Co. Limited, dated as of December 5, 2016, by and among Go Daddy Operating Company, LLC, Desert Newco, LLC, the Cinven Sellers identified on Schedule 1 thereto, the Minority Sellers identified in Schedule 2 thereto, the Management Sellers identified on Schedule 3 thereto, and Cinven Capital Management (V) GP Ltd, as the Sellers' Representative. (Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. GoDaddy Inc. agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon request.)	8-K	001-36904	2.1	12/9/2016
2.2	Management Warranty Deed, dated as of December 5, 2016, by and among Patrick Pulvermüller and Tobias Mohr and Go Daddy Operating Company, LLC.	8-K	001-36904	2.2	12/9/2016
10.1+ *	Employment Agreement, dated as of September 1, 2016, by and among GoDaddy.com, LLC, Desert Newco, LLC and Nima Kelly.				
10.2+ *	Employment Agreement, dated as of May 31, 2016, by and among GoDaddy.com, LLC, Desert Newco, LLC and Barbara Rechterman.				
10.3	Amendment No. 5 to Credit Agreement, including as Annex A, the Second Amended and Restated Credit Agreement, dated as of February 15, 2017, by and among Desert Newco, LLC, Go Daddy Operating Company, LLC, GD Finance Co, Inc., Barclays Bank PLC, Deutsche Bank Securities Inc., RBC Capital Markets, KKR Capital Markets LLC, J.P. Morgan Securities LLC, Morgan Stanley Senior Funding Inc., and Citigroup Global Markets, Inc.	8-K	001-36904	10.1	2/16/2017
10.4	Bridge Credit Agreement, dated as of April 3, 2017, among Desert Newco, LLC, GD Finance Co., Inc., the several lenders from time to time parties hereto, Barclays Bank PLC, as the Administrative Agent and a Lender, and Barclays Bank PLC, Deutsche Bank Securities, Inc., Citigroup Global Markets Inc., RBC Capital Markets, J.P. Morgan Chase Bank, N.A., HSBC Securities (USA) Inc., SG Americas Securities, LLC, as Joint Lead Arrangers and Bookrunners.	8-K	001-36904	10.1	4/4/2017
31.1 *	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2 *	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1 **	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				

+ Indicates management contract or compensatory plan or arrangement.

\* Filed herewith.

\*\* The certifications attached as Exhibit 32.1 accompanying this Quarterly Report on Form 10-Q, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of GoDaddy Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.



This Employment Agreement (the “ **Agreement** ”) is entered into effective as of September 1, 2016 “ **Effective Date** ” by and among GoDaddy.com, LLC (the “ **Company** ” or “ **GoDaddy** ”), Desert Newco, LLC and Nima Kelly (“ **Executive** ”).

**Summary of Material Terms**

<b>Term</b>	<b>Summary</b>	<b>Cross-Reference</b>
Position:	Executive Vice President and General Counsel	Section 1
Reports to:	The Company's Chief Executive Officer	Section 1
Employment Term	Through December 31, 2021 unless extended	Section 2
Annual Salary:	\$500,000	Section 3(a)
Annual Target Bonus:	60% of annual salary	Section 3(b)
Severance:	<ul style="list-style-type: none"> <li>• Any earned but unpaid salary or bonus</li> <li>• 75% of annual salary</li> <li>• Prorated Annual Bonus at target for the year of termination</li> <li>• Payment equal cost of health insurance coverage 9 months</li> </ul>	Section 5(b)(iii)

**1. Duties and Scope of Employment.** Executive will serve as the Company’s Executive Vice President and General Counsel reporting to the Company’s Chief Executive Officer, and will perform the duties, consistent with this position, as assigned by Executive’s supervisor or the Company’s Board of Directors (the “ **Board** ”).

**2. Employment Term .** Subject to the provisions of Section 5, beginning on the Effective Date and, continuing until December 31, 2021, Executive will be employed with the Company on the terms and subject to the conditions set forth in this Agreement; provided, however, that beginning on December 31, 2020 and on each one year anniversary thereafter (each an “ **Extension Date** ”), the Employment Term will be automatically extended for an additional one-year period, unless the Company or Executive provides the other party written notice at least 30 calendar days before the Extension Date that the Employment Term will not be extended.

**3. Compensation.**

(a) Base Salary. Company will pay Executive an annual salary of \$500,000, as compensation for services (the “ **Base Salary** ”). The Base Salary will be paid according to the Company’s normal payroll practices and subject to the usual and required withholdings. Executive’s salary may be reviewed and adjusted annually by Executive’s Supervisor or the Board.

(b) Annual Bonus. Commencing with the 2016 fiscal year, Executive is eligible to earn a target annual bonus of 60% of Executive’s Base Salary based upon achievement of performance objectives established under the Company’s executive bonus plan by the Board or Compensation Committee of the Board in its sole discretion and payable upon achievement of those applicable objectives, subject to minimum and maximum limits as established by the Company (the “ **Annual Bonus** ”). If a non-individual performance target is lowered for other senior executives, then it will be lowered for Executive as well. If any Annual Bonus is earned, it will be paid when practicable after the Board determines it has been earned, subject to Executive being employed on the date of payment. For future years, the Board may modify the structure and performance objectives used for Annual Bonus determinations.

(c) Equity Compensation.

(i) Certain equity awards held by Executive as of the Effective Date are governed by the terms and conditions of the Desert Newco LLC 2011 Unit Incentive Plan (the “ **Incentive Plan** ”), the Desert Newco, LLC Unit Option Agreement, and the Management Equity and Unitholders Agreement, (collectively, including the Incentive Plan, the “ **Desert Newco Equity Documents** ”). Equity awards outstanding as of the Effective Date will not have their terms modified by this Agreement and are listed as follows:

- 69,602 options with a per unit exercise price of \$2.50
- 44,712 options with a per unit exercise price of \$7.402314
- 91,400 options with a per unit exercise price of \$7.442314

(ii) Certain equity awards held by Executive as of the Effective Date are governed by the terms and conditions of the GoDaddy Inc. 2015 Equity Incentive Plan, the GoDaddy Inc. Notice of Stock Option Grant and Stock Option Agreement and the GoDaddy Inc. Notice of RSU Grant and RSU Agreement (collectively, the “**GoDaddy Equity Documents**”), and collectively together with the Desert Newco Equity Documents, the “**Equity Documents**”). Equity awards issued pursuant to the GoDaddy Equity Documents that are outstanding as of the Effective Date will not have their terms modified by this Agreement and are listed as follows:

- 53,490 options with an exercise price of \$31.28 and 20,781 performance RSUs

(iii) After the Effective Date, Executive will be granted certain equity awards, which will be governed by the terms and conditions of the GoDaddy Equity Documents:

a) 2016 Equity Awards granted on September 16, 2016 on the following terms:

i) \$1.532 million in time and performance-based RSUs. The number of shares subject to such RSUs will be determined by dividing \$1.532 million by the closing price of the Company’s Class A common stock on the grant date and rounding up to the nearest whole number evenly divisible by two. One half of the RSU will have their vesting based solely on service (the time-vesting component) and the remainder of the RSUs will have their vesting based on a combination of service and achievement of performance metrics.

ii) The time vesting component shall begin to vest on the Effective Date and vest as follows: 25% on the first anniversary date of the grant and then quarterly vesting in equal installments for an additional 3 years.

iii) The vesting of performance-based RSUs shall be determined in 4 equal tranches based on the Company’s achievement of its performance goals for fiscal years 2016, 2017, 2018, and the first 3 quarters of 2019, achievement of which shall be determined solely by the Board or a committee of the Board, provided Executive continues to be a Service Provider under the 2015 Incentive Plan through each such date.

b) 2017 Equity Awards to be granted at the time the Company makes focal award grants in the first quarter of 2017 on the following terms:

i) \$1.532 million in time and performance-based RSUs. The number of shares subject to such RSUs will be determined by dividing \$1.532 million by the closing price of the Company’s Class A common stock on the grant date and rounding up to the nearest whole number evenly divisible by two. One half of the RSU will have their vesting based solely on service (the time-vesting component) and the remainder of the RSUs will have their vesting based on a combination of service and achievement of performance metrics.

ii) The time vesting component shall begin to vest on the grant date and vest as follows: 25% on the first anniversary of the grant date and then quarterly vesting in equal installments for an additional 3 years.

iii) The vesting of performance-based RSUs shall be determined in 3 equal tranches based on the Company’s achievement of its performance goals for fiscal years 2017, 2018, and the first 3 quarters of 2019, achievement of which shall be determined solely by the Board or a committee of the Board, provided Executive continues to be a Service Provider under the 2015 Incentive Plan through each such date.

c) 2018 Equity Awards to be granted at the time the Company makes focal award grants in the first quarter of 2018 on the following terms:

i) \$1.532 million in time and performance-based RSUs. The number of shares subject to such RSUs will be determined by dividing \$1.532 million by the closing price of the Company’s Class A common stock on the grant date and rounding up to the nearest whole number evenly divisible by two. One half of the RSU will have their vesting based solely on service (the time-vesting component) and the remainder of the RSUs will have their vesting based on a combination of service and achievement of performance metrics.

ii) The time vesting component shall begin to vest on the grant date and vest as follows: 25% on the first anniversary of the grant date and then quarterly vesting in equal installments for an additional 3 years.

iii) The vesting of performance-based RSUs shall be determined in 2 equal tranches based on the Company's achievement of its performance goals for fiscal year 2018 and the first 3 quarters of 2019, achievement of which shall be determined solely by the Board or a committee of the Board, provided Executive continues to be a Service Provider under the 2015 Incentive Plan through each such date.

d) If Executive's employment with the Company ends after December 31, 2019 for a reason other than a termination by the Company for Cause then all unvested equity granted and outstanding under this Section 3(c)(iii) will have its vesting accelerated and will be settled in accordance with the applicable Equity Documents.

#### **4. Employee Benefits.**

(a) Executive will be entitled to participate in the employee benefit plans, including invention incentive programs, maintained by the Company and generally applicable to senior executives of the Company. The Company may cancel or change the benefit plans and programs it offers and those changes will not breach this Agreement.

(b) During Executive's employment by the Company, Executive will be provided coverage under the Company's directors' and officers' liability insurance policy and form of indemnification agreement as in effect for other senior executives of the Company.

#### **5. Termination of Employment; Severance.**

(a) At-Will Employment. Executive and the Company agree that Executive's employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice. Executive understands and agrees this at-will employment relationship will not be modified or amended unless it is done in a writing that complies with Section 10(f) and Section 10(i) and explicitly references this Section 5(a). Executive's employment will terminate upon the earlier to occur of (i) a termination by the Company with or without Cause, (ii) Executive's Disability or death, or (iii) a resignation by Executive with or without Good Reason.

(b) Terminations of Employment. Executive's employment may be terminated under various scenarios addressed in this Section 5(b). Upon any termination of employment, Executive will receive benefits described in Section 5(b)(i). Depending on the circumstances of the termination of employment, subject to the conditions in Section 6, Executive may be entitled to a lump sum payment of the amounts listed under one of Section 5(b)(ii), Section 5(b)(iii), or Section 5(b)(iv). Executive agrees that upon termination of Executive's employment for any reason, Executive will resign as of the date of such termination and to the extent applicable, from the Board (and any committees thereof), the board of directors (and any committees thereof) of any of the Company's affiliates and from any other positions Executive holds with the Company or any of its affiliates.

(i) Termination for Cause or Resignation Other Than for Good Reason. Executive's employment may be terminated for Cause, effective upon the Company's delivery to Executive of a Notice of Termination or the Executive may resign. If Executive's employment is terminated for Cause or Executive resigns other than for Good Reason, Executive will receive:

(1) Base Salary accrued through the termination date, payable under GoDaddy's usual payment practices;

(2) reimbursement within 60 days following submission by Executive to the Company of appropriate supporting documentation for any unreimbursed business expenses properly incurred by Executive prior to the termination date; provided that claims for reimbursement are submitted, under Company policy, to the Company within 90 days following the termination date; and

(3) any fully vested and non-forfeitable employee benefits to which Executive may be entitled under the Company's employee benefit plans (other than benefits in the nature of severance pay) (the amounts described in clauses (1) through (3) above are referred to later as the "Accrued Obligations").

(ii) Termination by Reason of Disability or Death. Executive's employment may be terminated effective upon the Company's delivery to Executive of a Notice of Termination if Executive becomes Disabled and will automatically terminate upon Executive's death. Upon termination of Executive's employment for either Disability or death, Executive or Executive's estate (as the case may be) will receive:

(1) the Accrued Obligations;

(2) any earned but unpaid Annual Bonus for a prior year. For the avoidance of doubt, if Executive is terminated after the end of a fiscal year but before annual bonuses are approved and paid to other senior executives in the normal course of business, then Executive will receive an Annual Bonus for the prior fiscal year, the actual amount of which will still be subject to the achievement of any performance targets as established by the Company the achievement of which will be determined by the Company. Any payment under this Section 5(b)(iii)(2) will be paid no later than one day prior to the date that is 2½ months following the last day of the fiscal year in which such termination occurred; and

(3) a prorated Annual Bonus amount for the year of termination, if any would have been payable to Executive based on achievement of performance criteria if Executive had remained employed through the full fiscal year in which the termination of employment occurred. The prorated amount will be calculated based on the number of calendar days employed and any such prorated amount will be paid no later than one day prior to the date that is 2½ months following the last day of the fiscal year in which such termination occurred.

(iii) Termination Without Cause, Resignation for Good Reason. Executive's employment may be terminated without Cause effective upon the Company's delivery to Executive of a Notice of Termination, or by Executive's resignation for Good Reason effective 30 days following delivery to the Company of Notice of Termination provided such delivery is within 90 days following the occurrence of events that result in Good Reason. No resignation for Good Reason will be effective unless during the 30-day period following the delivery of the Notice of Termination, the Company has not cured the events that result in Good Reason. If Executive's employment is terminated without Cause (other than by reason of death or Disability), or if Executive resigns for Good Reason, Executive will receive:

(1) the Accrued Obligations;

(2) any earned but unpaid Annual Bonus for a prior year;

(3) an amount equal to a prorated amount of the target Annual Bonus for the year of termination;

(4) a payment equal to 75% of the annual Base Salary in effect on the termination date; and

(5) a payment equal to the cost of health insurance coverage under COBRA for 9 months.

(c) Exclusive Remedy. If a termination of Executive's employment with the Company occurs, the provisions of this Section 5 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment other than those benefits expressly set forth in this Section 5.

## **6. Conditions to Receipt of Severance; No Duty to Mitigate.**

(a) Separation Agreement and Release of Claims. Executive will not receive severance pay or benefits other than the Accrued Obligations unless (x) Executive signs and does not revoke a separation agreement and release of claims in the form attached as Exhibit A, but with any appropriate reasonable modifications, reflecting changes in applicable law, as is necessary to provide the Company with the protection it would have if the Release was executed as of the date of this Agreement (the "**Release**") and (y) such Release becomes effective and irrevocable no later than sixty (60) days following the termination date (such deadline, the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any rights to severance or benefits under this Agreement. All payments will be made upon the effectiveness of the Release but will be delayed until a subsequent calendar year if necessary so their timing does not result in penalty taxation under Section 409A. Severance payments or benefits will not be paid or provided until the Release becomes effective and irrevocable. For avoidance of doubt, although Executive's severance payments and benefits are contractual rights, not "damages," Executive is not required to seek other employment or otherwise "mitigate damages" as a condition of receiving such payments and benefits.

(b) If any amount or benefit that would constitute non-exempt “deferred compensation” under Internal Revenue Code (“ Code ”) Section 409A would be payable under this Agreement by reason of Executive’s “separation from service” during a period in which Executive is a “specified employee” (within the meaning of Code Section 409A as determined by the Company), then any payment or benefits will be delayed until the earliest date on which they could be paid or distributed without being subject to penalty taxation under Code Section 409A.

(c) Each payment and benefit payable under this Agreement is intended to constitute a separate payment under Treasury Regulations Section 1.409A-2(b)(2).

(d) Covenants. Executive’s receipt of any payment or benefits other than Accrued Obligations will be subject to Executive continuing to comply with his/her confidentiality obligations to the Company and Section 9.

## 7. Definitions .

(a) Cause means (i) willfully engaging in illegal conduct or gross misconduct that is materially injurious to the Company or any of its Subsidiaries; (ii) conviction of, or entry of a plea of nolo contendere or guilty to, a felony or a crime of moral turpitude; (iii) engaging in fraud, misappropriation, embezzlement or any other act or acts of dishonesty resulting or intended to result directly or indirectly in a gain or personal enrichment to Executive at the expense of the Company or any of its Subsidiaries; (iv) willful material breach of any written policies of the Company or any of its Subsidiaries including any agreement between Executive and the Company (which policy or policies previously was provided to Executive); or (v) willful and continual failure to substantially perform his or her duties with the Company or any of its Subsidiaries (other than a failure resulting from his or her incapacity due to physical or mental illness), which failure has continued for a period of at least 30 days after a written demand for substantial performance is delivered to Executive by the Company or one of its Subsidiaries which specifically identifies the manner in which the Company believes that Executive has not substantially performed Executive’s duties.

(b) Change in Control means Change in Control as defined in the Desert Newco, LLC 2011 Unit Incentive Plan and the Amended and Restated Limited Liability Company Agreement of Desert Newco, LLC, dated as of December 16, 2011.

(c) Disabled means physically or mentally incapacitated and unable for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period to perform Executive’s duties (such incapacity is a “ **Disability** ”). Any question as to the existence of a Disability will be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each will appoint a physician and those two physicians will select a third physician who will make such determination in writing. The determination will be final and conclusive for this Agreement.

(d) Good Reason means (i) a significant reduction of Executive’s duties, position, reporting structure, or responsibilities, relative to Executive’s duties, position, reporting structure or responsibilities as of the Effective Date; (ii) a reduction in Executive’s Base Salary or Annual Bonus as of the Effective Date; (iii) the relocation of Executive’s place of employment to a facility or location more than thirty-five (35) miles from Executive’s current place of employment.

**8. Limitation on Payments; Section 280G.** If any severance or other benefits payable to Executive (i) are “parachute payments” within the meaning of Code Section 280G and (ii) but for this Section 8, would be subject to the “golden parachute” excise tax imposed by Section 4999 of the Code, then Executive’s severance benefits will be reduced to a level that will result in no tax under Code Section 4999 unless it would be better economically for Executive to receive all of the benefits and pay the excise tax. If a reduction in benefits is necessary for this purpose, then the reduction will occur in the following order (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. If the acceleration of vesting of equity award compensation is to be reduced, that acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive’s equity awards. Any determination required under this Section 8 will be made in writing by an independent professional services firm chosen by the Company immediately prior to a Change of Control and paid for by the Company and that determination will be conclusive and binding upon Executive and the Company for all purposes.

## 9. Covenants.

(a) Executive has entered into the Company’s confidential information and restrictive covenant agreement attached as Exhibit B (“ **Restrictive Covenant Agreement** ”) and agrees that it is still effective.

(b) During the Employment Term and continuing for a period of 1 year after the Executive's termination date, Executive agrees not to make any public statement that is intended, or may reasonably be expected to harm the reputation, business, prospects or operations of the Parent or any of its subsidiaries (including the Company), any of the investment funds invested in Parent or any affiliated funds (all of the foregoing collectively, the "Company Group"); provided, that the non-disparagement provisions of this Section 9(b) will not apply to any statements that Executive makes in addressing any disparaging statements made by the Company Group or their respective officers and/or its directors regarding Executive or Executive's performance as an employee of the Company so long as Executive's statements are truthful. Parent and its subsidiaries (including the Company) shall instruct their respective officers and directors to refrain from making any disparaging statements about Executive for the same period for which Executive is subject to the non-disparagement provisions of this Section 9(b); provided, however, that the non-disparagement provisions will not apply to any statements that Parent or any of its subsidiaries (including the Company) or their respective officers and directors make in addressing any disparaging statements made by Executive regarding the Company Group or its officers and directors so long as such statements are truthful. Executive, Parent and the Company expressly consider the restrictions contained in this Section 9(b) to be reasonable.

#### **10. Miscellaneous.**

(a) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Arizona, without regard to conflicts of laws principles thereof.

(b) Entire Agreement. This Agreement along with the Offer Letter, Restrictive Covenant Agreement, and the Equity Documents, contains the entire understanding of the parties with respect to Executive's employment and supersedes any prior agreements or understandings (including verbal agreements) between the parties relating to the subject matter of this agreement. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. Notwithstanding the foregoing, Executive shall be covered by the Company's applicable liability insurance policy and its indemnification provisions for actions taken on behalf of the Company during the course of Executive's employment. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties that references Section 10(b).

(c) Severability. In the event that any one or more of the provisions of this Agreement will be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement will not be affected.

(d) Assignment. This Agreement, and all of Executive's rights and duties under it, are not assignable or delegable by Executive. Any purported assignment or delegation by Executive will be null and void. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of its business operations. Upon such assignment, the rights and obligations of the Company hereunder will become the rights and obligations of such affiliate or successor person or entity.

(e) Successors; Binding Agreement. This Agreement will inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors and heirs.

(f) Notice. The notices and all other communications provided for in this Agreement will be deemed to have been duly given when delivered by hand or overnight courier addressed to the addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address will be effective only upon receipt.

GoDaddy.com, LLC      To most recent address as set forth  
14455 North Hayden Road/Suite 219      in Executive's personnel records  
Scottsdale, AZ 85260  
Attention: Chief Executive Officer

(g) Executive Representations. Executive represents to the Company that the execution of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder will not breach, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound. Executive acknowledges that Employee has had the opportunity to discuss this matter with and obtain advice from his/her private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

(h) Cooperation. Subject to the Company's compliance with Section 9(b) and this Section 10(h), Executive will provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment with the Company or its affiliates. Executive's cooperation pursuant to this Section 10(h) will be at no cost to Executive, and if such cooperation occurs after the termination of this Agreement, Company will promptly advance or reimburse all reasonable costs incurred by Executive in connection with such cooperation. This provision will survive any termination of this Agreement. The Company will provide reasonable compensation to Executive for any services rendered at the Company's request.

(i) Amendment; Waiver of Breach. No amendment of this Agreement will be effective unless it is in writing and signed by both parties. No waiver of satisfaction of a condition or failure to comply with an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the waiver, and no such waiver will be a waiver of satisfaction of any other condition or failure to comply with any other obligation. To be valid, any document signed by the Company must be signed by the Company's Chief Executive Officer.

(j) Counterparts. This Agreement may be executed in counterparts. Each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement.

Each party is signing this Agreement on the date set out below its signature.

**GoDaddy.com, LLC**

**Nima Jacobs Kelly**

/s/ Blake Irving

/s/ Nima Kelly

By: Blake Irving

September 20, 2016      September 20, 2016

**Desert Newco, LLC** (Solely for purposes of Section 9(b) hereof)

/s/ Blake Irving

September 20, 2016

By: Blake Irving

**EXHIBIT A**

**RESTRICTIVE COVENANT AGREEMENT**

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## Employee Non-Compete Agreement

This Agreement between **GoDaddy.com, LLC**, a Delaware limited liability company with its headquarters in Scottsdale, Arizona ("Go Daddy"), and the undersigned employee ("Employee"), is effective on the date that Employee's employment with Go Daddy actively begins, or the date that Employee signs this agreement, whichever is later.

**1. Purpose.** As an employee of Go Daddy, Employee will be exposed to Go Daddy's Confidential Information. Employee understands that if this information is not properly restricted, it could be used to create irreparable harm to Go Daddy, including the loss of its customers and employees. As a result, Employee agrees that the restrictions contained in this Agreement are reasonable and necessary to protect Go Daddy's legitimate business interests.

**2. Consideration.** Signing this Agreement is a requirement of Employee's employment with Go Daddy and Employee agrees that employment, if signed on initial hire, or continued employment, if signed during employment, is adequate consideration for entering this Agreement.

**3. At Will Employment.** This Agreement does not change the at-will employment relationship between Employee and Go Daddy, which means that either party may terminate the employment relationship at any time with or without cause, reason or notice.

**4. Duty of Loyalty.** While employed with Go Daddy, Employee must faithfully and loyally serve Go Daddy and will not take any actions that would interfere with the business of Go Daddy, or conduct work similar to the work Employee performs for Go Daddy for any company or person without the specific written permission of Go Daddy. These obligations are in addition to the common law and statutory duties that apply to Employee as an agent of Go Daddy, such as the general duty of loyalty owed by an agent.

**5. Non-Competition.** Employee shall not, for a period of one year (and if one year is determined by a court to be unenforceable, for a period of 6 months) following the termination of Employee's employment with Go Daddy, provide services to a competitor that are the same as or substantially similar to those Employee provided to Go Daddy while employed. A competitor is a person or business that offers products or services that are the same or similar in function or purpose to the products or services provided by Go Daddy within the last two years of Employee's employment by Go Daddy. Because of the nature of services provided on the Internet, this restriction is not geographically limited, provided, however, that if a court determines that the lack of a geographical limitation renders any part of this Agreement unenforceable, this restriction shall be limited to providing such products or services within a 50 mile radius from the location in which Employee was employed by Go Daddy at the time of the termination of Employee's employment.

**6. Non-Disclosure of Confidential Information.** Employee will maintain the confidentiality of all Confidential Information, as defined herein, and will not engage in any unauthorized use or disclosure of Confidential Information during employment at Go Daddy and for as long as the information is maintained as Confidential Information by Go Daddy.

"Confidential Information" refers to information in any form related to Go Daddy's business that Go Daddy has not made public or has not authorized for public disclosure and that is not already generally known to the public or to other persons who might obtain value or competitive advantage from its disclosure or use. Confidential information includes, but is not limited to: a) information identified by Go Daddy as Confidential, Internal Use Only or Proprietary; b) Go Daddy's trade secrets, information about released or unreleased products, the marketing or promotion of any of Go Daddy's products, Go Daddy's business policies or practices, employee

information, litigation strategy or contract negotiations; and c) the intellectual properties of Go Daddy. All Confidential Information is and shall remain the property of Go Daddy, even if disclosed to Employee.

**7. Non-Solicitation.** While employed by Go Daddy, and for a period of one year following Employee's employment with Go Daddy, Employee agrees: a) not to encourage or induce any Go Daddy employees to end their employment relationship with Go Daddy, and b) not to solicit any person or company that is a current Go Daddy customer at the time of the solicitation or contact to offer the sale of any services or products similar to those offered by Go Daddy, if Employee had actual business contact with the customer or acquired Confidential Information about the customer while employed by Go Daddy.

**8. Remedies.** A violation of this Agreement by Employee will cause irreparable harm and continuing injury to Go Daddy for which there is no adequate remedy at law. As a result, if Employee violates this Agreement, Go Daddy will be entitled to injunctive relief, specific performance and any other equitable relief without the need to prove the inadequacy of money damages, in addition to all other legal remedies to which Go Daddy may be entitled, including but not limited to actual and consequential damages and attorneys' fees and costs.

**9. Controlling Law.** This Agreement shall be construed and governed by the laws of the State of Arizona and the Parties consent to the exclusive jurisdiction of the federal or state courts of Arizona.

**10. Entire Agreement.** This Agreement constitutes the entire agreement between the Employee and Go Daddy regarding the subject of the Agreement. This Agreement can only be changed by a written agreement signed by both Parties. None of the provisions of this Agreement will be considered waived by any action or inaction of the Parties, or their agents or employees, but only by an instrument in writing signed by the Parties.

**11. Successors and Assigns.** This Agreement shall automatically inure to the benefit of all successors and assigns of Go Daddy without need for any further action by Go Daddy or Employee. Employee expressly agrees that Go Daddy shall have the right to assign this Agreement to its successors and assigns, and all covenants and agreements hereunder shall inure to the benefit of or be enforceable by said successors and assigns.

**12. Severability.** If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction and cannot be reformed to make it enforceable, then such provision shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.

This Agreement shall not be interpreted to limit or reduce the common law or statutory rights or remedies of Go Daddy.

GODADDY.COM, LLC

By: \_\_\_\_\_



Print Name: \_\_\_\_\_

Michael Zimmerman

Title: \_\_\_\_\_

CFO

Sign Date: \_\_\_\_\_

EMPLOYEE

Signature: \_\_\_\_\_



Print Name: \_\_\_\_\_

NIMA KELLY

Date: \_\_\_\_\_

11.1.12



## Work Product Acknowledgement

Employee agrees that all work he/she performed at GoDaddy.com, Inc. ("Go Daddy" or "Company") belongs to Go Daddy and remains the property of Go Daddy following separation of employment. Go Daddy is the sole and exclusive owner of all right, title, and interest, including all copyright and proprietary rights, of all works intended for the sole and exclusive use of the Company. Employee acknowledges that all such work performed by him/her is owned by and exists solely for the benefit of Go Daddy.

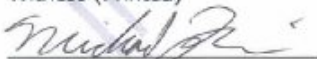
Employee agrees that he/she will maintain in confidence all confidential and/or proprietary information learned during his/her employment with Go Daddy, including information relating to inventions, patents, trademarks and copyright applications, improvements, know-how, specifications, drawings, cost data, process flow diagrams, customer and supplier lists, bills, ideas, and/or any other written material referring to such information. Employee agrees that he/she will not, without first obtaining the prior written permission of Go Daddy: (1) directly or indirectly utilize such information in his/her own business or job; (2) manufacture and/or sell any product that is based in whole or in part on such confidential information; or (3) disclose such information to any third party. Employee agrees not to remove any such information in any form from the Company following separation.

Even after separation from the Company, Employee agrees to assist Go Daddy and its agents, upon request, in preparing and signing United States and foreign copyright, trademark, and/or patent applications and other documents regarding work performed during employee's employment.

Witnessed:

Michael Zimmerman

Witness (Printed)



Witness (Signature)

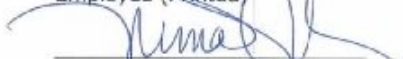
11.1.12

Date

Acknowledged by Employee:

NIMA KELLY

Employee (Printed)



Employee (Signature)

11.1.12

Date

**EXHIBIT B**

**FORM OF SEPARATION AGREEMENT AND RELEASE**

This **SEPARATION AGREEMENT AND RELEASE** (this “ **Agreement** ”) is made, entered into, and effective as of the date set forth below by and between **INSERT** (“ **Employee** ”) and **GoDaddy.com, LLC** (“ **GoDaddy** ” or “ **Company** ”), hereinafter collectively referred to as the “**Parties**”. This Agreement is presented to Employee on **TBD**, 20XX (the “ **Presentment Date** ”).

**RECITALS**

- A.** Employee’s final day of employment with GoDaddy will be effective **TBD**, 2016 (the “ **Separation Date** ”).
- B.** Employee, the Company, and Desert NewCo, LLC entered into an employment agreement dated **INSERT** (the “ **Employment Agreement** ”).
- C.** Pursuant to the [ Desert Newco, LLC 2011 Unit Incentive Plan ], as amended and the other Equity Documents (as defined in paragraph 12), Employee has been granted options to purchase a certain number of Class A shares of GoDaddy Inc. subject to either performance-based vesting requirements or time-based vesting requirements. As of the date this Agreement was presented to Employee, certain of the options have already vested and become exercisable pursuant to the Equity Documents, and Employee had the following equity position:

	<b>Vested Options</b>	<b>Unvested Options &amp; Performance RSUs</b>

- D.** [ This Agreement contains two separate signature pages, the first of which should be signed within 21 days of Employee’s receipt of this Agreement, and the second which should be signed on the Separation Date. The first execution of the Agreement releases any potential claims Employee may have against the Released Parties (as defined below) as of the first signature date. The second execution of the Agreement applies to all potential claims Employee may have against the Released Parties, including those occurring after the first execution of the Agreement. To be entitled to any consideration under this Agreement, both signature pages must be signed at the times described and not revoked .]
- E.** The Parties intend to fully, completely, and finally resolve and settle any and all claims, potential claims, disputes, or potential disputes that Employee may have against GoDaddy and the Released Parties (as defined below), whether presently known or unknown, according to the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the above recitals and the mutual promises, covenants, obligations, and understandings set forth below, the Parties hereby agree as follows:

- 1. Wages, Benefits and Accrued Vacation Pay through the Separation Date.** In addition to the Separation Consideration described in Paragraph 2 below, but not in consideration of Employee’s promises to abide by all the terms and conditions of this Agreement, the Company will:
    - a.** continue to pay Employee’s usual wages through and until the Separation Date, in biweekly installments, on regular Company payroll dates, at Employee’s base pay rate, less the required withholdings and deductions; and
    - b.** [ pay Employee a single lump sum equal to \$ **TBD** representing **TBD** hours of accrued vacation/paid time off, less the required withholdings and deductions; and ]
-

c. continue Employee's benefits coverage through the Separation Date.

2. **Separation Consideration** . In exchange for Employee's promises to abide by all the terms and conditions of this Agreement, each of which GoDaddy deems to be material to this Agreement, GoDaddy will provide Employee the severance and other benefits promised in Section 5(b)(iii) of the Employment Agreement, subject to the terms and conditions thereof. Without limiting the scope of Section 5(b)(iii) of the Employment Agreement, the Company will :

a. [ pay Employee a single lump sum equal to \$ **TBD** representing the equivalent of the required medical, dental and vision plan COBRA premiums for **X** months, which shall cover the period of **INSERT** ;]

b. [ pay Employee a single lump sum payment equal to \$ **INSERT** , representing **XX** % of the Employee's annual base salary in effect on the Separation Date ;]

c. [ pay employee a single lump sum payment equal to \$ **TBD** representing the prorated amount of the target annual unpaid Management By Objective ("MBO") for 20XX (collectively with 2(a) and (2b), the "**Separation Consideration**").]

3. **Timing and other related matters** . For the avoidance of doubt, Employee acknowledges and agrees that:

a.The Company's payment of wages [ and accrued vacation pay ] described in Paragraph 1(a) [ and (b)] will be made on the Separation Date.

b.The Separation Consideration is in addition to any wages earned prior to the Separation Date.

c. The Company's payment of the Separation Consideration will be made as soon as practicable after the Effective Date, as defined in Paragraph 8(e) below.

d. The payment described in Paragraph 2(c) will be calculated as follows: [(i) 80% will be determined and paid out as if the Company had achieved 100% of the previously approved 20XX MBO targets; and (ii) 20% will be determined and paid out as if the Employee had achieved 100% of his individual goals for 20XX .]

e. The Separation Consideration will be made less the required federal, state and local tax withholdings and deductions.

f. For the avoidance of doubt: (i) all other unvested option and RSU grants as of the Separation Date, including those granted on **INSERT** shall be forfeited in their entirety; and (ii) subject to any earlier termination of post-termination exercise period set out in the Equity Documents, Employee must exercise all **INSERT** vested options no later than **INSERT** .

4. **Payment of Salary and Receipt of All Benefits** . Employee acknowledges and represents that, other than the Separation Payments and after the payment described in Section 1(b), GoDaddy has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, leave, relocation costs, interest, severance, reimbursable expenses, commissions, stock, stock options, vesting and any and all other benefits and compensation due to Employee. For the avoidance of doubt, other than as set out in Section 1(a), Employee will not vest in any options after the Separation Date. Employee represents that Employee has not suffered any on-the-job injury for which Employee has not already filed a claim.

5. **Benefits** . Regardless of whether Employee signs this Agreement, Employee's active participation in all Company benefit plans will terminate effective 11:59 p.m. on his last day of employment and Employee shall remain entitled to any vested benefits in accordance with such plans. A letter informing Employee of Employee's rights to elect continued health coverage under COBRA will be mailed to the Employee's home, and generally arrives within 7 business days after the last day of employment.

6. **Release** .

a. Employee, in exchange for the Separation Payment, agrees to and hereby releases, waives and forever discharges GoDaddy and its affiliates, parents, successors, subsidiaries, related companies, directors, officers, employees, attorneys and agents (the "Released Parties") from any and all claims or causes of action, whether known or unknown, that Employee may currently have or Employee's heirs, executors, administrators and assigns have, had or may have in the future against any of

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the Released Parties with respect to any and all matters arising from Employee's employment and separation from GoDaddy. This release does not extend to any Employee rights or benefits granted pursuant to **(i)** Employee's Employment Agreement that expressly survive the termination of the Employment Agreement, **(ii)** the Equity Documents (as defined in the Employment Agreement and in Paragraph 12 below) that remain in effect after the termination of Employee's employment.

**b. Scope of Release .** Employee's release includes, but is not limited to, all allegations, claims, and violations related to severance, elimination of position, resignation, notice of termination, the payment of wages, salary and benefits (except any valid claim to recover vested benefits to which Employee may be entitled, if applicable) and all claims arising under the following, in each case as amended: the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990 ("ADEA"); Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Equal Pay Act of 1963; the Americans with Disabilities Act of 1990, ; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1866; the Worker Adjustment and Retraining Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; all state or local counterparts, including the Arizona Civil Rights Act, Ariz. Rev. Stat. § 41-1401 et seq.; Arizona Employment Protection Act, Ariz. Rev. Stat. § 23-1501 to 23-1502; Arizona Wage Payment Law, Ariz. Rev. Stat. § 23-350 et seq.; Arizona Equal Wage Law, Ariz. Rev. Stat. § 23-341; California Fair Employment and Housing Act, Cal. Gov't Code § 12900 et seq.; Unruh Civil Rights Act, Cal. Civ. Code § 51; Moore-Brown-Roberti Family Rights Act, Cal. Gov't Code § 12945.1 et seq.; California Pregnancy Disability Leave Law, Cal. Gov't Code § 12945; the California Constitution; any applicable California Industrial Welfare Commission Wage Order, the Washington State Law Against Discrimination, Wash. Rev. Code § 49.60.010 et seq.; the Washington Equal Pay Law, Wash. Rev. Code § 49.12.175; the Washington Sex Discrimination Law, Wash. Rev. Code § 49.12.200; the Washington Age Discrimination Law, Wash. Rev. Code § 49.44.090; the Washington Family Care Act, Wash. Rev. Code §§ 49.12.265 to 49.12.295; the Washington Parental Leave Discrimination Law, Wash. Rev. Code § 49.12.360; the Washington Minimum Wage Act, Wash. Rev. Code § 49.46.005 et seq.; the Washington Wage, Hour, and Working Conditions Law, Wash. Rev. Code §§ 49.12.005 to 49.12.170; the Washington Wage Payment and Collection Law, Wash. Rev. Code § 49.48.010 et seq.

**c.** any other federal, state or local statute, constitution or ordinance; any public policy, contract or tort, or under any common law, including wrongful discharge; any practices or procedures of the Company; any claim for breach of contract, infliction of emotional distress, defamation, discrimination;

**d.** any and all claims relating to, or arising from, Employee's right to purchase or actual purchase of shares or stock of GoDaddy, except pursuant to the Equity Documents if applicable, which Employee acknowledges shall govern such equity;

**e.** and any other federal, state or local statutes, laws, regulations or common law causes of action under which any claim may be brought, including those claims arising from Employee's employment relationship with GoDaddy or the termination of that relationship, and also including any claim for costs, fees or other expenses, including attorneys' fees and expenses, incurred in these matters (collectively, the "Released Claims").

**f. Limitations .** Employee understands that Employee is not releasing any claim that relates to: **(i)** the Separation Payment or the right to enforce this Agreement; **(ii)** Employee's right, if any, to claim government-provided unemployment benefits or worker's compensation benefits, if applicable and Employee qualifies; or **(iii)** any rights or claims that Employee may have which arise after the date Employee executes this Agreement. Nor does this release apply to any claims that cannot be waived by law. Employee acknowledges that except as expressly provided in this Agreement or in an applicable plan document for any applicable broad-based employee benefit plans other than plans that provide severance or termination pay, Employee will not receive any additional compensation or benefits, including salary, bonus, or separation payments after the Separation Date.

**g. Release of Age Discrimination Claims .** Employee acknowledges that Employee is knowingly waiving and releasing any rights Employee may have under the ADEA, which includes age discrimination claims. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Release. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled.

**h. [Unknown Claims/California Civil Code Section 1542 .** Employee acknowledges that he has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

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

Employee, being aware of said code section and the principle that a general release does not extend to claims that the releaser does not know or suspect to exist in his/her favor at the time of executing the release, which, if known by him/her, might have materially affected his/her settlement with the releasee, and agrees to expressly waive any rights he may have thereunder, as well as under any other statute or common law principles of similar effect. ]

**i. *No Monetary Recovery*** . Employee acknowledges and understands that this Release waives all of Employee's rights to any monetary recovery against any of the Released Parties for any potential charge, complaint, or lawsuit. Employee agrees that the Separation Payment received under this Agreement fully satisfies any potential claim for relief in connection with any charge, complaint, or lawsuit.

**j. *Covenant Not to Sue*** . Employee acknowledges and understands that this Release prohibits Employee from bringing any lawsuit or cause of action against any of the Released Parties for any claims covered by the Release.

## **7. Confidentiality .**

**a.** Employee agrees to keep the existence and terms of this Agreement strictly confidential, including the specific information regarding the Total Consideration in Paragraphs 1 and 2 above. Except as required by law, Employee agrees not to divulge any of the terms of this Agreement to anyone, or permit them to be divulged to anyone, excluding his spouse, attorney, accountant and tax and financial advisor. Employee understands that GoDaddy has relied on Employee's commitment to preserve the confidentiality of this Agreement in deciding whether to enter into this Agreement. Employee agrees at all times hereafter to hold in the strictest confidence, and not to use or disclose to any person or entity, any Confidential Information of GoDaddy.

**b.** Employee understands that "Confidential Information" means any GoDaddy proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product and/or personalization plans, products, services, customer lists and customers (including, but not limited to, customers of GoDaddy on whom Employee has called or with whom Employee became acquainted during the term of Employee's employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, any and all financial and accounting information, employee lists, vendor lists, recruiting information, future planned or contemplated merger and acquisition activity, or other legal or business information disclosed to Employee by GoDaddy either directly or indirectly, in writing, orally, or by drawings or observation. Employee further understands that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Employee's or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof. Nothing in this Agreement is intended to limit an employee's rights with respect to any disclosure made in compliance with GoDaddy's Notice of Immunity under the Defend Trade Secrets Act (as set forth in the Employee Handbook). Employee hereby grants consent to notification by GoDaddy to any new employer about Employee's obligations under this paragraph. Employee represents that Employee has not to date misused or disclosed Confidential Information to any unauthorized party.

**8. Acknowledgments** . On each signature date, Employee acknowledges that each of the following statements is true and accurate:

**a.** Employee would not have been entitled to receive the Separation Consideration set forth in Paragraph 2 above had Employee rejected this Agreement and agrees that the Separation Payment is adequate consideration for Employee's releases and made in this Agreement .

**b.** Employee has carefully read this entire Agreement and understands all the terms of this Agreement, including the release provisions set forth in Paragraph 6 above and the Confidentiality provisions set forth in Paragraph 7 above;

**c.** Employee has been and hereby is advised to consult with an attorney before signing this Agreement; Employee has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Employee's own choice or has elected not to retain legal counsel.

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d. Pursuant to the specific release contained in Paragraph 6(g) above, Employee has up to 21 days from the Presentment Date to consider whether to enter into this Agreement (the “ **Consideration Period** ”). If Employee signs this Agreement prior to the expiration of the Consideration Period, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive any time remaining in the Consideration Period. Employee should deliver a signed copy of this Agreement to GoDaddy, Attn: Nima Kelly, 14455 N. Hayden Rd., Suite 209, Scottsdale, AZ 85260. If Employee does not sign this Agreement by the end of the Consideration Period, Employee understands that this Agreement shall become null and void.

e. Employee will have 7 days to revoke this Agreement after signing it, and this Agreement shall not become effective or enforceable until this revocation period has expired for the execution of the Agreement on the Separation Date (the 8<sup>th</sup> day is the “ **Effective Date** ” of this Agreement). Any revocation within this 7-day period shall be submitted in writing and mailed to the attention of the Company at the address given in subparagraph (d) of this paragraph and post-marked within 7 days of the date Employee signs this Agreement. If this Agreement is revoked in this way, Employee will forfeit the Total Consideration and the Company shall not be required to provide Employee any of the Total Consideration, or any other such payments. Unless waived by the Company, the failure to return a signed copy of this agreement within 7 days of the Termination Date, shall be deemed to constitute a rejection of this offer.

f. Employee understands that this Agreement does not waive any rights or claims that may arise after the Effective Date of this Agreement, and that nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of the waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law.

g. Employee has not relied on any oral or written statements that are not set forth in this Agreement in determining whether to enter into this Agreement.

h. Employee executed this Agreement freely, voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, and with the full intent of releasing all claims against the Company and any of the other Releasees .

9. **Non-Liability** . This Agreement is not an admission or evidence of fault, wrongdoing or liability by GoDaddy, nor should it be construed as such, but instead reflects the desire of the Parties to resolve the Released Claims fairly and amicably.

10. **Non-Disparagement** . To the extent that the Employment Agreement contains non-disparagement provisions, the Parties agree to comply with such provisions. If the Employment Agreement does not contain non-disparagement provisions, Employee agrees to refrain from any disparagement, defamation, libel or slander of any of the Released Parties. GoDaddy agrees to inform relevant GoDaddy employees not to make any disparaging statements about the Employee. Employee understands that GoDaddy’s non-disparagement obligations under this paragraph extend only to GoDaddy’s current executive officers and members of its Board of Directors and only for so long as each officer or member is an employee or Director of GoDaddy. The Parties agree that it is in their best interests to maintain an amicable termination and post-termination relationship. Employee agrees to cooperate reasonably with GoDaddy and its counsel in connection with any administrative, judicial, regulatory, or other proceeding arising from any charge, complaint, or other action relating to the period Employee was employed by GoDaddy, or in connection with any transaction or other matter that requires Employee’s personal knowledge or experience to resolve. GoDaddy will provide reasonable compensation to Employee for any services rendered at GoDaddy’s request.

11. **Prior Agreements** . The Parties acknowledge that they have carefully read this Agreement, have voluntarily entered into it, and understand its contents and its binding legal effect. The Parties further acknowledge and agree that this Agreement represents the entire agreement between them with respect to Employee’s separation from GoDaddy and supersedes any and all other oral or written agreements that may exist between them except:

a. Employee’s continuing obligations under the Employment Agreement shall remain in full force and effect;

b. Employee’s continuing obligations under the Employee Non-Compete dated **INSERT** , shall remain in full force and effect;

c. Employee’s continuing confidentiality obligations to the Company as outlined in the Company handbook and other policies, shall remain in full force and effect; and

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d. any equity awards granted to Employee under the [ 2011 Unit Incentive Plan ], the Management Equity and Unitholders Agreement, and any other agreements entered into in connection with any grant thereunder (collectively, the “ **Equity Documents** ”), shall remain in full force and effect.

If any conflict exists or arises between the terms of this Agreement and any prior agreement referenced in this Paragraph, the terms of this Agreement shall control.

12. **Protected Activity Not Prohibited** . Employee understands that nothing in this Agreement shall in any way limit or prohibit Employee from engaging for a lawful purpose in any Protected Activity. For purposes of this Agreement, “Protected Activity” shall mean filing a charge, complaint, or report with, or otherwise communicating, cooperating, or participating in, any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board (“Government Agencies”). Employee understands that in connection with such Protected Activity, Employee is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Employee agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information to any parties other than the Government Agencies. Employee further understands that “Protected Activity” does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company’s written consent shall constitute a material breach of this Agreement.

13. **Severability** . If any court of competent jurisdiction declares any of this Agreement’s provisions to be unenforceable, the remaining provisions shall be enforced as though this Agreement did not contain the unenforceable provision(s), and/or be reformed so as to be enforceable.

14. **Section 409A Savings Clause. It is the intention of the Parties that all compensation or benefits payable under this Agreement be exempt from Section 409A of the Internal Revenue Code (“Section 409A”) or comply with Section 409A so that no additional tax under Section 409A is imposed. To the extent such compensation or benefits could be or are found not to be exempt from Section 409A or would have additional tax under Section 409A imposed, the Parties shall cooperate to amend this Agreement to avoid such result, with the goal of giving Employee the economic benefits described herein in a manner that does not result in additional tax or interest being imposed, but without requiring the Company to pay any additional amounts.**

15. **Governing Law and Forum** . This Agreement will be governed by and interpreted in accordance with the substantive law of the State of Arizona as though this was an agreement occurring wholly within Arizona between Arizona residents. Any action or dispute arising out of, or in any way related to, this Agreement, or the interpretation and/or application of this Agreement, must be brought in Maricopa County, Arizona.

16. **Jury Trial Waiver** . Employee agrees to waive Employee’s right to a trial by jury in any action relating to or arising out of this Agreement, and acknowledges that Employee’s waiver of such a right is knowing and voluntary.

17. **Remedies for Breach** . A breach of any provision of this Agreement may give rise to a legal action. If Employee breaches any provision of this Agreement, in addition to any other available remedies, GoDaddy may recover the entire amount of the Separation Payment that has actually been made to Employee under this Agreement. The prevailing party in any action based on a breach of this Agreement will be entitled to recover its costs and actual attorneys’ fees incurred in any litigation relating to or arising out of this Agreement.

18. **Successors and Assigns** . The Parties agree that this Agreement shall inure to the benefit of, and may be enforced by, GoDaddy’s successors, assigns, parents, subsidiaries, and related companies.

19. **Return of Company Property** . Employee agrees that Employee has returned, or will return within three (3) calendar days of the Separation Date, all GoDaddy property in Employee’s possession, custody, or control.

20. **Counterparts** . This Agreement may be executed by the Parties in one or more counterparts, including faxed copies. All such fully-executed counterparts shall be treated as originals of this Agreement.

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Please read this Agreement carefully, it contains a RELEASE of all known and unknown claims.

Agreed and accepted:

**INSERT**

GoDaddy.com, LLC

\_\_\_\_\_ By: \_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_ Date: \_\_\_\_\_, \_\_\_\_\_



This Employment Agreement (the “ **Agreement** ”) is entered into for employment beginning on **May 31, 2016** ( “ **Effective Date** ”) by and among GoDaddy.com, LLC (the “ **Company** ” or “ **GoDaddy** ”), Desert Newco, LLC and **Barbara Rechterman** (“ **Executive** ”)(collectively referred to as the “Parties”).

**Summary of Material Terms**

<b>Term</b>	<b>Summary</b>	<b>Cross-Reference</b>
Position:	<b>Chief Marketing Officer</b>	Section 1
Reports to:	<b>Scott Wagner</b>	Section 1
Employment Term	<b>Through January 2, 2018 unless extended</b>	Section 2
Annual Salary:	<b>\$500,000</b>	Section 3(a)
Annual Target Bonus:	<b>100% of annual salary</b>	Section 3(b)
Non-Change in Control Severance:	<ul style="list-style-type: none"> <li>• Any earned but unpaid salary or bonus</li> <li>• <b>75% of annual salary</b></li> <li>• Prorated Annual Bonus at target for year of termination</li> <li>• Payment equal to the cost of health insurance coverage <b>for 9 months</b></li> </ul>	Section 5(b)(iii)

**1. Duties and Scope of Employment.** Executive will serve as the Company’s Chief Marketing Officer reporting to the Company’s Chief Operating Officer, and will perform the duties, consistent with this position, as assigned by Executive’s supervisor or the Company’s Board of Directors (the “ **Board** ”).

**2. Employment Term .** Subject to the provisions of Section 5, beginning on the Effective Date and, continuing until January 2, 2018 (the “ Employment Term”), Executive will be employed with the Company on the terms and subject to the conditions set forth in this Agreement.

**3. Compensation.**

(a) Base Salary. Company will pay Executive an annual salary of \$500,000, as compensation for services (the “ **Base Salary** ”). The Base Salary will be paid according to the Company’s normal payroll practices and subject to the usual and required withholdings. Executive’s salary may be reviewed and adjusted annually by Executive’s Supervisor or the Board.

(b) Annual Bonus. Commencing with the 2016 fiscal year, Executive is eligible to earn a target annual bonus of 100% of Executive’s Base Salary based upon achievement of performance objectives established under the Company’s executive bonus plan by the Board or Compensation Committee of the Board in its sole discretion and payable upon achievement of those applicable objectives, subject to minimum and maximum limits as established by the Company (the “ **Annual Bonus** ”). (For the avoidance of doubt and with respect to Executive’s 2016 Annual Bonus, if Executive achieves 100% of her individual performance objectives (which represent 20% of the total Annual Bonus payout) and the Company achieves 100% of its performance objectives (which represent 80% of the total Annual Bonus payout) then Executive’s 2016 Annual Bonus would be \$500,000.) If a non-individual performance target is lowered for other senior executives, then it will be lowered for Executive as well. If any Annual Bonus is earned, it will be paid when practicable after the Board determines it has been earned, subject to Executive being employed on the date of payment. For future years, the Board may modify the structure and performance objectives used for Annual Bonus determinations.

(c) Equity Plan. After the Effective Date, Executive will be granted the following equity awards, which will be governed by the terms and conditions of the GoDaddy Inc. 2015 Equity Incentive Plan (the “**2015 Incentive Plan**”) and the forms of award thereunder (collectively, including the Incentive Plan, the “**Equity Documents**”):

- \$3.5 million dollars in RSUs - subject to 50% time vesting and 50% performance vesting.
- (i) The time vesting component shall commence on the Effective Date and vest in six equal quarterly installments through and including December 31, 2017. For the avoidance of doubt, the vesting schedule shall be as follows: September 1 (2016), December 1 (2016), March 1 (2017), June 1 (2017), September 1 (2017) and December 1 (2017).
- (ii) The performance vesting component is based on the Company’s achievement of its 2017 performance goals (achievement of which shall be determined by the Compensation Committee of the Board of Directors in 2018) and shall be contingent on Executive being employed by the Company through January 2, 2018.

#### **4. Employee Benefits.**

(a) Executive will be entitled to participate in the employee benefit plans, including invention incentive programs, maintained by the Company and generally applicable to senior executives of the Company. The Company may cancel or change the benefit plans and programs it offers and those changes will not breach this Agreement.

(b) During Executive’s employment by the Company, Executive will be provided coverage under the Company’s directors’ and officers’ liability insurance policy and form of indemnification agreement as in effect for other senior executives of the Company.

#### **5. Termination of Employment; Severance.**

(a) At-Will Employment. Executive and the Company agree that Executive’s employment with the Company will be “at-will” employment and may be terminated at any time with or without cause or notice. Executive understands and agrees this at-will employment relationship will not be modified or amended unless it is done in a writing that complies with Section 12(f) and Section 12(i) and explicitly references this Section 5(a). Executive’s employment will terminate upon the earlier to occur of (i) a termination by the Company with or without Cause, (ii) Executive’s Disability or death, or (iii) a resignation by Executive with or without Good Reason.

(b) Terminations of Employment. Executive’s employment may be terminated under various scenarios addressed in this Section 5(b). Upon any termination of employment, Executive will receive benefits described in Section 5(b)(i). Depending on the circumstances of the termination of employment, subject to the conditions in Section 6, Executive may be entitled to a lump sum payment of the amounts listed under one of Section 5(b)(ii), Section 5(b)(iii), or Section 5(b)(iv). Executive agrees that upon termination of Executive’s employment for any reason, Executive will resign as of the date of such termination and to the extent applicable, from the Board (and any committees thereof), the board of directors (and any committees thereof) of any of the Company’s affiliates and from any other positions Executive holds with the Company or any of its affiliates.

(i) Termination for Cause or Resignation Other Than for Good Reason. Executive’s employment may be terminated for Cause, effective upon the Company’s delivery to Executive of a Notice of Termination or the Executive may resign. If Executive’s employment is terminated for Cause or Executive resigns other than for Good Reason, Executive will receive:

- (1) Base Salary accrued through the termination date, payable under the Company’s usual payment practices;
- (2) reimbursement within 60 days following submission by Executive to the Company of appropriate supporting documentation for any unreimbursed business expenses properly incurred by Executive prior to the termination date; provided that claims for reimbursement are submitted, under Company policy, to the Company within 90 days following the termination date; and
- (3) any fully vested and non-forfeitable employee benefits to which Executive may be entitled under the Company’s employee benefit plans (other than benefits in the nature of severance pay), including a lump sum payment of \$230,769.22 representing 480 hours of accrued unused vacation at the salary rate in effect for Employee as of February 1, 2015 (the amounts described in clauses (1) - (3) above are referred to later as the “Accrued Obligations”).

(ii) Termination by Reason of Disability or Death. Executive's employment may be terminated effective upon the Company's delivery to Executive of a Notice of Termination if Executive becomes Disabled and will automatically terminate upon Executive's death. Upon termination of Executive's employment for either Disability or death, Executive or Executive's estate (as the case may be) will receive:

(1) the Accrued Obligations;

(2) any earned but unpaid Annual Bonus for a prior year. For the avoidance of doubt, if Executive is terminated after the end of a fiscal year but before annual bonuses are approved and paid to other senior executives in the normal course of business, then Executive will receive an Annual Bonus for the prior fiscal year, the actual amount of which will still be subject to the achievement of any performance targets as established by the Company the achievement of which will be determined by the Company. Any payment under this Section 5(b)(iii)(2) will be paid no later than one day prior to the date that is 2½ months following the last day of the fiscal year in which such termination occurred; and

(3) a prorated Annual Bonus amount for the year of termination, if any would have been payable to Executive based on achievement of performance criteria if Executive had remained employed through the full fiscal year in which the termination of employment occurred. The prorated amount will be calculated based on the number of calendar days employed and any such prorated amount will be paid no later than one day prior to the date that is 2½ months following the last day of the fiscal year in which such termination occurred.

(iii) Termination Without Cause, Resignation for Good Reason. Executive's employment may be terminated without Cause effective upon the Company's delivery to Executive of a Notice of Termination, or by Executive's resignation for Good Reason effective 30 days following delivery to the Company of Notice of Termination provided such delivery is within 90 days following the occurrence of events that result in Good Reason. No resignation for Good Reason will be effective unless during the 30-day period following the delivery of the Notice of Termination, the Company has not cured the events that result in Good Reason. If Executive's employment is terminated without Cause (other than by reason of death or Disability), or if Executive resigns for Good Reason, Executive will receive:

(1) the Accrued Obligations;

(2) any earned but unpaid Annual Bonus for a prior year;

(3) an amount equal to a prorated amount of the target Annual Bonus for the year of termination;

(4) a payment equal to 75% of the annual Base Salary in effect on the termination date; and

(5) a payment equal to the cost of health insurance coverage under COBRA for 9 months.

(c) Exclusive Remedy. If a termination of Executive's employment with the Company occurs, the provisions of this Section 5 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no severance or other benefits upon termination of employment other than those benefits expressly set forth in this Section 5. For the avoidance of doubt, if Executive's employment is terminated not for any reason set forth in Paragraph 5(b)(i) – (iii) above, but rather, because the Employment Term has ended and this Agreement has expired, Executive shall still be entitled to the Accrued Obligations.

## **6. Conditions to Receipt of Severance; No Duty to Mitigate.**

(a) Separation Agreement and Release of Claims. Executive will not receive severance pay or benefits other than the Accrued Obligations unless (x) Executive signs and does not revoke a separation agreement and release of claims in the form attached as Exhibit B, but with any appropriate reasonable modifications, reflecting changes in applicable law, as is necessary to provide the Company with the protection it would have if the Release was executed as of the date of this Agreement (the "**Release**") and (y) such Release becomes effective and irrevocable no later than sixty (60) days following the termination date (such deadline, the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any rights to severance or benefits under this Agreement. All payments will be made upon the effectiveness of the Release but will be delayed until a subsequent calendar year if necessary so their timing does not result in penalty taxation under Section 409A. Severance payments or benefits will not be paid or provided until the Release becomes effective and irrevocable. For avoidance of doubt, although Executive's severance payments and benefits are contractual rights, not "damages," Executive is not required to seek other employment or otherwise "mitigate damages" as a condition of receiving such payments and benefits.

(b) If any amount or benefit that would constitute non-exempt “deferred compensation” under Internal Revenue Code (“ Code ”) Section 409A would be payable under this Agreement by reason of Executive’s “separation from service” during a period in which Executive is a “specified employee” (within the meaning of Section 409A as determined by the Company), then any payment or benefits will be delayed until the earliest date on which they could be paid or distributed without being subject to penalty taxation under Section 409A.

(c) Each payment and benefit payable under this Agreement is intended to constitute a separate payment under Treasury Regulations Section 1.409A-2(b)(2).

(d) Covenants. Executive’s receipt of any payment or benefits other than Accrued Obligations will be subject to Executive continuing to comply with her confidentiality obligations to the Company and Section 11.

## 7. Prior Agreements

(a) Unvested Options. Executive and the Company previously entered into a Third Amendment to Employment Agreement and Option Agreement dated April 15, 2015 (“Third Amendment”), whereby the Parties modified the vesting schedules of certain of Executive’s unvested options subject to the 2015 and 2016 performance-based vesting requirements under the Desert Newco, LLC 2011 Unit Incentive Plan, as amended (“Plan”), and the Unit Option Agreement dated December 16, 2011 (“Option Agreement”). For the avoidance of doubt, the modified vesting provisions contained in the Third Amendment shall remain in effect and are unchanged by this Agreement.

(b) Expiration of Vested Options. Executive and the Company previously entered into an Amendment to Employment Agreement and Option Agreement dated September 14, 2014 (“Amendment”), whereby the Parties agreed to extend the date by which Executive must exercise certain vested options. That agreement to extend the expiration date of vested options shall remain in effect, is unchanged by this Agreement, and reiterated below:

“Expiration of Vested Options. Section 3.2 of the Option Agreement is hereby amended and replaced in its entirety, as follows:

*The Optionee may not exercise the exercisable portion of the Option to any extent, and the unexercised portion of the Option shall terminate without consideration, after the first to occur of the following events:*

- (a) midnight Mountain Standard Time on December 15, 2021; or*
- (b) if the Committee so determines pursuant to Section 8 of the Plan.”*

(c) Expiration of Rollover Options. Executive and the Company also previously entered into an Option Rollover Agreement with the Company dated December 16, 2011. The Company hereby agrees that in the unlikely event the timing of Executive’s termination of employment might result in the expiration of unexercised rollover options pursuant to the terms of the Option Rollover Agreement, then the Company and Executive will endeavor to find a mutually satisfactory resolution so as to prevent the expiration of rollover options.

## 8. Definitions

a. Cause means (i) willfully engaging in illegal conduct or gross misconduct that is materially injurious to the Company or any of its Subsidiaries; (ii) conviction of, or entry of a plea of nolo contendere or guilty to, a felony or a crime of moral turpitude; (iii) engaging in fraud, misappropriation, embezzlement or any other act or acts of dishonesty resulting or intended to result directly or indirectly in a gain or personal enrichment to Executive at the expense of the Company or any of its Subsidiaries; (iv) willful material breach of any written policies of the Company or any of its Subsidiaries including any agreement between Executive and the Company (which policy or policies previously was provided to Executive); or (v) willful and continual failure to substantially perform his or her or her duties with the Company or any of its Subsidiaries (other than a failure resulting from his or her or her incapacity due to physical or mental illness), which failure has continued for a period of at least 30 days after a written demand for substantial performance is delivered to Executive by the Company or one of its Subsidiaries which specifically identifies the manner in which the Company believes Executive has not substantially performed Executive’s duties.

b. Change in Control means Change in Control as defined in the 2015 Incentive Plan.

c. Disabled means physically or mentally incapacitated and unable for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period to perform Executive's duties (such incapacity is a "Disability"). Any question as to the existence of a Disability will be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each will appoint a physician and those two physicians will select a third physician who will make such determination in writing. The determination will be final and conclusive for this Agreement.

d. Good Reason means (i) a significant reduction of Executive's duties, position, reporting structure, or responsibilities, relative to Executive's duties, position, reporting structure or responsibilities as of the Effective Date; (ii) a reduction in Executive's Base Salary or Annual Bonus as of the Effective Date; (iii) the relocation of Executive's place of employment to a facility or location more than thirty-five (35) miles from Executive's current place of employment.

**9. Limitation on Payments; Section 280G.** If any severance or other benefits payable to Executive (i) are "parachute payments" within the meaning of Code Section 280G and (ii) but for this Section 8, would be subject to the "golden parachute" excise tax imposed by Section 4999 of the Code, then Executive's severance benefits will be reduced to a level that will result in no tax under Code Section 4999 unless it would be better economically for Executive to receive all of the benefits and pay the excise tax. If a reduction in benefits is necessary for this purpose, then the reduction will occur in the following order (1) reduction of the cash severance payments; (2) cancellation of accelerated vesting of equity awards; and (3) reduction of continued employee benefits. If the acceleration of vesting of equity award compensation is to be reduced, that acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive's equity awards. Any determination required under this Section 8 will be made in writing by an independent professional services firm chosen by the Company immediately prior to a Change of Control and paid for by the Company and that determination will be conclusive and binding upon Executive and the Company for all purposes.

#### **10. Covenants.**

(a) Concurrently with his or her or her execution of this Agreement, Executive has entered into the Company's confidential information and restrictive covenant agreement attached as Exhibit A ("**Restrictive Covenant Agreement**").

(b) During the Employment Term and continuing for a period of 1 year after the Executive's termination date, Executive agrees not to make any public statement that is intended, or may reasonably be expected to harm the reputation, business, prospects or operations of Desert Newco, LLC, GoDaddy Inc. or any of their subsidiaries (including the Company), any of the investment funds invested in Desert Newco, LLC or any affiliated funds (all of the foregoing collectively, the "Company Group"); provided, that the non-disparagement provisions of this Section 11(b) will not apply to any statements that Executive makes in addressing any disparaging statements made by the Company Group or their respective officers and/or its directors regarding Executive or Executive's performance as an employee of the Company so long as Executive's statements are truthful. Parent and its subsidiaries (including the Company) shall instruct their respective officers and directors to refrain from making any disparaging statements about Executive for the same period for which Executive is subject to the non-disparagement provisions of this Section 11(b); provided, however, that the non-disparagement provisions will not apply to any statements that Parent or any of its subsidiaries (including the Company) or their respective officers and directors make in addressing any disparaging statements made by Executive regarding the Company Group or its officers and directors so long as such statements are truthful. Executive, Parent and the Company expressly consider the restrictions contained in this Section 11(b) to be reasonable.

#### **11. Miscellaneous.**

(a) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Arizona, without regard to conflicts of laws principles thereof.

(b) Entire Agreement. This Agreement along with the Offer Letter, Restrictive Covenant Agreement, and the Equity Documents, contains the entire understanding of the parties with respect to Executive's employment and supersedes any prior agreements or understandings (including verbal agreements) between the parties relating to the subject matter of this agreement. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. Notwithstanding the foregoing, Executive shall be covered by the Company's applicable liability insurance policy and its indemnification provisions for actions taken on behalf of the Company during the course of Executive's employment. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties that references this Section 12(b).

(c) Severability. In the event that any one or more of the provisions of this Agreement will be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement will not be affected.

(d) Assignment. This Agreement, and all of Executive's rights and duties under it, are not assignable or delegable by Executive. Any purported assignment or delegation by Executive will be null and void. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of its business operations. Upon such assignment, the rights and obligations of the Company hereunder will become the rights and obligations of such affiliate or successor person or entity.

(e) Successors; Binding Agreement. This Agreement will inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors and heirs.

(f) Notice. The notices and all other communications provided for in this Agreement will be deemed to have been duly given when delivered by hand or overnight courier addressed to the addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address will be effective only upon receipt.

GoDaddy.com, LLC      To most recent address as set forth  
14455 North Hayden Road/Suite 219      in Executive's personnel records  
Scottsdale, AZ 85260  
Attention: General Counsel

(g) Executive Representations. Executive represents to the Company that the execution of this Agreement by Executive and the Company and the performance of Executive's duties hereunder will not breach, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound. Executive acknowledges that he or she has had the opportunity to discuss this matter with and obtain advice from his or her private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

(h) Cooperation. Subject to the Company's compliance with Section 11(b) and this Section 12(h), Executive will provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment with the Company or its affiliates. Executive's cooperation pursuant to this Section 12(h) will be at no cost to Executive, and if such cooperation occurs after the termination of this Agreement, Company will promptly advance or reimburse all reasonable costs incurred by Executive in connection with such cooperation. This provision will survive any termination of this Agreement. The Company will provide reasonable compensation to Executive for any services rendered at the Company's request.

(i) Amendment; Waiver of Breach. No amendment of this Agreement will be effective unless it is in writing and signed by both parties. No waiver of satisfaction of a condition or failure to comply with an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the waiver, and no such waiver will be a waiver of satisfaction of any other condition or failure to comply with any other obligation. To be valid, any document signed by the Company must be signed by the Company's Chief Executive Officer.

(j) Counterparts. This Agreement may be executed in counterparts. Each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement.

Each party is signing this Agreement on the date set out below its signature.

**GoDaddy.com, LLC**

/s/ Blake Irving

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By: Blake Irving

July 11, 2016

**Barbara Rechterman**

/s/ Barb Rechterman

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July 11, 2016

**Desert Newco, LLC** (Solely for purposes of Section 9(b) hereof)

/s/ Blake Irving

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By: Blake Irving

July 11, 2016



**EXHIBIT A**  
**RESTRICTIVE COVENANT AGREEMENTS**

**Employee Non-Compete Agreement**

This Agreement between GoDaddy.com, LLC, a Delaware limited liability company with its headquarters in Scottsdale, Arizona (“GoDaddy”), and the undersigned employee (“Employee”), is effective on the date that Employee’s employment with GoDaddy actively begins, or the date that Employee signs this agreement, whichever is later.

1. **Purpose.** As an employee of GoDaddy, Employee will be exposed to GoDaddy’s Confidential Information. Employee understands that if this information is not properly restricted, it could be used to create irreparable harm to GoDaddy, including the loss of its customers and employees. As a result, Employee agrees that the restrictions contained in this Agreement are reasonable and necessary to protect GoDaddy’s legitimate business interests.
  2. **Consideration.** Signing this Agreement is a requirement of Employee’s employment with GoDaddy and Employee agrees that employment, if signed on initial hire, or continued employment, if signed during employment, is adequate consideration for entering this Agreement.
  3. **At Will Employment.** This Agreement does not change the at-will employment relationship between Employee and GoDaddy, which means that either party may terminate the employment relationship at any time with or without cause, reason or notice.
  4. **Duty of Loyalty.** While employed with GoDaddy, Employee must faithfully and loyally serve GoDaddy and will not take any actions that would interfere with the business of GoDaddy, or conduct work similar to the work Employee performs for GoDaddy for any company or person without the specific written permission of GoDaddy. These obligations are in addition to the common law and statutory duties that apply to Employee as an agent of GoDaddy, such as the general duty of loyalty owed by an agent.
  5. **Non-Competition.** Employee shall not, for a period of one year (and if one year is determined by a court to be unenforceable, for a period of 6 months) following the termination of Employee’s employment with GoDaddy, provide services to a competitor that are the same as or substantially similar to those Employee provided to GoDaddy while employed. A competitor is a person or business that offers products or services that are the same or similar in function or purpose to the products or services provided by GoDaddy within the last two years of Employee’s employment by GoDaddy. Because of the nature of services provided on the Internet, this restriction is not geographically limited, provided, however, that if a court determines that the lack of a geographical limitation renders any part of this Agreement unenforceable, this restriction shall be limited to providing such products or services within a 50 mile radius from the location in which Employee was employed by GoDaddy at the time of the termination of Employee’s employment.
  6. **Non-Disclosure of Confidential Information.** Employee will maintain the confidentiality of all Confidential Information, as defined herein, and will not engage in any unauthorized use or disclosure of Confidential Information during employment at GoDaddy and for as long as the information is maintained as Confidential Information by GoDaddy. “Confidential Information” refers to information in any form related to GoDaddy’s business that GoDaddy has not made public or has not authorized for public disclosure and that is not already generally known to the public or to other persons who might obtain value or competitive advantage from its disclosure or use. Confidential information includes, but is not limited to: a) information identified by GoDaddy as Confidential, Internal Use Only or Proprietary; b) GoDaddy’s trade secrets, information about released or unreleased products, the marketing or promotion of any of GoDaddy’s products, GoDaddy’s business policies or practices, employee information, litigation strategy or contract negotiations; and c) the intellectual properties of GoDaddy. All Confidential Information is and shall remain the property of GoDaddy, even if disclosed to Employee. Notwithstanding the above, nothing in this Agreement is intended to limit Employee’s rights with respect to any disclosure made in compliance with GoDaddy’s Notice of Immunity under the Defend Trade Secrets Act (as set forth in the Employee Handbook).
  7. **Former Employer Information.** Employee agrees that during his or her employment with GoDaddy, Employee will not (i) improperly use, disclose, or induce GoDaddy to use any proprietary information or trade secrets of any former or concurrent employer or other person or entity; and (ii) bring onto the premises of GoDaddy or transfer onto GoDaddy’s technology systems any unpublished document, proprietary information, or trade secrets belonging to any such employer, person, or entity unless consented to in writing by both GoDaddy and such employer, person, or entity. Employee further agrees that if Employee has signed a confidentiality agreement or similar type of agreement with any former employer or other entity, that Employee will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law, Employee represents and warrant that
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after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), that Employee has returned all property and confidential information belonging to all prior employers.

**8. Non-Solicitation** . While employed by GoDaddy, and for a period of one year following Employee's employment with GoDaddy, Employee agrees: a) not to encourage or induce any GoDaddy employees to end their employment relationship with GoDaddy, and b) not to solicit any person or company that is a current GoDaddy customer at the time of the solicitation or contact to offer the sale of any services or products similar to those offered by GoDaddy, if Employee had actual business contact with the customer or acquired Confidential Information about the customer while employed by GoDaddy.

**9. Remedies** . A violation of this Agreement by Employee will cause irreparable harm and continuing injury to GoDaddy for which there is no adequate remedy at law. As a result, if Employee violates this Agreement, GoDaddy will be entitled to injunctive relief, specific performance and any other equitable relief without the need to prove the inadequacy of money damages in addition to all other legal remedies to which GoDaddy may be entitled, including but not limited to actual and consequential damages and attorneys' fees and costs.

**10. Controlling Law** . This Agreement shall be construed and governed by the laws of the State of Arizona and the Parties consent to the exclusive jurisdiction of the federal or state courts of Arizona.

**11. Entire Agreement** . This Agreement constitutes the entire agreement between the Employee and GoDaddy regarding the subject of the Agreement. This Agreement can only be changed by a written agreement signed by both Parties. None of the provisions of this Agreement will be considered waived by any action or inaction of the Parties, or their agents or employees, but only by an instrument in writing signed by the Parties.

**12. Successors and Assigns** . This Agreement shall automatically inure to the benefit of all successors and assigns of GoDaddy without need for any further action by GoDaddy or Employee. Employee expressly agrees that GoDaddy shall have the right to assign this Agreement to its successors and assigns, and all covenants and agreements hereunder shall inure to the benefit of or be enforceable by said successors and assigns.

**13. Severability** . If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction and cannot be reformed to make it enforceable, then such provision shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.

This Agreement shall not be interpreted to limit or reduce the common law or statutory rights or remedies of GoDaddy.

**Barbara Rechterman**

Signature:  /s/ Barb Rechterman

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**EXHIBIT B**  
**FORM OF SEPARATION AGREEMENT AND RELEASE**

This SEPARATION AGREEMENT AND RELEASE (this “ Agreement ”) is made, entered into, and effective as of the date set forth below by and between **INSERT** (“ Employee ”) and **GoDaddy.com, LLC** (“ GoDaddy ” or “ Company ”), hereinafter collectively referred to as the “Parties”. This Agreement is presented to Employee on **TBD**, 20XX (the “ Presentment Date ”).

**RECITALS**

- A. Employee’s final day of employment with GoDaddy will be effective **TBD**, 2016 (the “ Separation Date ”).
- B. Employee, the Company, and Desert NewCo, LLC entered into an employment agreement dated **INSERT** (the “ Employment Agreement ”).
- C. Pursuant to the [ Desert Newco, LLC 2011 Unit Incentive Plan ], as amended and the other Equity Documents (as defined in paragraph 12), Employee has been granted options to purchase a certain number of Class A shares of GoDaddy Inc. subject to either performance-based vesting requirements or time-based vesting requirements. As of the date this Agreement was presented to Employee, certain of the options have already vested and become exercisable pursuant to the Equity Documents, and Employee had the following equity position:

	Vested Options	Unvested Options & Performance RSUs

E. The Parties intend to fully, completely, and finally resolve and settle any and all claims, potential claims, disputes, or potential disputes that Employee may have against GoDaddy and the Released Parties (as defined below), whether presently known or unknown, according to the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the above recitals and the mutual promises, covenants, obligations, and understandings set forth below, the Parties hereby agree as follows:

1. **Wages, Benefits and Accrued Vacation Pay through the Separation Date**. In addition to the Separation Consideration described in Paragraph 2 below, but not in consideration of Employee’s promises to abide by all the terms and conditions of this Agreement, the Company will:

- a. continue to pay Employee’s usual wages through and until the Separation Date, in biweekly installments, on regular Company payroll dates, at Employee’s base pay rate, less the required withholdings and deductions; and
- b. [ pay Employee a single lump sum equal to \$ **TBD** representing **TBD** hours of accrued vacation/paid time off, less the required withholdings and deductions; and ]
- c. continue Employee’s benefits coverage through the Separation Date.

2. **Separation Consideration**. In exchange for Employee’s promises to abide by all the terms and conditions of this Agreement, each of which GoDaddy deems to be material to this Agreement, GoDaddy will provide Employee the severance and other benefits promised in Section 5(b)(iii) of the Employment Agreement, subject to the terms and conditions thereof. Without limiting the scope of Section 5(b)(iii) of the Employment Agreement, the Company will :

- a. [ pay Employee a single lump sum equal to \$ **TBD** representing the equivalent of the required medical, dental and vision plan COBRA premiums for **X** months, which shall cover the period of **INSERT** ;]
-

b. [ pay Employee a single lump sum payment equal to \$ **INSERT** , representing **XX** % of the Employee’s annual base salary in effect on the Separation Date ;]

c. [ pay employee a single lump sum payment equal to \$ **TBD** representing the prorated amount of the target annual unpaid Management By Objective (“MBO”) for 20XX (collectively with 2(a) and (2b), the “**Separation Consideration**”).]

3. **Timing and other related matters** . For the avoidance of doubt, Employee acknowledges and agrees that:

a. The Company’s payment of wages [ and accrued vacation pay ] described in Paragraph 1(a) [ and (b)] will be made on the Separation Date.

b. The Separation Consideration is in addition to any wages earned prior to the Separation Date.

c. The Company’s payment of the Separation Consideration will be made as soon as practicable after the Effective Date, as defined in Paragraph 8(e) below.

d. The payment described in Paragraph 2(c) will be calculated as follows: [(i) 80% will be determined and paid out as if the Company had achieved 100% of the previously approved 20XX MBO targets; and (ii) 20% will be determined and paid out as if the Employee had achieved 100% of his individual goals for 20XX .]

e. The Separation Consideration will be made less the required federal, state and local tax withholdings and deductions.

f. For the avoidance of doubt: (i) all other unvested option and RSU grants as of the Separation Date, including those granted on **INSERT** shall be forfeited in their entirety; and (ii) subject to any earlier termination of post-termination exercise period set out in the Equity Documents, Employee must exercise all **INSERT** vested options no later than **INSERT** .

4. **Payment of Salary and Receipt of All Benefits** . Employee acknowledges and represents that, other than the Separation Payments and after the payment described in Section 1(b), GoDaddy has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, leave, relocation costs, interest, severance, reimbursable expenses, commissions, stock, stock options, vesting and any and all other benefits and compensation due to Employee. For the avoidance of doubt, other than as set out in Section 1(a), Employee will not vest in any options after the Separation Date. Employee represents that Employee has not suffered any on-the-job injury for which Employee has not already filed a claim.

5. **Benefits** . Regardless of whether Employee signs this Agreement, Employee’s active participation in all Company benefit plans will terminate effective 11:59 p.m. on his last day of employment and Employee shall remain entitled to any vested benefits in accordance with such plans. A letter informing Employee of Employee’s rights to elect continued health coverage under COBRA will be mailed to the Employee’s home, and generally arrives within 7 business days after the last day of employment.

6. **Release** .

a. Employee, in exchange for the Separation Payment, agrees to and hereby releases, waives and forever discharges GoDaddy and its affiliates, parents, successors, subsidiaries, related companies, directors, officers, employees, attorneys and agents (the “Released Parties”) from any and all claims or causes of action, whether known or unknown, that Employee may currently have or Employee’s heirs, executors, administrators and assigns have, had or may have in the future against any of the Released Parties with respect to any and all matters arising from Employee’s employment and separation from GoDaddy. This release does not extend to any Employee rights or benefits granted pursuant to (i) Employee’s Employment Agreement that expressly survive the termination of the Employment Agreement, (ii) the Equity Documents (as defined in the Employment Agreement and in Paragraph 12 below) that remain in effect after the termination of Employee’s employment.

b. *Scope of Release* . Employee’s release includes, but is not limited to, all allegations, claims, and violations related to severance, elimination of position, resignation, notice of termination, the payment of wages, salary and benefits (except any valid claim to recover vested benefits to which Employee may be entitled, if applicable) and all claims arising under the following, in each case as amended: the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990 (“ADEA”); Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Equal Pay Act of 1963; the Americans with Disabilities Act of 1990, ; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1866; the Worker Adjustment and Retraining Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the

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Fair Labor Standards Act; all state or local counterparts, including the Arizona Civil Rights Act, Ariz. Rev. Stat. § 41-1401 et seq.; Arizona Employment Protection Act, Ariz. Rev. Stat. § 23-1501 to 23-1502; Arizona Wage Payment Law, Ariz. Rev. Stat. § 23-350 et seq.; Arizona Equal Wage Law, Ariz. Rev. Stat. § 23-341, California Fair Employment and Housing Act, Cal. Gov't Code § 12900 et seq.; Unruh Civil Rights Act, Cal. Civ. Code § 51; Moore-Brown-Roberti Family Rights Act, Cal. Gov't Code § 12945.1 et seq.; California Pregnancy Disability Leave Law, Cal. Gov't Code § 12945; the California Constitution; any applicable California Industrial Welfare Commission Wage Order, the Washington State Law Against Discrimination, Wash. Rev. Code § 49.60.010 et seq.; the Washington Equal Pay Law, Wash. Rev. Code § 49.12.175; the Washington Sex Discrimination Law, Wash. Rev. Code § 49.12.200; the Washington Age Discrimination Law, Wash. Rev. Code § 49.44.090; the Washington Family Care Act, Wash. Rev. Code §§ 49.12.265 to 49.12.295; the Washington Parental Leave Discrimination Law, Wash. Rev. Code § 49.12.360; the Washington Minimum Wage Act, Wash. Rev. Code § 49.46.005 et seq.; the Washington Wage, Hour, and Working Conditions Law, Wash. Rev. Code §§ 49.12.005 to 49.12.170; the Washington Wage Payment and Collection Law, Wash. Rev. Code § 49.48.010 et seq.

c. any other federal, state or local statute, constitution or ordinance; any public policy, contract or tort, or under any common law, including wrongful discharge; any practices or procedures of the Company; any claim for breach of contract, infliction of emotional distress, defamation, discrimination;

d. any and all claims relating to, or arising from, Employee's right to purchase or actual purchase of shares or stock of GoDaddy, except pursuant to the Equity Documents if applicable, which Employee acknowledges shall govern such equity;

e. and any other federal, state or local statutes, laws, regulations or common law causes of action under which any claim may be brought, including those claims arising from Employee's employment relationship with GoDaddy or the termination of that relationship, and also including any claim for costs, fees or other expenses, including attorneys' fees and expenses, incurred in these matters (collectively, the "Released Claims").

f. *Limitations* . Employee understands that Employee is not releasing any claim that relates to: (i) the Separation Payment or the right to enforce this Agreement; (ii) Employee's right, if any, to claim government-provided unemployment benefits or worker's compensation benefits, if applicable and Employee qualifies; or (iii) any rights or claims that Employee may have which arise after the date Employee executes this Agreement. Nor does this release apply to any claims that cannot be waived by law. Employee acknowledges that except as expressly provided in this Agreement or in an applicable plan document for any applicable broad-based employee benefit plans other than plans that provide severance or termination pay, Employee will not receive any additional compensation or benefits, including salary, bonus, or separation payments after the Separation Date.

g. *Release of Age Discrimination Claims* . Employee acknowledges that Employee is knowingly waiving and releasing any rights Employee may have under the ADEA, which includes age discrimination claims. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Release. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled.

h. *No Monetary Recovery* . Employee acknowledges and understands that this Release waives all of Employee's rights to any monetary recovery against any of the Released Parties for any potential charge, complaint, or lawsuit. Employee agrees that the Separation Payment received under this Agreement fully satisfies any potential claim for relief in connection with any charge, complaint, or lawsuit.

i. *Covenant Not to Sue* . Employee acknowledges and understands that this Release prohibits Employee from bringing any lawsuit or cause of action against any of the Released Parties for any claims covered by the Release.

## 7. Confidentiality .

a. Employee agrees to keep the existence and terms of this Agreement strictly confidential, including the specific information regarding the Total Consideration in Paragraphs 1 and 2 above. Except as required by law, Employee agrees not to divulge any of the terms of this Agreement to anyone, or permit them to be divulged to anyone, excluding his spouse, attorney, accountant and tax and financial advisor. Employee understands that GoDaddy has relied on Employee's commitment to preserve the confidentiality of this Agreement in deciding whether to enter into this Agreement. Employee agrees at all times hereafter to hold in the strictest confidence, and not to use or disclose to any person or entity, any Confidential Information of GoDaddy.

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b. Employee understands that “Confidential Information” means any GoDaddy proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product and/or personalization plans, products, services, customer lists and customers (including, but not limited to, customers of GoDaddy on whom Employee has called or with whom Employee became acquainted during the term of Employee’s employment), markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, any and all financial and accounting information, employee lists, vendor lists, recruiting information, future planned or contemplated merger and acquisition activity, or other legal or business information disclosed to Employee by GoDaddy either directly or indirectly, in writing, orally, or by drawings or observation. Employee further understands that Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act of Employee’s or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof. Nothing in this Agreement is intended to limit an employee’s rights with respect to any disclosure made in compliance with GoDaddy’s Notice of Immunity under the Defend Trade Secrets Act (as set forth in the Employee Handbook). Employee hereby grants consent to notification by GoDaddy to any new employer about Employee’s obligations under this paragraph. Employee represents that Employee has not to date misused or disclosed Confidential Information to any unauthorized party.

8. **Acknowledgments.** On each signature date, Employee acknowledges that each of the following statements is true and accurate:

a. Employee would not have been entitled to receive the Separation Consideration set forth in Paragraph 2 above had Employee rejected this Agreement and agrees that the Separation Payment is adequate consideration for Employee’s releases and made in this Agreement .

b. Employee has carefully read this entire Agreement and understands all the terms of this Agreement, including the release provisions set forth in Paragraph 6 above and the Confidentiality provisions set forth in Paragraph 7 above;

c. Employee has been and hereby is advised to consult with an attorney before signing this Agreement; Employee has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Employee’s own choice or has elected not to retain legal counsel.

d. Pursuant to the specific release contained in Paragraph 6(g) above, Employee has up to 21 days from the Presentment Date to consider whether to enter into this Agreement (the “ **Consideration Period** ”). If Employee signs this Agreement prior to the expiration of the Consideration Period, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive any time remaining in the Consideration Period. Employee should deliver a signed copy of this Agreement to GoDaddy, Attn: Nima Kelly, 14455 N. Hayden Rd., Suite 209, Scottsdale, AZ 85260. If Employee does not sign this Agreement by the end of the Consideration Period, Employee understands that this Agreement shall become null and void.

e. Employee will have 7 days to revoke this Agreement after signing it, and this Agreement shall not become effective or enforceable until this revocation period has expired for the execution of the Agreement on the Separation Date (the 8<sup>th</sup> day is the “ **Effective Date** ” of this Agreement). Any revocation within this 7-day period shall be submitted in writing and mailed to the attention of the Company at the address given in subparagraph (d) of this paragraph and post-marked within 7 days of the date Employee signs this Agreement. If this Agreement is revoked in this way, Employee will forfeit the Total Consideration and the Company shall not be required to provide Employee any of the Total Consideration, or any other such payments.

f. Employee understands that this Agreement does not waive any rights or claims that may arise after the Effective Date of this Agreement, and that nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of the waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law.

g. Employee has not relied on any oral or written statements that are not set forth in this Agreement in determining whether to enter into this Agreement.

h. Employee executed this Agreement freely, voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, and with the full intent of releasing all claims against the Company and any of the other Releasees .

9. **Non-Liability** . This Agreement is not an admission or evidence of fault, wrongdoing or liability by GoDaddy, nor should it be construed as such, but instead reflects the desire of the Parties to resolve the Released Claims fairly and amicably.

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**10. Non-Disparagement** . Employee agrees to refrain from any disparagement, defamation, libel or slander of any of the Released Parties. GoDaddy agrees to inform relevant GoDaddy employees not to make any disparaging statements about the Employee. Employee understands that GoDaddy's obligations under this paragraph extend only to GoDaddy's current executive officers and members of its Board of Directors and only for so long as each officer or member is an employee or Director of GoDaddy. The Parties agree that it is in their best interests to maintain an amicable termination and post-termination relationship. Employee agrees to cooperate reasonably with GoDaddy and its counsel in connection with any administrative, judicial, regulatory, or other proceeding arising from any charge, complaint, or other action relating to the period Employee was employed by GoDaddy, or in connection with any transaction or other matter that requires Employee's personal knowledge or experience to resolve. GoDaddy will provide reasonable compensation to Employee for any services rendered at GoDaddy's request.

**11. Prior Agreements** . The Parties acknowledge that they have carefully read this Agreement, have voluntarily entered into it, and understand its contents and its binding legal effect. The Parties further acknowledge and agree that this Agreement represents the entire agreement between them with respect to Employee's separation from GoDaddy and supersedes any and all other oral or written agreements that may exist between them except:

- a. Employee's continuing obligations under the Employment Agreement shall remain in full force and effect;
- b. Employee's continuing obligations under the Employee Non-Compete dated **INSERT** , shall remain in full force and effect;
- c. Employee's continuing confidentiality obligations to the Company as outlined in the company handbook and other policies, shall remain in full force and effect; and
- d. any equity awards granted to Employee under the [ 2011 Unit Incentive Plan ] , the Management Equity and Unitholders Agreement, and any other agreements entered into in connection with any grant thereunder (collectively, the "**Equity Documents** "), shall remain in full force and effect.

If any conflict exists or arises between the terms of this Agreement and any prior agreement referenced in this Paragraph, the terms of this Agreement shall control.

**12. Severability** . If any court of competent jurisdiction declares any of this Agreement's provisions to be unenforceable, the remaining provisions shall be enforced as though this Agreement did not contain the unenforceable provision(s), and/or be reformed so as to be enforceable.

**13. Section 409A Savings Clause** . It is the intention of the Parties that all compensation or benefits payable under this Agreement be exempt from Section 409A of the Internal Revenue Code ("Section 409A") or comply with Section 409A so that no additional tax under Section 409A is imposed. To the extent such compensation or benefits could be or are found not to be exempt from Section 409A or would have additional tax under Section 409A imposed, the Parties shall cooperate to amend this Agreement to avoid such result, with the goal of giving Employee the economic benefits described herein in a manner that does not result in additional tax or interest being imposed, but without requiring the Company to pay any additional amounts.

**14. Governing Law and Forum** . This Agreement will be governed by and interpreted in accordance with the substantive law of the State of Arizona as though this was an agreement occurring wholly within Arizona between Arizona residents. Any action or dispute arising out of, or in any way related to, this Agreement, or the interpretation and/or application of this Agreement, must be brought in Maricopa County, Arizona.

**15. Jury Trial Waiver** . Employee agrees to waive Employee's right to a trial by jury in any action relating to or arising out of this Agreement, and acknowledges that Employee's waiver of such a right is knowing and voluntary.

**16. Remedies for Breach** . A breach of any provision of this Agreement may give rise to a legal action. If Employee breaches any provision of this Agreement, in addition to any other available remedies, GoDaddy may recover the entire amount of the Separation Payment that has actually been made to Employee under this Agreement. The prevailing party in any action based on a breach of this Agreement will be entitled to recover its costs and actual attorneys' fees incurred in any litigation relating to or arising out of this Agreement.

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**17. Successors and Assigns** . The Parties agree that this Agreement shall inure to the benefit of, and may be enforced by, GoDaddy's successors, assigns, parents, subsidiaries, and related companies.

**18. Return of Company Property** . Employee agrees that Employee has returned, or will return within three (3) calendar days of the Separation Date, all GoDaddy property in Employee's possession, custody, or control.

**19. Counterparts** . This Agreement may be executed by the Parties in one or more counterparts, including faxed copies. All such fully-executed counterparts shall be treated as originals of this Agreement.

**Please read this Agreement carefully, it contains a RELEASE of all known and unknown claims.**

**Agreed and accepted:**

**Executive**

\_\_\_\_\_

**Date:** \_\_\_\_\_, 2016

**GoDaddy.com, LLC**

**By:** \_\_\_\_\_

**Nima Jacobs Kelly  
General Counsel**

**Date:** \_\_\_\_\_, 2016

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Blake J. Irving, certify that:

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

Date: May 8, 2017

By: /s/ Blake J. Irving

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Blake J. Irving

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Ray E. Winborne, certify that:

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

Date: May 8, 2017

By: /s/ Ray E. Winborne

Ray E. Winborne

Chief Financial Officer

(Principal Financial Officer)

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

I, Blake J. Irving, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of GoDaddy Inc. for the fiscal quarter ended March 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of GoDaddy Inc.

Date: May 8, 2017

By: /s/ Blake J. Irving

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Blake J. Irving  
Chief Executive Officer  
(Principal Executive Officer)

I, Ray E. Winborne, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of GoDaddy Inc. for the fiscal quarter ended March 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of GoDaddy Inc.

Date: May 8, 2017

By: /s/ Ray E. Winborne

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Ray E. Winborne  
Chief Financial Officer  
(Principal Financial Officer)