

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 June 30, 2016

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)  Smaller reporting company

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 July 29, 2016, there were 82,449,900 shares of GoDaddy Inc.'s Class A common stock, \$0.001 par value per share, outstanding and 79,257,164 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 June 30, 2016**

**TABLE OF CONTENTS**

	<b>Page</b>
<a href="#">Note About Forward-Looking Statements</a>	<a href="#">3</a>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
<a href="#">Item 1</a>	
<a href="#">Financial Statements (unaudited)</a>	<a href="#">5</a>
<a href="#">Condensed Consolidated Balance Sheets - June 30, 2016 and December 31, 2015</a>	<a href="#">5</a>
<a href="#">Condensed Consolidated Statements of Operations - Three and Six Months Ended June 30, 2016 and 2015</a>	<a href="#">6</a>
<a href="#">Condensed Consolidated Statement of Stockholders' Equity - Six Months Ended June 30, 2016</a>	<a href="#">7</a>
<a href="#">Condensed Consolidated Statements of Cash Flows - Six Months Ended June 30, 2016 and 2015</a>	<a href="#">8</a>
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	<a href="#">9</a>
<a href="#">Item 2</a>	
<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">22</a>
<a href="#">Item 3</a>	
<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">35</a>
<a href="#">Item 4</a>	
<a href="#">Controls and Procedures</a>	<a href="#">36</a>
<b><u>PART II. OTHER INFORMATION</u></b>	
<a href="#">Item 1</a>	
<a href="#">Legal Proceedings</a>	<a href="#">37</a>
<a href="#">Item 1A</a>	
<a href="#">Risk Factors</a>	<a href="#">37</a>
<a href="#">Item 2</a>	
<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">37</a>
<a href="#">Item 3</a>	
<a href="#">Defaults Upon Senior Securities</a>	<a href="#">37</a>
<a href="#">Item 4</a>	
<a href="#">Mine Safety Disclosures</a>	<a href="#">37</a>
<a href="#">Item 5</a>	
<a href="#">Other Information</a>	<a href="#">37</a>
<a href="#">Item 6</a>	
<a href="#">Exhibits</a>	<a href="#">37</a>
<a href="#">Signatures</a>	<a href="#">38</a>
<a href="#">Exhibit Index</a>	<a href="#">39</a>

## 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;
- 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 expand 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;
- our ability to maintain our relationships with our partners;
- adverse consequences of our substantial level of indebtedness;
- 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 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;

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

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

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

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 (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. (formerly The Go Daddy Group, 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 which are reflected in thousands and per share amounts)

	June 30, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 472.1	\$ 348.0
Short-term investments	9.6	4.5
Accounts and other receivables	7.4	4.8
Registry deposits	21.0	18.7
Prepaid domain name registry fees	310.6	292.6
Prepaid expenses and other current assets	40.0	25.3
Total current assets	860.7	693.9
Property and equipment, net	233.3	225.0
Prepaid domain name registry fees, net of current portion	170.4	163.7
Goodwill	1,664.9	1,663.4
Intangible assets, net	727.7	735.3
Other assets	6.7	12.1
Deferred tax assets	7.0	5.4
Total assets	\$ 3,670.7	\$ 3,498.8
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 66.3	\$ 39.4
Accrued expenses and other current liabilities	129.0	127.0
Payable to related parties for tax distributions	—	5.3
Payable to related parties pursuant to tax receivable agreements	6.9	—
Deferred revenue	1,026.8	937.7
Long-term debt	4.1	4.2
Total current liabilities	1,233.1	1,113.6
Deferred revenue, net of current portion	518.2	478.5
Long-term debt, net of current portion	1,037.7	1,039.8
Payable to related parties pursuant to tax receivable agreements, net of current portion	193.9	151.6
Other long-term liabilities	33.9	34.3
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; 82,042 and 67,083 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	0.1	0.1
Class B common stock, \$0.001 par value - 500,000 shares authorized; 79,258 and 90,398 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	0.1	0.1
Additional paid-in capital	489.7	454.6
Accumulated deficit	(51.6)	(32.2)
Accumulated other comprehensive income	2.9	3.2
Total stockholders' equity attributable to GoDaddy Inc.	441.2	425.8
Non-controlling interests	212.7	255.2
Total stockholders' equity	653.9	681.0
Total liabilities and stockholders' equity	\$ 3,670.7	\$ 3,498.8

*See accompanying notes to condensed consolidated financial statements.*

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue:				
Domains	\$ 229.8	\$ 208.5	\$ 448.7	\$ 407.7
Hosting and presence	167.5	145.5	327.9	285.7
Business applications	58.9	40.5	113.3	77.4
<b>Total revenue</b>	<b>456.2</b>	<b>394.5</b>	<b>889.9</b>	<b>770.8</b>
Costs and operating expenses <sup>(1)</sup> :				
Cost of revenue (excluding depreciation and amortization)	162.1	139.7	316.5	276.9
Technology and development	70.2	67.0	141.9	133.9
Marketing and advertising	60.0	50.8	117.5	101.5
Customer care	62.1	55.7	123.8	112.4
General and administrative	52.8	76.5	101.0	124.4
Depreciation and amortization	39.3	38.4	78.2	75.8
<b>Total costs and operating expenses</b>	<b>446.5</b>	<b>428.1</b>	<b>878.9</b>	<b>824.9</b>
Operating income (loss)	9.7	(33.6)	11.0	(54.1)
Interest expense	(14.3)	(16.6)	(28.6)	(40.1)
Tax receivable agreements liability adjustment	(6.1)	—	(10.7)	—
Loss on debt extinguishment	—	(21.4)	—	(21.4)
Other income (expense), net	(0.8)	0.5	(0.1)	0.7
Loss before income taxes	(11.5)	(71.1)	(28.4)	(114.9)
Benefit (provision) for income taxes	0.4	(0.2)	(1.0)	0.2
Net loss	(11.1)	(71.3)	(29.4)	(114.7)
Less: net loss attributable to non-controlling interests	(2.2)	(41.5)	(10.0)	(41.5)
Net loss attributable to GoDaddy Inc.	\$ (8.9)	\$ (29.8)	\$ (19.4)	\$ (73.2)
Net loss per share of Class A common stock—basic and diluted <sup>(2)</sup>	\$ (0.11)	\$ (0.46)	\$ (0.26)	\$ (0.81)
Weighted-average shares of Class A common stock outstanding—basic and diluted <sup>(2)</sup>	79,872	64,635	73,853	51,730

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

Technology and development	\$ 4.4	\$ 4.3	\$ 9.9	\$ 8.1
Marketing and advertising	1.6	1.7	3.5	3.0
Customer care	0.6	0.9	1.4	1.2
General and administrative	4.2	2.9	8.0	6.2

<sup>(2)</sup> Amounts for periods prior to our initial public offering (IPO) have been retrospectively adjusted to give effect to the organizational transactions completed prior to our IPO. The prior period amounts do not consider the 26,000 shares of Class A common stock sold in our IPO. See Note 11.

*See accompanying notes to condensed consolidated financial statements.*

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

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2015	67,083	\$ 0.1	90,398	\$ 0.1	\$ 454.6	\$ (32.2)	\$ 3.2	\$ 255.2	\$ 681.0
Net loss	—	—	—	—	—	(19.4)	—	(10.0)	(29.4)
Equity-based compensation expense	—	—	—	—	22.8	—	—	—	22.8
Stock option and warrant exercises and other	3,819	—	—	—	39.3	—	—	(16.0)	23.3
Effect of exchanges of LLC Units	11,140	—	(11,140)	—	11.5	—	—	(11.5)	—
Liability pursuant to the tax receivable agreements resulting from exchanges of LLC Units	—	—	—	—	(38.5)	—	—	—	(38.5)
Distributions to holders of LLC Units	—	—	—	—	—	—	—	(5.0)	(5.0)
Impact of foreign currency hedging derivatives	—	—	—	—	—	—	(0.3)	—	(0.3)
Balance at June 30, 2016	<u>82,042</u>	<u>\$ 0.1</u>	<u>79,258</u>	<u>\$ 0.1</u>	<u>\$ 489.7</u>	<u>\$ (51.6)</u>	<u>\$ 2.9</u>	<u>\$ 212.7</u>	<u>\$ 653.9</u>

*See accompanying notes to condensed consolidated financial statements.*

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

	<b>Six Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net loss	\$ (29.4)	\$ (114.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	78.2	75.8
Equity-based compensation	22.8	18.5
Loss on debt extinguishment	—	21.4
Other	8.0	4.5
Changes in operating assets and liabilities, net of amounts acquired:		
Registry deposits	(2.3)	(2.4)
Prepaid domain name registry fees	(24.7)	(28.9)
Deferred revenue	130.0	132.1
Other operating assets and liabilities	15.1	13.1
Net cash provided by operating activities	197.7	119.4
<b>Investing activities</b>		
Purchases of short-term investments	(10.5)	(6.5)
Maturities of short-term investments	5.4	4.1
Business acquisitions, net of cash acquired	(41.3)	(30.7)
Purchases of property and equipment, excluding improvements	(24.6)	(21.6)
Purchases of leasehold and building improvements	(2.0)	(1.4)
Other investing activities, net	—	1.1
Net cash used in investing activities	(73.0)	(55.0)
<b>Financing activities</b>		
Proceeds received from:		
Issuance of Class A common stock sold in IPO, net of offering costs	—	482.5
Stock option and warrant exercises and other	23.3	0.9
Payments made for:		
Distributions to holders of LLC Units	(10.8)	—
Repayment of senior note	—	(300.0)
Repayment of revolving credit loan	—	(75.0)
Repayment of term loan	(5.5)	(5.5)
Financing-related costs	—	(13.5)
Contingent consideration for business acquisitions	(1.5)	—
Capital leases and other financing obligations	(6.1)	(3.4)
Net cash (used in) provided by financing activities	(0.6)	86.0
Net increase in cash and cash equivalents	124.1	150.4
Cash and cash equivalents, beginning of period	348.0	139.0
Cash and cash equivalents, end of period	\$ 472.1	\$ 289.4
<b>Supplemental cash flow information:</b>		
Cash paid during the period for:		
Interest on long-term debt	\$ 23.3	\$ 35.4
Income taxes, net of refunds received	\$ 1.8	\$ 1.0
<b>Supplemental information for non-cash investing and financing activities:</b>		
Fair value of contingent consideration in connection with business acquisitions	\$ —	\$ 0.9
Accrued capital expenditures, excluding improvements, at period end	\$ 16.5	\$ 15.4
Accrued capital expenditures, leasehold and building improvements, at period end	\$ 2.0	\$ 0.5
Property and equipment acquired under capital leases	\$ 2.9	\$ 4.7

*See accompanying notes to condensed consolidated financial statements.*

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

**1. Organization and Background**

**Description of Business**

We are a leading technology provider to small businesses, web design professionals and individuals, delivering simple, easy-to-use cloud-based products and outcome-driven, personalized customer care. We operate the world's largest domain marketplace and provide website building, hosting and security tools to help customers easily construct and protect their online presence and tackle the rapidly-changing technology landscape. As our customers grow, we provide applications helping them connect to their customers, manage and grow their businesses and get found online.

**Organization**

We were incorporated on May 28, 2014 for the purpose of facilitating an IPO and other related organizational transactions in order to operate and control all of the business and affairs of Desert Newco and its subsidiaries. Our IPO was completed on April 7, 2015. 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. As discussed in Note 5, in April 2016, we completed a secondary offering in which certain stockholders exchanged 10,382 LLC Units (together with the corresponding shares of Class B common stock) for Class A common stock, increasing our ownership in Desert Newco to approximately 51% as of June 30, 2016.

**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.

We had no material components of other comprehensive income during any of the periods presented. As such, a consolidated statement of comprehensive income (loss) is not 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 and six months ended June 30, 2016 are not necessarily indicative of the results to be expected for any subsequent quarter or for the year ending December 31, 2016.

The accompanying 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, 2015, as amended (2015 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**

The preparation of financial statements in conformity with 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;

**GoDaddy Inc.**

**Notes to Condensed Consolidated Financial Statements (unaudited)**  
**(In millions, except share amounts which are reflected in thousands and per share amounts)**

- 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 tax receivable agreements;
- 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.

**Segments and Reporting Units**

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 structure.

**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 United States (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 June 30, 2016, the total notional amount of outstanding contracts was \$51.8 million, all having maturities of 12 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; such gains or losses were immaterial during all periods presented. Each period, we evaluate the effectiveness of each of our hedges. As of June 30, 2016, all hedges were determined to be effective.

**Fair Value Measurements**

Fair value is defined as an exit price, representing the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. The framework for measuring fair value provides a three-tier hierarchy prioritizing inputs to valuation techniques used in measuring fair value as follows:

*Level 1*—Observable inputs such as quoted prices for identical assets or liabilities in active markets;

*Level 2*—Inputs, other than quoted prices for identical assets or liabilities in active markets, which are observable either directly or indirectly; and

*Level 3*—Unobservable inputs in which there is little or no market data requiring the reporting entity to develop its own assumptions.

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

We hold certain assets required to be measured at fair value on a recurring basis. These may include reverse repurchase agreements, time deposits, money market funds and certificates of deposit, 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>June 30, 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>	\$ —	\$ 120.0	\$ —	\$ 120.0
Money market funds	17.5	—	—	17.5
Short-term investments:				
Certificates of deposit and time deposits	9.6	—	—	9.6
<b>Total assets measured and recorded at fair value</b>	<b>\$ 27.1</b>	<b>\$ 120.0</b>	<b>\$ —</b>	<b>\$ 147.1</b>

(1) Reverse repurchase agreements include an \$80.0 million repurchase agreement with Morgan Stanley, callable with 31 days notice, and a \$40.0 million repurchase agreement with Wells Fargo in overnight sweeps.

	<b>December 31, 2015</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>	\$ —	\$ 40.0	\$ —	\$ 40.0
Short-term investments:				
Certificates of deposit	4.5	—	—	4.5
<b>Total assets measured and recorded at fair value</b>	<b>\$ 4.5</b>	<b>\$ 40.0</b>	<b>\$ —</b>	<b>\$ 44.5</b>

(1) Reverse repurchase agreements include a \$40.0 million repurchase agreement with Wells Fargo in overnight sweeps.

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

### Foreign Currency

Our functional currency is the U.S. dollar. Assets denominated in foreign currencies are remeasured into U.S. dollars at period-end exchange rates. Foreign currency based revenue and expenses transactions are measured at transaction date exchange rates. Foreign currency remeasurement gains and losses are recorded in other income (expense), net and were \$(1.4) million and \$(1.2) million for the three months ended June 30, 2016 and 2015, respectively, and \$(1.6) million and \$(1.4) million for the six months ended June 30, 2016 and 2015, respectively.

The functional currency of certain of our foreign subsidiaries is their respective local currency. For these subsidiaries, we translate revenue and expense transactions at average exchange rates. We translate assets and liabilities at period-end exchange rates and include foreign currency translation gains and losses as a component of accumulated other comprehensive income. Such gains and losses were not material during any of the periods presented.

### Recent Accounting Pronouncements

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. In July 2015, the FASB approved a one year deferral of the effective date making the new standard effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted as of the original effective date. The new standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. In March 2016, the FASB amended the principal-versus-agent implementation guidance set forth in the new standard. Among other things, this amendment clarifies that an entity should

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

evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. In April 2016, the FASB amended certain aspects of the new standard related to identifying performance obligations and licensing implementation. In May 2016, the FASB amended certain aspects of the new standard related to collectability assessment, sales taxes and other similar taxes collected from customers, noncash consideration, contract modification and completed contracts at transition. This amendment is intended to address implementation issues raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new standard. We plan to adopt this new standard on January 1, 2018 and are currently evaluating the transition method we intend to utilize and the impact of this new standard on our consolidated financial statements.

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. Accordingly, a lessee will recognize a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation. Both the asset and liability will initially be measured at the present value of the future minimum lease payments over the lease term. Subsequent measurement, including the presentation of expenses and cash flows, will depend on the classification of the lease as either a finance or an operating lease. Initial costs directly attributable to negotiating and arranging the lease will be included in the asset. 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. Lessees will also be required to provide additional qualitative and quantitative disclosures regarding the amount, timing and uncertainty of cash flows arising from leases. These disclosures are intended to supplement the amounts recorded in the financial statements and provide additional information about the nature of an organization's leasing activities. The new standard is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. In transition, lessees are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The transition guidance also provides specific guidance for sale and leaseback transactions, build-to-suit leases and amounts previously recognized in accordance with the business combinations guidance for leases. We are currently evaluating the timing of our adoption and the impact of this new standard on our consolidated financial statements.

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. The guidance is effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption permitted. We expect to adopt this guidance on January 1, 2017 and are currently evaluating its expected impact on our consolidated financial statements.

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 impact of this new guidance on our consolidated financial statements.

**3. Business Acquisitions**

During the six months ended June 30, 2016, we completed an acquisition for \$42.0 million in cash. This acquisition is not material to our results of operations, and as a result, no proforma financial information is presented.

The purchase price was allocated to the assets acquired based upon our assessment of their fair values as of the acquisition date with \$38.4 million attributed to an indefinite-lived domain portfolio intangible asset, \$1.5 million to goodwill, which is deductible for income tax purposes, and \$1.0 million to other identified finite-lived intangible assets. We also recorded a \$1.1 million reduction of our existing deferred revenue from prior transactions with the acquired business. Identified intangible assets, which were valued using either income- or cost-based approaches, include an indefinite-lived domain portfolio and customer-related intangible assets. The acquired finite-lived intangible assets have a weighted-average amortization period of 3.0 years.

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

**4. Goodwill and Intangible Assets**

The following table summarizes changes in our goodwill balance:

Balance at December 31, 2015	\$	1,663.4
Goodwill related to acquisitions		1.5
Balance at June 30, 2016	\$	1,664.9

Intangible assets, net are summarized as follows:

	<b>June 30, 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	99.6	n/a	\$ (7.0)	92.6
Finite-lived intangible assets:				
Customer-related	362.2	\$ (219.3)	n/a	142.9
Developed technology	210.1	(167.8)	n/a	42.3
Trade names	11.2	(6.4)	n/a	4.8
Other	1.1	(1.0)	n/a	0.1
	<u>\$ 1,129.2</u>	<u>\$ (394.5)</u>	<u>\$ (7.0)</u>	<u>\$ 727.7</u>

	<b>December 31, 2015</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	61.2	n/a	(3.7)	57.5
Finite-lived intangible assets:				
Customer-related	361.2	\$ (196.8)	n/a	164.4
Developed technology	210.1	(148.0)	n/a	62.1
Trade names	11.2	(5.2)	n/a	6.0
Other	1.1	(0.8)	n/a	0.3
	<u>\$ 1,089.8</u>	<u>\$ (350.8)</u>	<u>\$ (3.7)</u>	<u>\$ 735.3</u>

Customer-related intangible assets, developed technology, trade names and other intangible assets have weighted-average useful lives from the date of purchase of 99 months, 64 months, 58 months and 36 months, respectively. Amortization expense was \$21.8 million and \$23.6 million for the three months ended June 30, 2016 and 2015, respectively. Amortization expense was \$43.7 million and \$46.8 million for the six months ended June 30, 2016 and 2015, respectively. The weighted-average remaining amortization period for amortizable intangible assets was 44 months as of June 30, 2016.

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

Based on the balance of finite-lived intangible assets at June 30, 2016, expected future amortization expense is as follows:

**Year Ending December 31:**

2016 (remainder of)	\$	45.6
2017		53.1
2018		44.9
2019		26.1
2020		20.4
Thereafter		—
	\$	<u>190.1</u>

## 5. Stockholders' Equity

### Secondary Offering

In April 2016, we completed a secondary offering in which certain stockholders, including the Sponsors, YAM and certain of our executive officers, sold an aggregate of 18,975 shares of our Class A common stock at a public offering price of \$30.25 per share. We received \$6.3 million in proceeds from the exercise of stock options in connection with the offering, but we did not receive any proceeds from the shares sold in the offering. The offering also included the exchange of 10,382 LLC Units (together with the corresponding shares of Class B common stock) for Class A common stock by certain selling stockholders, which resulted in an \$8.8 million increase in additional paid-in capital, with an offsetting reduction in non-controlling interests, and a material increase to the liability under the TRAs. See Note 10.

## 6. Equity-Based Compensation Plans

On March 31, 2015, we adopted the 2015 Equity Incentive Plan (the 2015 Plan) and reserved a total of 10,285 shares of Class A common stock for issuance pursuant to the 2015 Plan. The shares reserved for issuance under the 2015 Plan also included up to 28,133 shares rolled over from the Desert Newco, LLC 2011 Unit Incentive Plan (the 2011 Unit Incentive Plan) and from certain other option plans assumed in connection with acquisitions. On January 1, 2016, in accordance with the automatic increase provisions of the 2015 Plan, an additional 6,299 shares were reserved for issuance pursuant to the 2015 Plan. As of June 30, 2016, 13,385 shares were available for issuance as future awards under the 2015 Plan.

On March 31, 2015, we adopted the 2015 Employee Stock Purchase Plan (the ESPP) and reserved a total of 2,000 shares of Class A common stock for issuance pursuant to the ESPP. On January 1, 2016, in accordance with the automatic increase provisions of the ESPP, an additional 1,000 shares were reserved for issuance pursuant to the ESPP. As of June 30, 2016, 2,325 shares were available for issuance as future awards 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.

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

The following table summarizes our option activity for the six months ended June 30, 2016 :

	Number of Shares of Class A Common Stock (#)	Weighted- Average Grant- Date Fair Value (\$)	Weighted- Average Exercise Price (\$)
Outstanding at December 31, 2015	27,419		10.25
Granted	1,617	11.86	30.39
Exercised	(3,734)		6.21
Forfeited	(1,193)		16.71
Outstanding at June 30, 2016	24,109		11.90
Vested at June 30, 2016	13,312		7.54

The following table summarizes our RSU activity for the six months ended June 30, 2016 :

	Number of Shares of Class A Common Stock (#)	Weighted- Average Grant- Date Fair Value (\$)
Outstanding at December 31, 2015	93	
Granted	2,164	29.38
Vested	(85)	
Forfeited	(93)	
Outstanding at June 30, 2016	2,079	

At June 30, 2016 , total unrecognized compensation expense related to non-vested stock options and RSUs was \$47.8 million and \$41.4 million , respectively, with an expected remaining weighted-average recognition period of 2.2 years and 3.2 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, and will reverse any previously recognized expense.

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. In May 2016 , we discovered our "Up-C" structure was not eligible to offer a "tax-qualified" plan and terminated the then-current ESPP offering period. We refunded all amounts withheld on behalf of employees, including \$8.8 million included in accrued expenses and other current liabilities at March 31, 2016 . In connection with the offering period termination, we granted a total of 60 RSUs to employees who were participating in the ESPP prior to the termination date, including grants made subsequent to June 30, 2016 . Expenses related to the offering period termination were not material. We started a "non-qualified" ESPP offering period in July 2016 .

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

**7. Deferred Revenue**

Deferred revenue consists of the following:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
Current:		
Domains	\$ 532.1	\$ 497.2
Hosting and presence	364.3	330.8
Business applications	130.4	109.7
	<u>\$ 1,026.8</u>	<u>\$ 937.7</u>
Noncurrent:		
Domains	\$ 306.0	\$ 288.5
Hosting and presence	162.5	149.7
Business applications	49.7	40.3
	<u>\$ 518.2</u>	<u>\$ 478.5</u>

**8. Long-Term Debt**

Long-term debt consists of the following:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
Term Loan due May 13, 2021 (effective interest rate of 4.9% at June 30, 2016 and 5.1% at December 31, 2015)	\$ 1,078.0	\$ 1,083.5
Revolving Credit Loan due May 13, 2019	—	—
Total	1,078.0	1,083.5
Less unamortized original issue discounts on long-term debt <sup>(1)</sup>	(33.7)	(36.8)
Less unamortized debt issuance costs <sup>(1)</sup>	(2.5)	(2.7)
Less current portion of long-term debt	(4.1)	(4.2)
	<u>\$ 1,037.7</u>	<u>\$ 1,039.8</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) consists of a \$1,100.0 million original balance term loan maturing on May 13, 2021 (the Term Loan) and an available \$150.0 million revolving credit loan maturing on May 13, 2019 (the Revolving Credit Loan). Borrowings under the Credit Facility bear interest at a rate equal to, at our option, either (a) LIBOR (not less than 1.0% for the Term Loan only) plus 3.25% per annum or (b) 2.25% 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% .

At June 30, 2016 , 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 \$1,080.0 million at June 30, 2016 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.

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

**Future Debt Maturities**

Aggregate principal payments, exclusive of any unamortized original issue discounts and debt issuance costs, due on long-term debt as of June 30, 2016 are as follows:

**Year Ending December 31:**

2016 (remainder of)	\$	5.5
2017		11.0
2018		11.0
2019		11.0
2020		11.0
Thereafter		1,028.5
	\$	<u>1,078.0</u>

**9. 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, labor and employment claims, breach of contract claims and other asserted and unasserted claims. We investigate these 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 to our consolidated financial statements. 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. These include indemnities 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 June 30, 2016 and December 31, 2015 .

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 June 30, 2016 and December 31, 2015 .

**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.

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

As of June 30, 2016 and December 31, 2015, our accrual for estimated indirect tax liabilities was \$8.3 million and \$7.1 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 in each jurisdiction. 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 different than the amounts established for indirect tax contingencies.

**10. 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 U.S. 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 the net operating loss (NOL) and credit carryforwards and other tax attributes received through our IPO and related pre-IPO organizational transactions. Therefore, we have concluded it is more-likely-than-not these deferred tax assets will not be realized and have recorded a valuation allowance against these deferred tax assets. Net deferred tax assets associated with our subsidiaries taxed as corporations are considered by management to be more-likely-than-not of being realized; therefore, we have not recorded a valuation allowance against such deferred tax assets.

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.

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

As of December 31, 2015, our liability under the TRAs was \$151.6 million, representing approximately 85% of the calculated tax savings based on the portion of the original basis adjustments (the OBAs) we anticipated being able to utilize in future years. During the six months ended June 30, 2016, we increased this liability to \$200.8 million, including \$6.9 million recorded as a current liability. The offsetting amounts to this increase consisted of 1) a \$38.5 million reduction of additional paid-in capital resulting from the completion of the April 2016 secondary offering in which certain Desert Newco owners exchanged an aggregate of 10,382 LLC Units (together with the corresponding shares of Class B common stock) for an equivalent number of shares of our Class A common stock at a price of \$30.25 per share and 2) a \$10.7 million charge to our consolidated statement of operations, which was primarily due to: i) an increase in our ownership of Desert Newco, ii) the finalization of Desert Newco's 2015 taxable income allocated to us and iii) a change in forecasted 2016 taxable income.

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 deferred tax assets 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, including those exchanged in the secondary offering. If utilization of these deferred tax assets becomes more-likely-than-not in the future, at such time, we will record liabilities under the TRAs of up to an additional \$171.1 million as a result of basis adjustments under Code Section 754 and up to an additional \$120.1 million related to the tax attributes received in the pre-IPO organizational transactions, which will be

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

recorded through charges to our consolidated statement of operations. Additionally, if these tax attributes are not utilized in future years, it is reasonably possible no amounts would be paid under the TRAs.

**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, 2015 , our accrual for tax distributions related to estimated taxable income allocations to Desert Newco's owners for 2015, excluding us, was \$5.3 million . In March 2016 , following the finalization of 2015 taxable income allocated to each Desert Newco owner, we paid \$4.6 million of such distributions based on ownership as of the payment date as follows: \$1.8 million to YAM, \$1.0 million to Silver Lake, \$1.0 million to KKR, \$0.5 million to TCV and \$0.3 million to other Desert Newco owners. The remaining accrual was reversed to additional paid-in capital.

As of March 31, 2016 , we had accrued \$5.8 million , with an offsetting reduction in additional paid-in capital, for tax distributions related to estimated taxable income allocations to Desert Newco's owners for the first quarter of 2016, excluding us. In April 2016 , we paid \$2.3 million to YAM, \$1.3 million to Silver Lake, \$1.2 million to KKR, \$0.7 million to TCV and \$0.3 million to other Desert Newco owners.

An accrual for tax distributions was not required as of June 30, 2016 .

**11. Loss Per Share**

Basic loss per share is computed by dividing net loss attributable to GoDaddy Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted loss per share is computed giving effect to all potentially dilutive shares, including outstanding options, RSUs and warrants. Diluted loss per share for all periods presented is the same as basic loss per share as the inclusion of potentially issuable shares would be antidilutive.

For purposes of calculating loss per share for periods prior to the IPO, we treated the pre-IPO organizational transactions as a merger of entities under common control. Therefore, we have retrospectively reflected loss per share as though those transactions had occurred as of the earliest period presented. For all periods prior to the IPO, we allocated our historical net loss between the Class A stockholders and the non-controlling interest based on their respective share ownership. These calculations do not consider the 26,000 shares of Class A common stock sold in our IPO.

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

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Numerator:				
Net loss	\$ (11.1)	\$ (71.3)	\$ (29.4)	\$ (114.7)
Less: net loss attributable to non-controlling interests	(2.2)	(41.5)	(10.0)	(72.9)
Net loss attributable to GoDaddy Inc.	<u>\$ (8.9)</u>	<u>\$ (29.8)</u>	<u>\$ (19.4)</u>	<u>\$ (41.8)</u>
Denominator:				
Weighted-average shares of Class A common stock outstanding—basic	79,872	64,635	73,853	51,730
Effect of dilutive securities	—	—	—	—
Weighted-average shares of Class A Common stock outstanding—diluted	<u>79,872</u>	<u>64,635</u>	<u>73,853</u>	<u>51,730</u>
Net loss per share of Class A common stock—basic and diluted	<u>\$ (0.11)</u>	<u>\$ (0.46)</u>	<u>\$ (0.26)</u>	<u>\$ (0.81)</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Options, RSUs and warrants	14,600	15,872	15,498	14,129

Shares of Class B common stock do not share in our earnings and are not participating securities. Accordingly, separate presentation of 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. The shares of Class B common stock were determined to be antidilutive under the if-converted and two-class methods; therefore, they are not included in the computation of net loss per share. Total shares of common stock outstanding were as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Class A common stock	82,042	67,083
Class B common stock	79,258	90,398
	<u>161,300</u>	<u>157,481</u>

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

**12. Geographic Information**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
U.S.	\$ 337.2	\$ 293.3	\$ 656.9	\$ 573.0
International	119.0	101.2	233.0	197.8
	<u>\$ 456.2</u>	<u>\$ 394.5</u>	<u>\$ 889.9</u>	<u>\$ 770.8</u>

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.

**13. Related Party Transactions****Sponsors**

Amounts paid to affiliates of KKR related to their participation as lenders under our Credit Facility were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Principal	\$ —	\$ 5.1	\$ 0.1	\$ 5.1
Interest and other fees	0.3	0.3	0.6	0.7

As of June 30, 2016 and December 31, 2015, affiliates of KKR held \$20.7 million and \$28.8 million, respectively, of the outstanding principal balance of the Term Loan as participating lenders.

On December 16, 2011, we entered into a transaction and monitoring fee agreement with affiliates of certain of the Sponsors pursuant to which those entities provided management and advisory services. In April 2015, we made a final aggregate payment of \$26.7 million upon the termination of this agreement following the completion of the IPO, which was charged to general and administrative expenses. Following this payment, we have no further obligations under this agreement.

Desert Newco pays tax distributions to its owners, including the Sponsors. See Note 10.

**Bob Parsons and YAM**

On December 16, 2011, we entered into a services agreement with Bob Parsons pursuant to which we were obligated to provide customary benefits and to reimburse up to \$0.5 million of business expenses annually. In April 2015, we paid \$3.0 million upon the termination of this agreement following the completion of the IPO, which was charged to general and administrative expenses. Following this payment, we have no further obligations under this agreement.

During the three and six months ended June 30, 2015, we paid \$2.5 million and \$9.2 million, respectively, of interest to YAM under a senior note, which was repaid in April 2015. We also paid a \$13.5 million prepayment premium to YAM in connection with the repayment. Following this payment, the senior note was canceled.

Desert Newco pays tax distributions to its owners, including YAM. See Note 10.

**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 June 30, 2016 and 2015, we paid \$4.3 million and \$3.3 million, respectively, to Dell. During the six months ended June 30, 2016 and 2015, we paid \$8.3 million and \$8.9 million, respectively, to Dell.

**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 financial statements and related notes included in Part I, Item 1 of 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 2015 Form 10-K.

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

**Second Quarter Financial Highlights**

Below are our key financial highlights as of and for the three months ended June 30, 2016. All comparisons are to the three months ended June 30, 2015.

- Total revenue of \$456.2 million, an increase of 15.6%, or approximately 17.6% on a constant currency basis <sup>(1)</sup>.
- International revenue of \$119.0 million, an increase of 17.6%, or approximately 25.0% on a constant currency basis <sup>(1)</sup>.
- Total bookings <sup>(2)</sup> of \$538.6 million, an increase of 13.2%, or approximately 14.4% on a constant currency basis <sup>(1)</sup>.
- Net loss was \$11.1 million.
- Adjusted EBITDA <sup>(2)</sup>, a non-GAAP financial measure, increased 25.8% to \$103.5 million.
- Total customers increased 7.9% to 14.3 million.
- Average revenue per user increased 6.2% to \$125.
- Cash and cash equivalents were \$472.1 million.
- Net cash provided by operating activities was \$92.4 million.
- Capital expenditures were \$14.6 million.

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

<sup>(2)</sup> Reconciliations of total bookings to total revenue and Adjusted EBITDA to net loss, the most directly comparable GAAP financial measures, are set forth in "Reconciliation of Non-GAAP Financial Measure and Other Operating Metric" below.

**Key Metrics**

We monitor the following key metrics to help us evaluate growth trends, establish budgets and assess operational performance. In addition to our results determined in accordance with GAAP, we believe the following non-GAAP financial measure and other operating metrics are useful in evaluating our business:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(in millions, except customers in thousands and ARPU)			
Total bookings	\$ 538.6	\$ 475.9	\$ 1,096.4	\$ 974.6
Total customers at period end	14,327	13,281	14,327	13,281
Average revenue per user (ARPU)	\$ 125	\$ 118	\$ 125	\$ 118
Adjusted EBITDA	\$ 103.5	\$ 82.3	\$ 219.1	\$ 176.2

*Total bookings* . Total bookings represents cash receipts from the sale of products to customers in a given period before 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 13.2% from \$475.9 million for the three months ended June 30, 2015 to \$538.6 million for the three months ended June 30, 2016 and increased 12.5% from \$974.6 million for the six months ended June 30, 2015 to \$1,096.4 million for the six months ended June 30, 2016 . These increases were primarily driven by a 7.9% increase in total customers since June 30, 2015 , a 4.5% increase in domains under management over the same period, continued increases in our aftermarket domains business, broadened customer adoption of non-domains products and a higher growth rate associated with our continued expansion in international markets, partially offset by the impact of adverse movements in foreign currency exchange rates.

*Total customers*. We define total customers as those, as of the end of a period, having an active subscription. A single user may be counted as a customer more than once if the user maintains active 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 7.9% from 13.3 million as of June 30, 2015 to 14.3 million as of June 30, 2016 . Our customer growth primarily resulted from our continued international expansion, 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 6.2% from \$118 for the period ended June 30, 2015 to \$125 for the period ended June 30, 2016 , primarily due to broadened customer adoption of our products resulting in increased customer spend, revenue from acquired businesses and, to a lesser extent, the reduced impact of purchase accounting adjustments, partially offset by the impact of adverse movements in foreign currency exchange rates.

*Adjusted EBITDA*. Adjusted EBITDA is a measure of our performance aligning our bookings and operating expenditures, and is the primary metric management uses to evaluate the profitability of our business. We calculate Adjusted EBITDA as net loss excluding depreciation and amortization, interest expense (net), provision (benefit) for income taxes and adjustments to the TRA liability, equity-based compensation expense, change in deferred revenue including the impact of realized gains or losses from the hedging of bookings in foreign currencies, change in prepaid and accrued registry costs and acquisition and sponsor-related costs. Acquisition and sponsor-related costs include (i) retention and acquisition-specific employee costs, (ii) acquisition-related professional fees, (iii) adjustments to the fair value of contingent consideration, (iv) costs incurred under the transaction and monitoring fee agreement with the Sponsors, which was terminated in connection with the IPO, (v) costs incurred under the executive chairman services agreement, which was terminated in connection with the IPO, (vi) costs associated with consulting services provided by KKR Capstone and (vii) the loss incurred on the extinguishment of the senior note. As a result of our business model, we typically collect payment at the time of sale and generally recognize revenue ratably over the term of our customer contracts. At the time of a domain sale, we also incur the obligation for the domain name registry fees associated with the customer contract. As a result, sales to customers increase our deferred revenue and prepaid and accrued registry costs. We therefore adjust net loss for changes in deferred revenue and changes in the associated prepaid and accrued registry costs to facilitate a comparison of our performance from period to period.

Adjusted EBITDA increased 25.8% from \$82.3 million for the three months ended June 30, 2015 to \$103.5 million for the three months ended June 30, 2016 and increased 24.3% from \$176.2 million for the six months ended June 30, 2015 to \$219.1 million for the six months ended June 30, 2016 . These increases primarily resulted from our revenue growth, revenue from acquired businesses and improved operating efficiencies.

Beginning in the third quarter, we intend to modify our non-GAAP financial measures to ensure compliance with interpretations on the use of such measures recently issued by the SEC. As a result, we will transition away from our historical

presentation of Adjusted EBITDA and intend to gather feedback from the investment community regarding the most appropriate and transparent way to bridge from our current metrics to any new measures. We do not expect any potential new metrics or measures to affect our business.

#### Reconciliation of Non-GAAP Financial Measure and Other Operating Metric

Our non-GAAP financial measure, Adjusted EBITDA, has limitations as an analytical tool and you should not consider it in isolation or as a substitute for an analysis of our results under GAAP. There are a number of limitations related to the use of this non-GAAP financial measure versus its nearest GAAP equivalent. Adjusted EBITDA is not a substitute for net loss. This non-GAAP financial measure may not provide information directly comparable to measures provided by other companies in our industry, as those other companies may calculate their non-GAAP financial measures differently, particularly related to adjustments for acquisition accounting and non-recurring expenses. Adjusted EBITDA also excludes certain recurring expenses that have been, and will continue to be, significant expenses of our business.

The following tables reconcile bookings and Adjusted EBITDA to their most directly comparable GAAP financial measure.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Total Bookings:</b>				
Total revenue	\$ 456.2	\$ 394.5	\$ 889.9	\$ 770.8
Change in deferred revenue <sup>(1)</sup>	47.7	45.1	131.0	132.1
Net refunds	35.0	35.4	73.4	70.5
Other	(0.3)	0.9	2.1	1.2
<b>Total bookings</b>	<b>\$ 538.6</b>	<b>\$ 475.9</b>	<b>\$ 1,096.4</b>	<b>\$ 974.6</b>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Adjusted EBITDA:</b>				
Net loss	\$ (11.1)	\$ (71.3)	\$ (29.4)	\$ (114.7)
Interest expense, net of interest income <sup>(1)</sup>	14.0	16.4	27.9	39.9
(Benefit) provision for income taxes and adjustments to the TRA liability	5.7	0.2	11.7	(0.2)
Depreciation and amortization	39.3	38.4	78.2	75.8
Equity-based compensation expense	10.8	9.8	22.8	18.5
Change in deferred revenue <sup>(2)</sup>	47.7	45.1	131.0	132.1
Change in prepaid and accrued registry costs <sup>(3)</sup>	(3.7)	(8.2)	(24.3)	(28.8)
Acquisition and sponsor-related costs <sup>(4)</sup>	0.8	51.9	1.2	53.6
<b>Adjusted EBITDA</b>	<b>\$ 103.5</b>	<b>\$ 82.3</b>	<b>\$ 219.1</b>	<b>\$ 176.2</b>

(1) Interest income is included in "Other income (expense), net."

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

(3) Change in prepaid and accrued registry costs includes the changes in prepaid domain name registry fees, registry deposits and registry payables.

(4) Cash paid for acquisition and sponsor-related costs was \$0.1 million and \$29.7 million for the three months ended June 30, 2016 and 2015, and \$0.4 million and \$30.3 million for the six months ended June 30, 2016 and 2015, respectively.

**Results of Operations**

The following tables set 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.

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenue:				
Domains	\$ 229.8	\$ 208.5	\$ 448.7	\$ 407.7
Hosting and presence	167.5	145.5	327.9	285.7
Business applications	58.9	40.5	113.3	77.4
<b>Total revenue</b>	<b>456.2</b>	<b>394.5</b>	<b>889.9</b>	<b>770.8</b>
Costs and operating expenses:				
Cost of revenue (excluding depreciation and amortization)	162.1	139.7	316.5	276.9
Technology and development	70.2	67.0	141.9	133.9
Marketing and advertising	60.0	50.8	117.5	101.5
Customer care	62.1	55.7	123.8	112.4
General and administrative	52.8	76.5	101.0	124.4
Depreciation and amortization	39.3	38.4	78.2	75.8
<b>Total costs and operating expenses</b>	<b>446.5</b>	<b>428.1</b>	<b>878.9</b>	<b>824.9</b>
Operating income (loss)	9.7	(33.6)	11.0	(54.1)
Interest expense	(14.3)	(16.6)	(28.6)	(40.1)
Tax receivable agreements liability adjustment	(6.1)	—	(10.7)	—
Loss on debt extinguishment	—	(21.4)	—	(21.4)
Other income (expense), net	(0.8)	0.5	(0.1)	0.7
Loss before income taxes	(11.5)	(71.1)	(28.4)	(114.9)
Benefit (provision) for income taxes	0.4	(0.2)	(1.0)	0.2
Net loss	(11.1)	(71.3)	(29.4)	(114.7)
Less: net loss attributable to non-controlling interests	(2.2)	(41.5)	(10.0)	(41.5)
<b>Net loss attributable to GoDaddy Inc.</b>	<b>\$ (8.9)</b>	<b>\$ (29.8)</b>	<b>\$ (19.4)</b>	<b>\$ (73.2)</b>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue:				
Domains	50.4 %	52.9 %	50.4 %	52.9 %
Hosting and presence	36.7 %	36.9 %	36.9 %	37.1 %
Business applications	12.9 %	10.2 %	12.7 %	10.0 %
Total revenue	100.0 %	100.0 %	100.0 %	100.0 %
Costs and operating expenses:				
Cost of revenue (excluding depreciation and amortization)	35.5 %	35.4 %	35.6 %	35.9 %
Technology and development	15.4 %	17.0 %	15.9 %	17.4 %
Marketing and advertising	13.2 %	12.9 %	13.2 %	13.2 %
Customer care	13.6 %	14.1 %	13.9 %	14.6 %
General and administrative	11.6 %	19.4 %	11.4 %	16.1 %
Depreciation and amortization	8.6 %	9.7 %	8.8 %	9.8 %
Total costs and operating expenses	97.9 %	108.5 %	98.8 %	107.0 %
Operating income (loss)	2.1 %	(8.5)%	1.2 %	(7.0)%
Interest expense	(3.1)%	(4.2)%	(3.2)%	(5.2)%
Tax receivable agreements liability adjustment	(1.4)%	— %	(1.2)%	— %
Loss on debt extinguishment	— %	(5.4)%	— %	(2.8)%
Other income (expense), net	(0.2)%	0.1 %	— %	0.1 %
Loss before income taxes	(2.6)%	(18.0)%	(3.2)%	(14.9)%
Benefit (provision) for income taxes	0.1 %	(0.1)%	(0.1)%	— %
Net loss	(2.5)%	(18.1)%	(3.3)%	(14.9)%
Less: net loss attributable to non-controlling interests	(0.5)%	(10.5)%	(1.1)%	(5.4)%
Net loss attributable to GoDaddy Inc.	(2.0)%	(7.6)%	(2.2)%	(9.5)%

### **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 10 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, 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.

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 and six months ended June 30, 2016 and 2015 :

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
	\$	%	\$	%	\$	%	\$	%
Domains	\$ 229.8		\$ 208.5	10%	\$ 448.7		\$ 407.7	10%
Hosting and presence	167.5		145.5	15%	327.9		285.7	15%
Business applications	58.9		40.5	45%	113.3		77.4	46%
<b>Total revenue</b>	<b>\$ 456.2</b>		<b>\$ 394.5</b>	<b>16%</b>	<b>\$ 889.9</b>		<b>\$ 770.8</b>	<b>15%</b>

Total revenue increased \$61.7 million , or 15.6% , from \$394.5 million for the three months ended June 30, 2015 to \$456.2 million for the three months ended June 30, 2016 and increased \$119.1 million , or 15.5% , from \$770.8 million for the six months ended June 30, 2015 to \$889.9 million for the six months ended June 30, 2016 . These increases were primarily driven by growth in total customers and ARPU, as well as revenue from acquired businesses. Total customers increased 1.0 million , or 7.9% , from 13.3 million as of June 30, 2015 to 14.3 million as of June 30, 2016 . The increase in customers impacted each of our revenue lines, as the additional customers purchased subscriptions across our product portfolio.

#### *Domains*

Domains revenue increased \$21.3 million , or 10.2% , from \$208.5 million for the three months ended June 30, 2015 to \$229.8 million for the three months ended June 30, 2016 . The increase was primarily attributable to an \$11.5 million increase in revenue from domain registrations and renewals and a \$7.2 million increase in revenue from aftermarket domain sales.

Domains revenue increased \$41.0 million , or 10.1% , from \$407.7 million for the six months ended June 30, 2015 to \$448.7 million for the six months ended June 30, 2016 . This increase was primarily attributable to a \$24.4 million increase in revenue from domain registrations and renewals and a \$13.5 million increase in revenue from aftermarket domain sales.

Domains under management increased 4.5% from 60.1 million as of June 30, 2015 to 62.8 million as of June 30, 2016 , impacting domains revenue in both periods.

#### *Hosting and presence*

Hosting and presence revenue increased \$22.0 million , or 15.1% , from \$145.5 million for the three months ended June 30, 2015 to \$167.5 million for the three months ended June 30, 2016 . The increase was primarily attributable to a \$10.5 million increase in revenue from our website hosting and website building products and a \$6.6 million increase in revenue from sales of our security products.

Hosting and presence revenue increased \$42.2 million , or 14.8% , from \$285.7 million for the six months ended June 30, 2015 to \$327.9 million for the six months ended June 30, 2016 . The increase was primarily attributable to a \$21.8 million increase in revenue from our website hosting and website building products and a \$13.2 million increase in revenue from sales of our security products.

#### *Business applications*

Business applications revenue increased \$18.4 million , or 45.4% , from \$40.5 million for the three months ended June 30, 2015 to \$58.9 million for the three months ended June 30, 2016 and increased \$35.9 million , or 46.4% , from \$77.4 million for the six months ended June 30, 2015 to \$113.3 million for the six months ended June 30, 2016 . These increases were primarily driven by our offering of expanded email and productivity solutions and increased customer adoption of our business applications products.

## 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 customer 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 TLD. We expect cost of revenue to increase in absolute dollars in future periods as we expand our domains business and increase our customer base. 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 June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Cost of revenue (excluding depreciation and amortization)	\$ 162.1	\$ 139.7	\$ 22.4	16%	\$ 316.5	\$ 276.9	\$ 39.6	14%

Cost of revenue increased \$22.4 million, or 16.0%, from \$139.7 million for the three months ended June 30, 2015 to \$162.1 million for the three months ended June 30, 2016. This increase was primarily attributable to a \$7.0 million increase in domain registration costs driven by a 4.5% increase in domains under management as well as a higher per domain registration cost associated with many of the new gTLDs, a \$6.0 million increase in software licensing fees primarily related to increased sales of email and productivity solutions and increased third-party commissions driven by increased aftermarket domain sales.

Cost of revenue increased \$39.6 million, or 14.3%, from \$276.9 million for the six months ended June 30, 2015 to \$316.5 million for the six months ended June 30, 2016. This increase was primarily attributable to an \$15.8 million increase in domain registration costs driven by a 4.5% increase in domains under management as well as a higher per domain registration cost associated with many of the new gTLDs, a \$10.1 million increase in software licensing fees primarily related to increased sales of email and productivity solutions, increased third-party commissions driven by increased aftermarket domain sales and increased payment processing fees due to the overall bookings increase.

### 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 support our new and enhanced product offerings, international expansion and the overall growth of our business.

	Three Months Ended June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Technology and development	\$ 70.2	\$ 67.0	\$ 3.2	5%	\$ 141.9	\$ 133.9	\$ 8.0	6%

Technology and development expenses increased \$3.2 million, or 4.8%, from \$67.0 million for the three months ended June 30, 2015 to \$70.2 million for the three months ended June 30, 2016 due to immaterial increases in a variety of expenses associated with our international expansion and the overall growth of our business.

Technology and development expenses increased \$8.0 million , or 6.0% , from \$133.9 million for the six months ended June 30, 2015 to \$141.9 million for the six months ended June 30, 2016 . The increase was primarily attributable to a \$4.6 million increase in compensation-related costs for our technology and development employees as well as increased expenses associated with our international expansion and the overall 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 the size and scope of our future campaigns, particularly related to new product introductions and the growth of our international business.

	Three Months Ended June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Marketing and advertising	\$ 60.0	\$ 50.8	\$ 9.2	18%	\$ 117.5	\$ 101.5	\$ 16.0	16%

Marketing and advertising expenses increased \$9.2 million , or 18.1% , from \$50.8 million for the three months ended June 30, 2015 to \$60.0 million for the three months ended June 30, 2016 and increased \$16.0 million , or 15.8% , from \$101.5 million for the six months ended June 30, 2015 to \$117.5 million for the six months ended June 30, 2016 . These increases were primarily attributable to increased discretionary advertising spend driven by our international expansion.

*Customer care*

Customer care expenses represent the costs to advise our customers and service their needs, 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 June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Customer care	\$ 62.1	\$ 55.7	\$ 6.4	11%	\$ 123.8	\$ 112.4	\$ 11.4	10%

Customer care expenses increased \$6.4 million , or 11.5% , from \$55.7 million for the three months ended June 30, 2015 to \$62.1 million for the three months ended June 30, 2016 . The increase was primarily due to a \$4.3 million increase in compensation-related costs driven by increased average headcount, as well as incremental costs associated with the continued expansion of our international third-party Customer Care locations.

Customer care expenses increased \$11.4 million , or 10.1% , from \$112.4 million for the six months ended June 30, 2015 to \$123.8 million for the six months ended June 30, 2016 . The increase was primarily due to an \$8.0 million increase in compensation-related costs driven by increased average headcount, as well as incremental costs associated with the continued expansion of our international third-party Customer Care locations.

*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, sponsor-based costs 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 and increased personnel costs.

In the three and six months ended June 30, 2015, general and administrative expenses include \$29.7 million of additional expenses related to certain payments made following the completion of the IPO, including \$26.7 million paid to the Sponsors in connection with the termination of the transaction and monitoring fee agreement and \$3.0 million paid to Bob Parsons in connection with the termination of the executive chairman services agreement.

	Three Months Ended June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
General and administrative	\$ 52.8	\$ 76.5	\$ (23.7)	(31)%	\$ 101.0	\$ 124.4	\$ (23.4)	(19)%

General and administrative expenses decreased \$23.7 million, or 31.0%, from \$76.5 million for the three months ended June 30, 2015 to \$52.8 million for the three months ended June 30, 2016. Excluding the termination payments discussed above, general and administrative expenses increased \$6.0 million, or 12.8%, from \$46.8 million for the three months ended June 30, 2015 to \$52.8 million for the three months ended June 30, 2016, primarily due to a \$4.1 million increase in compensation-related costs driven by increased average headcount.

General and administrative expenses decreased \$23.4 million, or 18.8%, from \$124.4 million for the six months ended June 30, 2015 to \$101.0 million for the six months ended June 30, 2016. Excluding the termination payments discussed above, general and administrative expenses increased \$6.3 million, or 6.7%, from \$94.7 million for the six months ended June 30, 2015 to \$101.0 million for the six months ended June 30, 2016, primarily due to a \$4.6 million increase in compensation-related costs driven by increased average headcount.

#### *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 June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Depreciation and amortization	\$ 39.3	\$ 38.4	\$ 0.9	2%	\$ 78.2	\$ 75.8	\$ 2.4	3%

There were no material changes in depreciation and amortization expense between the periods presented.

#### *Interest expense*

	Three Months Ended June				Six Months Ended June			
	30,		Change		30,		Change	
	2016	2015	\$	%	2016	2015	\$	%
Interest expense	\$ 14.3	\$ 16.6	\$ (2.3)	(14)%	\$ 28.6	\$ 40.1	\$ (11.5)	(29)%

Interest expense decreased \$2.3 million, or 13.9%, from \$16.6 million for the three months ended June 30, 2015 to \$14.3 million for the three months ended June 30, 2016 and decreased \$11.5 million, or 28.7%, from \$40.1 million for the six months ended June 30, 2015 to \$28.6 million for the six months ended June 30, 2016, primarily driven by interest savings resulting from our repayment of the senior note to YAM in April 2015.

#### *Loss on debt extinguishment*

In April 2015, we recognized a \$21.4 million loss on debt extinguishment as a result of the repayment of the senior note to YAM, which consisted of prepayment premium of \$13.5 million and the write-off of \$7.1 million of unamortized original issue discount and \$0.8 million of deferred financing costs.

## Liquidity and Capital Resources

### *Overview*

Excluding our IPO proceeds, our principal sources of liquidity have been cash flow generated from operations and long-term debt borrowings. 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 generated 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 use a variety of capital sources to fund our needs for less predictable investment decisions such as acquisitions.

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. However, the restrictions under our Credit Facility are subject to a number of qualifications and exceptions and may be amended with the consent of our lenders.

We believe our existing cash and cash equivalents will be sufficient to meet our anticipated 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 and the completion of strategic acquisitions.

In May 2016, we entered into a definitive agreement to acquire Freedom Voice Systems, Inc., a provider of cloud-based communications systems for small to mid-sized businesses, for \$42.0 million in cash and additional contingent earn-out payments of up to an additional \$5.0 million payable upon the achievement of specified milestones. The acquisition is subject to a number of closing conditions, including obtaining regulatory approvals, and is expected to be completed before the end of 2016.

### *Credit Facility*

Our Credit Facility consists of the \$1,100.0 million Term Loan maturing on May 13, 2021 and the available \$150.0 million Revolving Credit Loan maturing on May 13, 2019, as described in Note 8 to our consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

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 Revolving Credit Loan also contains a financial covenant requiring us to maintain a maximum net leverage ratio of 7.25:1.00 at all times our usage exceeds 30.0% 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 June 30, 2016, we were in compliance with all such covenants and had no amounts drawn on the Revolving Credit Loan.

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

We are a party to five TRAs. Under four of these agreements, we are generally required to pay to certain pre-IPO owners approximately 85% of the amount of savings, if any, in U.S. federal, state and local income tax we are deemed to realize (using the actual U.S. federal income tax rate and an assumed combined state and local income tax rate) as a result of (1) any existing tax attributes associated with LLC Units acquired in the pre-IPO organizational transactions, the benefit of which is allocable to us as a result of such transactions (including the allocable share of Desert Newco's existing tax basis in its assets), (2) NOLs available as a result of such transactions and (3) tax benefits related to imputed interest.

As of December 31, 2015, our liability under the TRAs was \$151.6 million, representing approximately 85% of the calculated tax savings based on the portion of the OBAs we anticipated being able to utilize in future years.

In April 2016, we completed a secondary offering in which certain stockholders sold an aggregate of 18,975 shares of our Class A common stock at a public offering price of \$30.25 per share. We did not receive any of the proceeds from the sale of these shares. The offering also included the exchange of 10,382 LLC Units (together with the corresponding shares of Class B common stock) for Class A common stock by certain selling stockholders.

During the six months ended June 30, 2016, we increased the liability under the TRAs to \$200.8 million, including \$6.9 million recorded as a current liability. The offsetting amounts to this increase consisted of 1) a \$38.5 million reduction of additional paid-in capital resulting from the completion of the April 2016 secondary offering and 2) a \$10.7 million charge to our consolidated statement of operations, which was primarily due to: i) an increase in our ownership of Desert Newco, ii) the finalization of Desert Newco's 2015 taxable income allocated to us and iii) a change in forecasted 2016 taxable income.

We have determined it is more-likely-than-not we will be unable to utilize all of our deferred tax assets 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, including those exchanged in the secondary offering. If utilization of these deferred tax assets becomes more-likely-than-not in the future, at such time, we will record liabilities under the TRAs of up to an additional \$171.1 million as a result of basis adjustments under Code Section 754 and up to an additional \$120.1 million related to the tax attributes received in the pre-IPO organizational transactions, which will be recorded through charges to our consolidated statement of operations. Additionally, if these tax attributes are not utilized in future years, it is reasonably possible no amounts would be paid under the TRAs.

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 expect to begin making payments related to the existing liability under the TRAs in 2017. See Note 10 to our condensed consolidated financial statements for further discussion of this liability.

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 (although a rate equal to one year LIBOR plus 100 basis points will apply if the inability to make payments under the TRAs is due to limitations imposed on us or any of our subsidiaries by a debt agreement in effect at the date of our IPO).

### ***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, 2015, our accrual for tax distributions related to estimated taxable income allocations to Desert Newco's owners for 2015, excluding us, was \$5.3 million. In March 2016, following the finalization of 2015 taxable income allocated to each Desert Newco owner, we paid \$4.6 million of such distributions based on ownership as of the payment date as follows: \$1.8 million to YAM, \$1.0 million to Silver Lake, \$1.0 million to KKR, \$0.5 million to TCV and \$0.3 million to other Desert Newco owners. The remaining accrual was reversed to additional paid-in capital.

As of March 31, 2016, we had accrued \$5.8 million, with an offsetting reduction in additional paid-in capital, for tax distributions related to estimated taxable income allocations to Desert Newco's owners for the first quarter of 2016, excluding us. In April 2016, we paid \$2.3 million to YAM, \$1.3 million to Silver Lake, \$1.2 million to KKR, \$0.7 million to TCV and \$0.3 million to other Desert Newco owners.

An accrual for tax distributions was not required as of June 30, 2016. We may be required to make additional payments to Desert Newco's owners related to taxable income allocations for the remainder of 2016. 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:

	Six Months Ended June 30,	
	2016	2015
Net cash provided by operating activities	\$ 197.7	\$ 119.4
Net cash used in investing activities	(73.0)	(55.0)
Net cash (used in) provided by financing activities	(0.6)	86.0
Net increase in cash and cash equivalents	\$ 124.1	\$ 150.4

### *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 expand internationally.

Net cash provided by operating activities increased \$78.3 million from \$119.4 million during the six months ended June 30, 2015 to \$197.7 million during the six months ended June 30, 2016, primarily due to a \$65.1 million improvement in our operating income (loss) and a \$12.1 million reduction in interest payments primarily resulting from the repayment of the senior note to YAM in April 2015.

### *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 international expansion. 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.

[Table of Contents](#)

Net cash used in investing activities increased \$18.0 million from \$55.0 million during the six months ended June 30, 2015 to \$73.0 million during the six months ended June 30, 2016, primarily due to a \$10.6 million increase in business acquisitions and a \$ 3.6 million increase in capital expenditures.

### **Financing Activities**

Excluding our IPO proceeds, 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 from financing activities decreased \$86.6 million from \$86.0 million provided by financing activities during the six months ended June 30, 2015 to \$0.6 million used in financing activities the six months ended June 30, 2016. This was primarily due to the receipt of net IPO proceeds of \$482.5 million in 2015 and \$10.8 million of distributions paid to holders of LLC Units in 2016. These decreases were partially offset by the repayment of long-term debt of \$375.0 million and the payment of debt extinguishment fees of \$13.5 million in 2015 and a \$22.4 million increase in proceeds received from stock option and warrant exercises.

### **Deferred Revenue**

Deferred revenue consists of our sales for products not yet recognized as revenue at the end of a period. Our deferred revenue as of June 30, 2016 was \$1,545.0 million, and is expected to be recognized as revenue as follows:

	<b>Remainder of 2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Thereafter</b>	<b>Total</b>
Domains	\$ 349.3	\$ 272.0	\$ 94.6	\$ 50.8	\$ 30.8	\$ 40.6	\$ 838.1
Hosting and presence	244.5	176.0	69.0	22.3	8.4	6.6	526.8
Business applications	88.9	59.6	18.7	7.0	3.3	2.6	180.1
	<u>\$ 682.7</u>	<u>\$ 507.6</u>	<u>\$ 182.3</u>	<u>\$ 80.1</u>	<u>\$ 42.5</u>	<u>\$ 49.8</u>	<u>\$ 1,545.0</u>

### **Off-Balance Sheet Arrangements**

As of June 30, 2016 and December 31, 2015, 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 2015 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 2015 Form 10-K.

### **Recent Accounting Pronouncements**

For information regarding recent accounting pronouncements, see Note 2 to our consolidated financial statements appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### **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 our international expansion. During the three months ended June 30, 2016, our total bookings growth in constant currency would have been approximately 120 basis points higher and total revenue growth would have been approximately 200 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 June 30, 2016, the total notional amount of such contracts was \$51.8 million, all having maturities of 12 months or less, and the realized and unrealized gain included in accumulated other comprehensive income totaled \$3.1 million.

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

Interest rate risk reflects our exposure to movements in interest rates associated with our borrowings. Borrowings under the Credit Facility bear interest at a rate equal to, at our option, either (a) LIBOR (not less than 1.0% for the Term Loan only) plus 3.25% per annum or (b) 2.25% 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%. Borrowings under the Term Loan were \$1,078.0 million as of June 30, 2016. The effect of a hypothetical 10% change in interest rates would not have had a material impact on our interest expense.

#### **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 June 30, 2016, 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 June 30, 2016 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 other litigation of a non-material nature. Although the results of the lawsuits, claims and proceedings in which we are involved cannot be predicted with certainty, we do not believe the final outcome of these matters will have a material adverse effect on our business, financial condition or 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 2015 Form 10-K.

### 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: August 4, 2016

**GODADDY INC.**

/s/ Scott W. Wagner

Scott W. Wagner  
Chief Financial Officer

EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.1+ *	Employment Agreement, dated as of June 1, 2014, by and among GoDaddy.com, LLC, Desert Newco, LLC and James Carroll.
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 June 1, 2014 “**Effective Date**” by and among GoDaddy.com, LLC (the “**Company**” or “**GoDaddy**”), Desert Newco, LLC and **James Carroll** (“**Executive**”).

**Summary of Material Terms**

<b>Term</b>	<b>Summary</b>	<b>Cross-Reference</b>
Position:	Executive Vice President, International	Section 1
Reports to:	The Company's Chief Executive Officer	Section 1
Employment Term	Through December 31, 2017 unless extended	Section 2
Annual Salary:	\$500,000	Section 3(a)
Annual Target Bonus:	60% of annual salary	Section 3(b)
Non-Change in Control Severance:	<ul style="list-style-type: none"> <li>• Any earned but unpaid salary or bonus</li> <li>• 50% of annual salary</li> <li>• Prorated Annual Bonus at target for the year of termination</li> <li>• Payment equal to the cost of health insurance coverage for 6 months</li> </ul>	Section 5(b)(iii)
Change in Control Severance:	<ul style="list-style-type: none"> <li>• Any earned but unpaid salary or bonus</li> <li>• 75% of annual salary</li> <li>• 75% of target Annual Bonus for the year of termination</li> <li>• Payment equal to the cost of health insurance coverage for 9 months</li> </ul>	Section 5(b)(iv)

- 1. Duties and Scope of Employment.** Executive will serve as the Company’s Executive Vice President, International 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, 2017, 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, 2016 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 2014 fiscal year, Executive is eligible to earn a target annual bonus of 60% of Executive's Base Salary based upon achievement of revenue and cash EBITDA performance objectives to be determined by 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 Plan. Any 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 "**Equity Documents**"). Equity awards outstanding as of the Effective Date will not have their terms modified by this Agreement and are listed as follows:
- 840,000 options with a per unit exercise price of \$3.951157

The outstanding equity awards provide that if Executive remains employed with the Company or its subsidiaries through the date of a Change in Control, then 100% of the Units subject to such Unit Option will be immediately vested and exercisable immediately prior to the Change in Control if as a result of the Change in Control, the Sponsors (x) achieve an internal rate of return of at least 25% or (y) earn at least 3.0 times the purchase price of the GoDaddy Equity Interests they acquired. Terms undefined in the prior sentence have the meaning set forth in the Equity Documents and the language of the Equity Documents more fully describes these concepts.

#### **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) the 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) (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 50% 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 6 months.

(iv) Termination of Employment During a Change in Control Period. If Executive's employment is terminated under circumstances that would entitle Executive to payment of benefits under Section 5(b)(iii) and such termination of employment occurs during the period that begins three months prior to a Change in Control and ends on the date that is 18 months after a Change in Control, then Executive will receive the benefits described in Section 5(b)(iii), but the payment in Section 5(b)(iii)(3) will be equal to 75% of target Annual Bonus, the payment in Section 5(b)(iii)(4) will be equal to 75% of annual Base Salary in effect on the termination date (or the date immediately prior to the Change in Control if higher), and the health insurance coverage payment in Section 5(b)(iii)(5) will be 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 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 8(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 this 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: General Counsel

- (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 he has had the opportunity to discuss this matter with and obtain advice from his 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**

/s/ Blake Irving

by: Blake Irving

February 4, 2015

**Executive**

/s/ James Carroll

February 2, 2015

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

/s/ Blake Irving

by: Blake Irving

February 4, 2015

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

---

**GODADDY CALIFORNIA**  
**AT-WILL EMPLOYMENT, CONFIDENTIAL INFORMATION,**  
**INVENTION ASSIGNMENT,**  
**AND ARBITRATION AGREEMENT**

As a condition of my employment with GoDaddy.com, LLC, its subsidiaries, affiliates, successors or assigns (together the “**Company**”), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by Company, I agree to the following provisions of this GoDaddy California At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (this “**Agreement**”):

*1. At-Will Employment .*

I UNDERSTAND AND ACKNOWLEDGE THAT MY EMPLOYMENT WITH THE COMPANY IS FOR NO SPECIFIED TERM AND CONSTITUTES “AT-WILL” EMPLOYMENT. I ALSO UNDERSTAND THAT ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND NOT VALID UNLESS IN WRITING AND SIGNED BY THE CEO OR CHIEF HUMAN RESOURCES OFFICER OF THE COMPANY. ACCORDINGLY, I ACKNOWLEDGE THAT MY EMPLOYMENT RELATIONSHIP MAY BE TERMINATED AT ANY TIME, WITH OR WITHOUT GOOD CAUSE OR FOR ANY OR NO CAUSE, AT MY OPTION OR AT THE OPTION OF THE COMPANY, WITH OR WITHOUT NOTICE. I FURTHER ACKNOWLEDGE THAT THE COMPANY MAY MODIFY JOB TITLES, SALARIES, AND BENEFITS FROM TIME TO TIME AS IT DEEMS NECESSARY.

*2. Confidential Information .*

*A. Company Information .* I agree that during and after my employment with the Company, I will hold in the strictest confidence, and will not use (except for the benefit of the Company during my employment) or disclose to any person, firm, or corporation (without written authorization of the President, CEO, or the Board of Directors of the Company) any Company Confidential Information. I understand that my unauthorized use or disclosure of Company Confidential Information during my employment may lead to disciplinary action, up to and including immediate termination and legal action by the Company. I understand that “**Company Confidential Information**” means any non-public information that relates to the actual or anticipated business, research or development of the Company, or to the Company’s technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company’s products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on which I called or with which I may become acquainted during the term of my employment), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information; provided, however, Company Confidential Information does not include any of the foregoing items to the extent the same have become publicly known and made generally available through no wrongful act of mine or of others. I understand that nothing in this Agreement is intended to limit employees’ rights to discuss the terms, wages, and working conditions of their employment, as protected by applicable law.

*B. Former Employer Information .* I agree that during my employment with the Company, I will not improperly use, disclose, or induce the Company to use any proprietary information or trade secrets

---

of any former or concurrent employer or other person or entity. I further agree that I will not bring onto the premises of the Company or transfer onto the Company'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 the Company and such employer, person, or entity.

*C. Third Party Information* . I recognize that the Company may have received and in the future may receive from third parties associated with the Company, e.g., the Company's customers, suppliers, licensors, licensees, partners, or collaborators (“ **Associated Third Parties** ”), their confidential or proprietary information (“ **Associated Third Party Confidential Information** ”). By way of example, Associated Third Party Confidential Information may include the habits or practices of Associated Third Parties, the technology of Associated Third Parties, requirements of Associated Third Parties, and information related to the business conducted between the Company and such Associated Third Parties. I agree at all times during my employment with the Company and thereafter to hold in the strictest confidence, and not to use or to disclose to any person, firm, or corporation, any Associated Third Party Confidential Information, except as necessary in carrying out my work for the Company consistent with the Company's agreement with such Associated Third Parties. I further agree to comply with any and all Company policies and guidelines that may be adopted from time to time regarding Associated Third Parties and Associated Third Party Confidential Information. I understand that my unauthorized use or disclosure of Associated Third Party Confidential Information or violation of any Company policies during my employment may lead to disciplinary action, up to and including immediate termination and legal action by the Company.

### *3. Inventions* .

*A. Inventions Retained and Licensed* . I have attached hereto as Exhibit A , a list describing all inventions, discoveries, original works of authorship, developments, improvements, and trade secrets that were conceived in whole or in part by me prior to my employment with the Company and to which I have any right, title, or interest, which are subject to California Labor Code Section 2870 ( attached hereto as Exhibit B ), and which relate to the Company's proposed business, products, or research and development (“ **Prior Inventions** ”); or, if no such list is attached, I represent and warrant that there are no such Prior Inventions. Furthermore, I represent and warrant that if any Prior Inventions are included on Exhibit A , they will not materially affect my ability to perform all obligations under this Agreement. If, in the course of my employment with the Company, I incorporate into or use in connection with any product, process, service, technology, or other work by or on behalf of the Company any Prior Invention, I hereby grant to the Company a non-exclusive, royalty-free, fully paid-up, irrevocable, perpetual, transferable, worldwide license, with the right to grant and authorize sublicenses, to make, have made, modify, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform, and otherwise exploit such Prior Invention without restriction, including, without limitation, as part of or in connection with such product, process, service, technology, or other work, and to practice any method related thereto.

*B. Assignment of Inventions* . I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and agree to assign and hereby do irrevocably assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks, or trade secrets, whether or not patentable or registrable under patent, copyright, or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (including during my off-duty hours), or with the use of Company's equipment, supplies, facilities, or Company Confidential Information, except as provided in Section 3.F below (collectively referred to as “ **Inventions** ”). I further acknowledge that all original works of authorship that are made by me (solely or jointly with others) within

---

the scope of and during the period of my employment with the Company and that are protectable by copyright are “works made for hire,” as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any Inventions is within the Company’s sole discretion and for the Company’s sole benefit, and that no royalty or other consideration will be due to me as a result of the Company’s efforts to commercialize or market any such Inventions.

*C. Moral Rights* . Any assignment to the Company of Inventions includes all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as “moral rights,” “artist’s rights,” “droit moral,” or the like (collectively, “**Moral Rights**”). To the extent that Moral Rights cannot be assigned under applicable law, I hereby waive and agree not to enforce any and all Moral Rights, including, without limitation, any right to identification of authorship or limitation on subsequent modification that I may have in the assigned Inventions.

*D. Maintenance of Records* . I agree to keep and maintain adequate, current, accurate, and authentic written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, electronic files, reports, or any other format that may be specified by the Company. The records are and will be available to and remain the sole property of the Company at all times.

*E. Further Assurances* . I agree to assist the Company, or its designee, at the Company’s expense, in every proper way to secure the Company’s rights in the Inventions and any rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, and all other instruments that the Company shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights, and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title, and interest in and to such Inventions and any rights relating thereto, and testifying in a suit or other proceeding relating to such Inventions and any rights relating thereto. I further agree that my obligations under this Section 3E shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature with respect to any Inventions, including, without limitation, to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering such Inventions, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead, to execute and file any papers and oaths, and to do all other lawfully permitted acts with respect to such Inventions with the same legal force and effect as if executed by me.

*F. Exception to Assignments* . I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention that qualifies fully under the provisions of California Labor Code Section 2870 (attached hereto as Exhibit B). I will advise the Company promptly in writing of any inventions that I believe meet the criteria in California Labor Code Section 2870 and are not otherwise disclosed on Exhibit A.

---

G. *Work for Hire* . I agree and acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company, and which are protectable by copyright, whether or not copyright registration is actively sought by or granted to GoDaddy, are “works made for hire,” as that term is defined in the United States Copyright Act, including but not limited to: literary works (including all written material), computer programs and code, artistic and graphic works (including designs, graphs, drawings, blueprints, and other works), recordings, models, photographs, slides, motion pictures, and audio-visual works, regardless of the form or manner in which documented or recorded that are conceived, devised, invented, developed, or reduced to practice by me or under my direction. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company’s sole discretion and for the Company’s sole benefit and that no royalty will be due to me as a result of the Company’s efforts to commercialize or market any such invention.

4. *Conflicting Employment* .

A. *Current Obligations*. I agree that during the term of my employment with the Company, I will not engage in or undertake any other employment, occupation, consulting relationship, or commitment that is directly related to the business in which the Company is now involved or becomes involved or has plans to become involved, nor will I engage in any other activities that conflict with my obligations to the Company.

B. *Prior Relationships* . Without limiting Section 4.A, I represent that I have no other agreements, relationships, or commitments to any other person or entity that conflict with my obligations to the Company under this Agreement or my ability to become employed and perform the services for which I am being hired by the Company. I further agree that if I have signed a confidentiality agreement or similar type of agreement with any former employer or other entity, I will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. I represent and warrant that after undertaking a careful search (including searches of my computers, cell phones, electronic devices, and documents), I have returned all property and confidential information belonging to all prior employers. Moreover, I agree to fully indemnify the Company, its directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from my breach of my obligations under any agreement to which I am a party or obligation to which I am bound, as well as any reasonable attorneys’ fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.

5. *Returning Company Documents* . Upon separation from employment with the Company or on demand by the Company during my employment, I will immediately deliver to the Company, and will not keep in my possession, recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Company Confidential Information, Associated Third Party Confidential Information, as well as all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any and all of the aforementioned items that were developed by me pursuant to my employment with the Company, obtained by me in connection with my employment with the Company, or otherwise belonging to the Company, its successors, or assigns, including, without limitation, those records maintained pursuant to Section 3.C. I also consent to an exit interview to confirm my compliance with this Section 5.

---

6. *Termination Certification*. Upon separation from employment with the Company, I agree to immediately sign and deliver to the Company the "Termination Certification" attached hereto as Exhibit C. I also agree to keep the Company advised of my home and business address for a period of three (3) years after termination of my employment with the Company, so that the Company can contact me regarding my continuing obligations provided by this Agreement.

7. *Notification of New Employer*. In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my obligations under this Agreement.

8. *Solicitation of Employees*. I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether voluntary or involuntary, with or without cause, I shall not either directly or indirectly solicit any of the Company's employees to leave their employment, or attempt to solicit employees of the Company, either for myself or for any other person or entity. I agree that nothing in this Section 8 shall affect my continuing obligations under this Agreement during and after this twelve (12) month period, including, without limitation, my obligations under Section 2A.

9. *Company Policy*. I agree to diligently adhere to all policies of the Company, including the Company's Code of Business Conduct and Ethics, located in the GoDaddy Employee Handbook. I understand that these policies may be revised from time to time during my employment.

10. *Representations*. I agree to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I hereby represent and warrant that I have not entered into, and I will not enter into, any oral or written agreement in conflict herewith.

11. *Audit*. I acknowledge that I have no reasonable expectation of privacy in any computer, technology system, email, handheld device, telephone, or documents that are used to conduct the business of the Company. As such, the Company has the right to audit and search all such items and systems, without further notice to me, to ensure that the Company is licensed to use the software on the Company's devices in compliance with the Company's software licensing policies, to ensure compliance with the Company's policies, and for any other business-related purposes in the Company's sole discretion. I understand that I am not permitted to add any unlicensed, unauthorized, or non-compliant applications to the Company's technology systems, including, without limitation, open source or free software not authorized by the Company, and that I shall refrain from copying unlicensed software onto the Company's technology systems or using non-licensed software or websites. I understand that it is my responsibility to comply with the Company's policies governing use of the Company's documents and the internet, email, telephone, and technology systems to which I will have access in connection with my employment.

12. *Arbitration and Equitable Relief*.

A. *Arbitration*. IN CONSIDERATION OF MY EMPLOYMENT WITH THE COMPANY, ITS PROMISE TO ARBITRATE ALL EMPLOYMENT-RELATED DISPUTES, AND MY RECEIPT OF THE COMPENSATION, PAY RAISES, AND OTHER BENEFITS PAID TO ME BY THE COMPANY, AT PRESENT AND IN THE FUTURE, I AGREE THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY AND ANY EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER, OR BENEFIT PLAN OF THE COMPANY, IN THEIR CAPACITY AS SUCH OR OTHERWISE), WHETHER BROUGHT ON AN INDIVIDUAL, GROUP, OR CLASS BASIS, ARISING OUT OF, RELATING TO, OR RESULTING FROM MY EMPLOYMENT WITH THE

---

COMPANY OR THE TERMINATION OF MY EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION UNDER THE ARBITRATION RULES SET FORTH IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1280 THROUGH 1294.2, INCLUDING SECTION 1281.8 (THE “ ACT ”), AND PURSUANT TO CALIFORNIA LAW. THE FEDERAL ARBITRATION ACT SHALL CONTINUE TO APPLY WITH FULL FORCE AND EFFECT NOTWITHSTANDING THE APPLICATION OF PROCEDURAL RULES SET FORTH IN THE ACT. DISPUTES THAT I AGREE TO ARBITRATE, AND THEREBY AGREE TO WAIVE ANY RIGHT TO A TRIAL BY JURY, INCLUDE ANY STATUTORY CLAIMS UNDER LOCAL, STATE, OR FEDERAL LAW, INCLUDING, BUT NOT LIMITED TO, CLAIMS UNDER TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE AMERICANS WITH DISABILITIES ACT OF 1990, AS AMENDED, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE OLDER WORKERS BENEFIT PROTECTION ACT, THE SARBANES-OXLEY ACT, THE WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, THE FAMILY AND MEDICAL LEAVE ACT, THE CALIFORNIA FAMILY RIGHTS ACT, THE CALIFORNIA LABOR CODE, CLAIMS OF HARASSMENT, DISCRIMINATION, AND WRONGFUL TERMINATION, AND ANY STATUTORY OR COMMON LAW CLAIMS. I FURTHER UNDERSTAND THAT THIS AGREEMENT TO ARBITRATE ALSO APPLIES TO ANY DISPUTES THAT THE COMPANY MAY HAVE WITH ME.

*B. PROCEDURE* . I AGREE THAT ANY ARBITRATION WILL BE ADMINISTERED BY JUDICIAL ARBITRATION & MEDIATION SERVICES, INC. (“ **JAMS** ”), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES (THE “ **JAMS RULES** ”). I AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO DECIDE ANY MOTIONS BROUGHT BY ANY PARTY TO THE ARBITRATION, INCLUDING MOTIONS FOR SUMMARY JUDGMENT AND/OR ADJUDICATION, MOTIONS TO DISMISS AND DEMURRERS, AND MOTIONS FOR CLASS CERTIFICATION, PRIOR TO ANY ARBITRATION HEARING. I ALSO AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO AWARD ANY REMEDIES AVAILABLE UNDER APPLICABLE LAW, AND THAT THE ARBITRATOR SHALL AWARD ATTORNEYS’ FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. I AGREE THAT THE DECREE OR AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED AS A FINAL AND BINDING JUDGMENT IN ANY COURT HAVING JURISDICTION THEREOF. I UNDERSTAND THAT THE COMPANY WILL PAY FOR ANY ADMINISTRATIVE OR HEARING FEES CHARGED BY THE ARBITRATOR OR JAMS EXCEPT THAT I SHALL PAY ANY FILING FEES ASSOCIATED WITH ANY ARBITRATION THAT I INITIATE, BUT ONLY SO MUCH OF THE FILING FEES AS I WOULD HAVE INSTEAD PAID HAD I FILED A COMPLAINT IN A COURT OF LAW. I AGREE THAT THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THAT THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO RULES OF CONFLICT OF LAW. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. I AGREE THAT THE DECISION OF THE ARBITRATOR SHALL BE IN WRITING. I AGREE THAT ANY ARBITRATION UNDER THIS AGREEMENT SHALL BE CONDUCTED IN SANTA CLARA COUNTY, CALIFORNIA.

*C. Remedy* . EXCEPT AS PROVIDED BY THE ACT AND THIS AGREEMENT, ARBITRATION SHALL BE THE SOLE, EXCLUSIVE, AND FINAL REMEDY FOR ANY DISPUTE BETWEEN ME AND THE COMPANY. ACCORDINGLY, EXCEPT AS PROVIDED FOR BY THE ACT AND THIS AGREEMENT, NEITHER I NOR THE COMPANY WILL BE PERMITTED TO PURSUE COURT ACTION REGARDING CLAIMS THAT ARE SUBJECT TO ARBITRATION.

---

*D. Administrative Relief* . I UNDERSTAND THAT THIS AGREEMENT DOES NOT PROHIBIT ME FROM PURSUING AN ADMINISTRATIVE CLAIM WITH A LOCAL, STATE, OR FEDERAL ADMINISTRATIVE BODY OR GOVERNMENT AGENCY THAT IS AUTHORIZED TO ENFORCE OR ADMINISTER LAWS RELATED TO EMPLOYMENT, INCLUDING, BUT NOT LIMITED TO, THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING, THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION, THE NATIONAL LABOR RELATIONS BOARD, OR THE WORKERS' COMPENSATION BOARD. THIS AGREEMENT DOES, HOWEVER, PRECLUDE ME FROM PURSUING COURT ACTION REGARDING ANY SUCH CLAIM, EXCEPT AS PERMITTED BY LAW.

*E. Voluntary Nature of Agreement* . I ACKNOWLEDGE AND AGREE THAT I AM EXECUTING THIS AGREEMENT VOLUNTARILY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE BY THE COMPANY OR ANYONE ELSE. I FURTHER ACKNOWLEDGE AND AGREE THAT I HAVE CAREFULLY READ THIS AGREEMENT AND THAT I HAVE ASKED ANY QUESTIONS NEEDED FOR ME TO UNDERSTAND THE TERMS, CONSEQUENCES, AND BINDING EFFECT OF THIS AGREEMENT AND FULLY UNDERSTAND IT, INCLUDING THAT **I AM WAIVING MY RIGHT TO A JURY TRIAL** . FINALLY, I AGREE THAT I HAVE BEEN PROVIDED AN OPPORTUNITY TO SEEK THE ADVICE OF AN ATTORNEY OF MY CHOICE BEFORE SIGNING THIS AGREEMENT.

*13. General Provisions* .

*A. Governing Law; Consent to Personal Jurisdiction* . This Agreement will be governed by the laws of the State of California without giving effect to any choice-of-law rules or principles that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, I hereby expressly consent to the personal and exclusive jurisdiction and venue of the state and federal courts located in California for any lawsuit filed against me by the Company.

*B. Entire Agreement* . This Agreement, together with the Exhibits herein and any executed written offer letter between me and the Company, to the extent such materials are not in conflict with this Agreement, sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and supersedes all prior discussions or representations between us, including, but not limited to, any representations made during my interview(s) or relocation negotiations, whether written or oral. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the President or CEO of the Company and me. Any subsequent change or changes in my duties, salary, or compensation will not affect the validity or scope of this Agreement.

*C. Severability* . If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

*D. Successors and Assigns* . This Agreement will be binding upon my heirs, executors, assigns, administrators, and other legal representatives, and will be for the benefit of the Company, its successors, and its assigns. There are no intended third-party beneficiaries to this Agreement, except as expressly stated. Notwithstanding anything to the contrary herein, Company may assign this Agreement and its rights and obligations under this Agreement to any successor to all or substantially all of Company's relevant assets, whether by merger, consolidation, sale of assets or stock, or otherwise.

---

E. *Waiver.* Waiver by the Company of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach.

F. *Survivorship.* The rights and obligations of the parties to this Agreement will survive termination of my employment with the Company.

G. *Signatures.* This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document.

Date: February 2, 2015

/s/ James Carroll

Signature

James Carroll

Name of Employee (typed or printed)

Witness:

/s/ Blake Irving

Signature

Blake Irving

Name (typed or printed)

**Exhibit A to CA ECIAA**

**LIST OF PRIOR INVENTIONS  
AND ORIGINAL WORKS OF AUTHORSHIP**

Title	Date	Identifying Number or Brief Description

No inventions or improvements

Additional Sheets Attached

Signature of Employee: /s/ James Carroll

Print Name of Employee: James Carroll

Date: February 2, 2015

---

**Exhibit B to CA ECIIAA**

**CALIFORNIA LABOR CODE SECTION 2870**

**INVENTION ON OWN TIME-EXEMPTION FROM AGREEMENT**

“(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer’s equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer’s business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.”

---

**Exhibit C to CA ECIIAA**

**GoDaddy**

**TERMINATION CERTIFICATION**

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, any other documents or property, or reproductions of any and all aforementioned items belonging to GoDaddy.com, LLC, its subsidiaries, affiliates, successors or assigns (together, the “**Company**”).

I further certify that I have complied with all the terms of the GoDaddy California At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement signed by me (the “**Agreement**”), including the reporting of any inventions and original works of authorship (as defined therein) conceived or made by me (solely or jointly with others), as covered by that agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all Company Confidential Information and Associated Third Party Confidential Information, including trade secrets, confidential knowledge, data, or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, databases, other original works of authorship, customer lists, business plans, financial information, or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants, or licensees.

I also agree that for twelve (12) months from this date, I will not either directly or indirectly solicit any of the Company’s employees to leave their employment, or to enter into an employment, consulting, contractor, or other relationship with any other person, firm, business entity, or organization (including with myself). I agree that nothing in this paragraph shall affect my continuing obligations under the Agreement during and after this twelve (12) month period, including, without limitation, my obligations under Section 2A thereof.

After leaving the Company’s employment, I will be employed by \_\_\_\_\_ in the position of: \_\_\_\_\_.

\_\_\_\_\_

*Signature of employee*

—

*Print name*

—

*Date*

Address for Notifications: \_\_\_\_

---

## 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.
  - 7. Former Employer Information.** Employee agrees that during of his 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 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.

**James Carroll**

Signature: \_\_\_\_

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 \_\_\_\_\_ (“Employee”) and GoDaddy.com, LLC (“GoDaddy” or “Company”). For the purposes of this Agreement, GoDaddy and Employee are collectively referred to as the “Parties”.

#### RECITALS

- A. Employee’s final day of employment with GoDaddy was or will be effective XX, 201XX (the “Separation Date”).
- B. Employee, the Company, and Desert NewCo, LLC entered into an employment agreement dated **INSERT** and attached hereto as Exhibit A (the “Employment Agreement”).
- C. 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. **Payments.**

- (a) *Separation Payment.* In exchange for Employee’s promises to abide by all the terms and conditions of this Agreement, each of which Go Daddy deems to be material to this Agreement, Go Daddy will provide Employee the severance and other benefits promised in Section XX of the Employment Agreement (the Separation Payment), subject to the terms and conditions thereof. Without limiting the scope of Section XX of the Employment Agreement, the amounts to be paid are: XX
- (b) *Wages and accrued vacation .* In addition to the Separation Payment, but not in consideration of Employee’s promises to abide by all the terms and conditions of this Agreement, GoDaddy will pay Employee on INSERT DATE (i) \$XX, representing all wages and other benefits earned prior to the Separation Date; and (ii) \$XX, representing hours of accrued vacation/paid time off earned as of the Separation Date.
- (c) *Taxes, deductions and Employee records .* All payments set forth in paragraphs 1(a) and 1(b) will be made less t he required federal, state and local tax withholdings and deductions

2. **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 unit options after the Termination Date. Employee will receive a separate letter detailing the treatment of options in accordance with the Equity Documents. Employee represents that Employee has not suffered any on-the-job injury for which Employee has not already filed a claim.

3. **Benefits .** R egardless of whether Employee signs this Agreement, Employee’s active participation in all Company benefit plans will terminate effective 11:59 p.m. on the Termination Date 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 Separation Date.

#### 4. 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) 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:

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/h er, 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.
- 5. Confidentiality** . Employee agrees to keep the existence and terms of this Agreement strictly confidential, including the specific information regarding the Separation Payment in paragraph 1 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, other than Employee’s tax and/or 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. Employee understands that “Confidential Information” means any GoDaddy proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product 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, finances, employee 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 of parts or equipment. 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. 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.

6. **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.
7. **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 fully 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.
8. **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 for Employee's (i) Employment Agreement; (ii) Non-Compete Agreement; and (iii) the Equity Documents (which remain in full force and effect as provided therein). Employee understands and agrees that the Company has certain "call rights" under Equity Documents (b) Employee's continuing confidentiality obligations to GoDaddy as outlined in the company handbook and other policies, and (c) any equity awards granted to Employee under the Desert Newco, LLC 2011 Unit Incentive Plan (the "Incentive Plan") and any other agreements required to be entered into in connection with any grant thereunder (collectively, with the Incentive Plan, the "Equity Documents").
9. **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.
10. **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.
11. **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.
12. **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.
13. **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.
14. **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.

- 15. 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.
- 16. Effective Date of Agreement** . This Agreement is made effective as of the eighth (8th) day after Employee signed the Agreement so long as Employee does not revoke the Agreement before that date (the "Effective Date"), but shall not be binding until it has been signed by both Parties and returned to Go Daddy's Chief Executive Officer at the address and in the manner specified in paragraph 6(i) above. Unless waived by Go Daddy, the failure to return a signed copy of this agreement within twenty-one (21) days of the Termination Date, shall be deemed to constitute a rejection of this offer.
- 17. Voluntary Execution of Agreement** . Employee understands and agrees that Employee executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all claims against the Company and any of the other Releasees. Employee acknowledges that:
- (a) Employee has carefully read this entire Agreement and understands all the terms and the legal and binding effect of this Agreement, including the Release provisions set forth in paragraph 4 and the Confidentiality provisions set forth in paragraph 5.
  - (b) 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.
  - (c) Employee would not have been entitled to receive the Separation Payment had Employee rejected this Agreement and agrees that the Separation Payment is adequate consideration for Employee's releases and promises.
  - (d) Employee is waiving and releasing any rights Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary, and does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law;
  - (e) Pursuant to the specific release contained in Section 4(g), Employee has up to 21 days 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
  - (f) Employee may revoke or cancel this Agreement within 7 days of signing it by notifying GoDaddy's General Counsel of the decision to revoke this Agreement in writing and Employee understands that, to be effective, the written revocation notice must be actually received by Go Daddy's General Counsel at GoDaddy's corporate headquarters in GoDaddy, Attn: General Counsel, 14455 N. Hayden Rd., Suite 209, Scottsdale, AZ 85260.
  - (g) Employee understands that this Agreement does not waive any rights or claims that may arise after the Effective Date of this Agreement.
  - (h) 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.

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

Employee GoDaddy.com, LLC

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

Sign

\_\_\_\_\_ Its: \_\_\_\_\_

Print Name

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

**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: August 4, 2016

By: /s/ Blake J. Irving

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

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

I, Scott W. Wagner, 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: August 4, 2016

By:  /s/ Scott W. Wagner

Scott W. Wagner

Chief Financial Officer and Chief Operating 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 June 30, 2016 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: August 4, 2016

By: /s/ Blake J. Irving

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

I, Scott W. Wagner, 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 June 30, 2016 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: August 4, 2016

By: /s/ Scott W. Wagner

Scott W. Wagner  
Chief Financial Officer and Chief Operating Officer  
(Principal Financial Officer)