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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2014

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: 001-36131

Endurance International Group Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**46-3044956** **(I.R.S. Employer Identification No.)**
10 Corporate Drive, Suite 300 **Burlington, Massachusetts** **(Address of Principal Executive Offices)**	**01803** **(Zip Code)**

(781) 852-3200
(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.

(Check one):

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 April 30, 2014 there were 129,085,184 shares of the issuer's common stock, $0.0001 par value per share outstanding.

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Endurance International Group Holdings, Inc.
Consolidated Balance Sheets
(unaudited)
(in thousands, except share and per share amounts)

	December 31, 2013	March 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 66,815	$ 51,784
Restricted cash	1,983	2,312
Accounts receivable	7,160	11,176
Deferred tax asset—short term	12,981	14,594
Prepaid expenses and other current assets	29,862	43,137
Total current assets	118,801	123,003
Property and equipment—net	49,715	63,188
Goodwill	984,207	1,074,302
Other intangible assets—net	406,140	405,771
Deferred financing costs	430	423
Investments	6,535	6,556
Other assets	15,110	10,191
Total assets	$ 1,580,938	$1,683,434
Liabilities, redeemable non-controlling interest and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,950	$ 10,845
Accrued expenses	35,433	39,719
Deferred revenue	194,196	222,946
Current portion of notes payable	10,500	10,500
Current portion of capital lease obligations	—	3,654
Deferred consideration—short term	24,437	58,740
Other current liabilities	6,796	10,785
Total current liabilities	279,312	357,189
Long-term deferred revenue	55,298	63,600
Notes payable—long term	1,036,875	1,034,250
Capital lease obligations	—	7,165
Deferred tax liability—long term	26,171	32,032
Deferred consideration	4,207	3,760
Other liabilities	3,041	2,831
Total liabilities	$ 1,404,904	$1,500,827
Redeemable non-controlling interest	20,772	21,323
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock—par value $0.0001; 5,000,000 shares authorized; no shares issued or outstanding	—	—
Common Stock—par value $0.0001; 500,000,000 shares authorized; 124,788,853 and 127,083,332 shares issued at December 31, 2013 and March 31, 2014, respectively; 124,766,544 and 127,052,406 outstanding at December 31, 2013 and March 31, 2014, respectively	13	13
Additional paid-in capital	754,061	779,346
Accumulated other comprehensive loss	(55)	(33)
Accumulated deficit	(598,757)	(618,042)
Total stockholders' equity	155,262	161,284
Total liabilities, redeemable non-controlling interest and stockholders' equity	$ 1,580,938	$1,683,434

See accompanying notes to consolidated financial statements.

Endurance International Group Holdings, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except share and per share amounts)

	Three Months ended March 31, 2013	Three Months ended March 31, 2014
Revenue	$ 122,741	$ 145,750
Cost of revenue	87,208	89,191
Gross profit	35,533	56,559
Operating expense:		
Sales and marketing	28,531	41,624
Engineering and development	6,140	4,953
General and administrative	13,096	15,481
Total operating expense	47,767	62,058
Loss from operations	(12,234)	(5,499)
Other expense:		
Interest income	12	83
Interest expense	(21,704)	(13,635)
Total other expense—net	(21,692)	(13,552)
Loss before income taxes and equity earnings of unconsolidated entities	(33,926)	(19,051)
Income tax expense (benefit)	(12,061)	3,439
Loss before equity earnings of unconsolidated entities	(21,865)	(22,490)
Equity income of unconsolidated entities, net of tax	(137)	(21)
Net loss	$ (21,728)	$ (22,469)
Net loss attributable to non-controlling interest	—	(3,184)
Net loss attributable to Endurance International Group Holdings, Inc.	$ (21,728)	$ (19,285)
Comprehensive loss:		
Foreign currency translation adjustments	—	22
Total comprehensive loss	$ (21,728)	$ (19,263)
Net loss per share attributable to Endurance International Group Holdings, Inc.—basic and diluted	$ (0.22)	$ (0.15)
Weighted-average number of common shares used in computing net loss per share attributable to Endurance International Group Holdings, Inc.—basic and diluted	97,163,245	126,442,105

See accompanying notes to consolidated financial statements.

Endurance International Group Holdings, Inc.
Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2013	2014
Cash flows from operating activities:		
Net loss	$(21,728)	$(22,469)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment	3,925	7,046
Amortization of other intangible assets	26,070	24,079
Amortization of deferred financing costs	53	19
Amortization of net present value of deferred consideration	579	5
Stock-based compensation	553	3,544
Deferred tax expense (benefit)	(12,528)	977
(Gain) loss on sale of property and equipment	(13)	6
Gain of unconsolidated entities	(137)	(21)
Gain from change in deferred consideration	—	(12)
Changes in operating assets and liabilities:		
Accounts receivable	(1,399)	(689)
Prepaid expenses and other current assets	(3,623)	(8,131)
Accounts payable and accrued expenses	4,009	2,239
Deferred revenue	19,725	31,394
Net cash provided by operating activities	15,486	37,987
Cash flows from investing activities:		
Business acquired in purchase transaction, net of cash acquired	(2,546)	(18,028)
Purchases of property and equipment	(11,505)	(6,203)
Proceeds from sale of property and equipment	60	80
Purchases of intangible assets	—	(100)
Net (deposits) and withdrawals of principal balances in restricted cash accounts	314	(329)
Net cash used in investing activities	(13,677)	(24,580)
Cash flows from financing activities:		
Proceeds from borrowing of revolver	9,000	—
Repayment of term loan	(2,000)	(2,625)
Repayment of revolver	(13,000)	—
Payment of financing costs	—	(12)
Deferred consideration	(1,145)	(24,516)
Principal payments on capital lease obligations	—	(885)
Issuance costs of common stock	—	(578)
Net cash used in financing activities	(7,145)	(28,616)
Net effect of exchange rate on cash and cash equivalents	—	178
Net decrease in cash and cash equivalents	(5,336)	(15,031)
Cash and cash equivalents:		
Beginning of period	23,245	66,815
End of period	$ 17,909	$ 51,784
Supplemental cash flow information:		
Interest paid	$ 21,971	$ 14,095
Income taxes paid	$ 253	$ 247
Supplemental disclosure of non-cash investing and financing activities:		
Shares issued in connection with the acquisition of Directi	$ —	$ 25,476
Assets acquired under capital lease	$ —	$ 11,704

See accompanying notes to consolidated financial statements.

Endurance International Group Holdings, Inc.
Notes to Consolidated Financial Statements
(unaudited)

1. Nature of Business

Formation and Nature of Business

Endurance International Group Holdings, Inc., ("Holdings") is a Delaware corporation which together with its wholly owned subsidiary company, EIG Investors Corp. ("EIG Investors"), its primary operating subsidiary company, The Endurance International Group, Inc. ("EIG"), and other subsidiary companies of EIG, collectively form the "Company". The Company is a leading provider of cloud-based platform solutions designed to help small- and medium-sized businesses succeed online.

EIG and EIG Investors were incorporated in April 1997 and May 2007, respectively, and Holdings was originally formed as a limited liability company in October 2011 in connection with the acquisition by investment funds and entities affiliated with Warburg Pincus and Goldman Sachs on December 22, 2011, of a controlling interest in EIG Investors, EIG and EIG's subsidiary companies. On November 7, 2012, Holdings reorganized as a Delaware limited partnership and on June 25, 2013, Holdings converted into a Delaware C-corporation and changed its name to Endurance International Group Holdings, Inc. The Company closed its initial public offering ("IPO") of its common stock on October 25, 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements, which include the accounts of the Company and its subsidiaries, have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany transactions have been eliminated on consolidation. The Company has reviewed the criteria of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 280-10, *Segment Reporting,* and determined that the Company is comprised of only one segment for reporting purposes.

Use of Estimates

U.S. GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates, judgments and assumptions used in preparing the accompanying consolidated financial statements are based on the relevant facts and circumstances as of the date of the consolidated financial statements. Although the Company regularly assesses these estimates, judgments and assumptions used in preparing the consolidated financial statements, actual results could differ from those estimates. Changes in estimates are recorded in the period in which they become known. The more significant estimates reflected in these consolidated financial statements include estimates of fair value of assets acquired and liabilities assumed under purchase accounting related to the Company's acquisitions and when evaluating goodwill and long-lived assets for potential impairment, the estimated useful lives of intangible and depreciable assets, stock-based compensation, certain accruals, reserves and deferred taxes.

Unaudited Interim Financial Information

The accompanying interim consolidated balance sheet as of March 31, 2014, and the related statements of operations, cash flows and the notes to consolidated financial statements for the three months ended March 31, 2013 and 2014 are unaudited. These unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements. The unaudited consolidated financial statements include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of the Company's financial position at March 31, 2014, and results of operations and cash flows for the three months ended March 31, 2013 and 2014. The consolidated results in the consolidated statements of operations and comprehensive loss are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2014.

Accounts Receivable

Accounts receivable is primarily composed of cash due from credit card companies for unsettled transactions charged to subscribers' credit cards. As these amounts reflect authenticated transactions that are fully collectible, the Company does not maintain an allowance for doubtful accounts. The Company also accrues for earned referral fees and commissions, which are governed by reseller or affiliate agreements, when the amount is reasonably estimable.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include deferred expenses for domain name registry fees that are paid in full at the time a domain is registered by one of the Company's registrars on behalf of a subscriber. The registry fees are recognized on a straight-line basis over the term of the domain registration period. As of December 31, 2013 and March 31, 2014, the balance of deferred expenses for domain name registry fees was $22.8 million and $30.4 million, respectively.

Property and Equipment

Property and equipment is recorded at cost or fair value if acquired in an acquisition. The Company also capitalizes the direct costs of constructing additional computer equipment for internal use, as well as upgrades to existing computer equipment which extend the useful life, capacity or operating efficiency of the equipment. Capitalized costs include the cost of materials, shipping and taxes. Materials used for repairs and maintenance of computer equipment are expensed and recorded as a cost of revenue. Materials on hand and construction-in-process are recorded as property and equipment. Assets recorded under capital lease are depreciated over the lease term. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Software	Two years
Computers and office equipment	Three years
Furniture and fixtures	Five years
Leasehold improvements	Shorter of useful life or remaining term of the lease

Software Development Costs

The Company accounts for software development costs for internal use software under the provisions of ASC 350-40, *"Internal-Use Software"* ("ASC 350"). Accordingly, certain costs to develop internal-use computer software are capitalized, provided these costs are expected to be recoverable. There were no such costs capitalized during the three months ended March 31, 2013 and there was $1.0 million of internal-use software development costs capitalized for the three months ended March 31, 2014.

Goodwill

Goodwill relates to amounts that arose in connection with the Company's various business combinations and represents the difference between the purchase price and the fair value of the identifiable intangible and tangible net assets when accounted for using the acquisition method of accounting. Goodwill is not amortized, but is subject to periodic review for impairment. Events that would indicate impairment and trigger an interim impairment assessment include, but are not limited to, current economic and market conditions, including a decline in value, a significant adverse change in certain agreements that would materially affect reported operating results, business climate or operational performance of the business and an adverse action or assessment by a regulator.

In accordance with ASC 350, *Intangibles—Goodwill and Other*, ("ASC 350"), the Company is required to review goodwill by reporting unit for impairment at least annually or more often if there are indicators of impairment present. The Company has determined its entire business represents one reporting unit. Historically, the Company has performed its annual impairment analysis during the fourth quarter of each year. The provisions of ASC 350 require that a two-step impairment test be performed for goodwill. In the first step, the Company compares the fair value of its reporting unit to which goodwill has been allocated to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is considered not impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference. As of December 31, 2013 and March 31, 2014, the fair value of the Company's reporting unit exceeded the carrying value of the reporting unit's net assets and therefore no impairment existed as of those dates.

Determining the fair value of a reporting unit, if applicable, requires the Company to make judgments and involves the use of significant estimates and assumptions. These estimates and assumptions relate to, among other things, revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. The Company bases its fair value estimates on assumptions it believes to be reasonable, but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

The Company had goodwill of $984.2 million and $1,074.3 million as of December 31, 2013 and March 31, 2014, respectively, and no impairment charges have been recorded.

Long-Lived Assets

The Company's long-lived assets consist primarily of intangible assets, including acquired subscriber relationships, trade names, intellectual property and developed technology. We also have long-lived tangible assets, primarily consisting of property and equipment. The majority of the Company's intangibles are recorded in connection with its various business combinations. The Company's intangible assets are recorded at fair value at the time of their acquisition. The Company amortizes intangible assets over their estimated useful lives.

Determination of the estimated useful lives of the individual categories of intangible assets is based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with finite lives is recognized in accordance with their estimated projected cash flows.

The Company evaluates long-lived intangible and tangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If indicators of impairment are present and undiscounted future cash flows are less than the carrying amount, the fair value of the assets is determined and compared to the carrying value. If the fair value is less than the carrying value, then the carrying value of the asset is reduced to the estimated fair value and an impairment loss is charged to expense in the period the impairment is identified. No such impairment losses have been identified for the three months ended March 31, 2013 and the three months ended March 31, 2014.

Revenue Recognition

The Company generates revenue from selling subscriptions for cloud-based products and services. The subscriptions are similar across all of the Company's brands and are provided under contracts pursuant to which the Company has ongoing obligations to support the subscriber. These contracts are generally for service periods of up to 36 months and typically require payment in advance. The Company recognizes the associated revenue ratably over the service period, whether the associated revenue is derived from a direct subscriber or through a reseller. Deferred revenue represents the liability to subscribers for advance billings for services not yet provided and the fair value of the assumed liability outstanding for subscriber relationships purchased in an acquisition.

The Company sells domain name registrations that provide a subscriber with the exclusive use of a domain name. These domains are obtained either by one of the Company's registrars on the subscriber's behalf, or by the Company from third-party registrars on the subscriber's behalf. Domain registration fees are non-refundable.

Revenue from the sale of a domain name registration by a registrar within the Company is recognized ratably over the subscriber's service period as the Company has the obligation to provide support over the domain term. Revenue from the sale of a domain name registration purchased by the Company from a third-party registrar is recognized when the subscriber is billed on a gross basis as there are no remaining Company obligations once the sale to the subscriber occurs, and the Company has full discretion on the sales price and bears all credit risk.

Revenue from the sale of non-term based applications and services, such as online security products and professional technical services, referral fees and commissions, is recognized when the product is purchased, the service is provided or the referral fee or commission is earned, respectively.

A substantial amount of the Company's revenue is generated from transactions that are multiple-element services arrangements that may include hosting plans, domain name registrations, and cloud-based products and services.

The Company follows the provisions of the FASB, Accounting Standards Update ("ASU") No. 2009-13, ("ASU 2009-13"), *Revenue Recognition (Topic 605), Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force* and allocates revenue to each deliverable in a multiple-element service arrangement based on its respective relative selling price.

Under ASU 2009-13, to treat deliverables in a multiple-element service arrangement as separate units of accounting, the deliverables must have standalone value upon delivery. If the deliverables have standalone value upon delivery, the Company accounts for each deliverable separately. Hosting services, domain name registrations, cloud-based products and services have standalone value and are often sold separately.

When multiple deliverables included in a multiple-element service arrangement are separated into different units of accounting, the total transaction amount is allocated to the identified separate units based on a relative selling price hierarchy. The Company determines the relative selling price for a deliverable based on vendor specific objective evidence, ("VSOE"), of fair value, if available, or best estimate of selling price, ("BESP"), if VSOE is not available. The Company has determined that third-party evidence of selling price, ("TPE"), is not a practical alternative due to differences in its multi-brand offerings compared to competitors and the lack of availability of relevant third-party pricing information. The Company has not established VSOE for its offerings due to lack of pricing consistency, the introduction of new products, services and other factors. Accordingly, the Company generally allocates revenue to the deliverables in the arrangement based on the BESP. The Company determines BESP by considering its relative selling prices, competitive prices in the marketplace and management judgment; these selling prices, however, may vary depending upon the particular facts and circumstances related to each deliverable. The Company analyzes the selling prices used in its allocation of transaction amount, at a minimum, on a quarterly basis. Selling prices are analyzed on a more frequent basis if a significant change in our business necessitates a more timely analysis.

Income Taxes

Income taxes are accounted for in accordance with ASC 740, *Accounting for Income Taxes*, ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is more likely than not to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. There were no unrecognized tax benefits in the three months ended March 31, 2013 and 2014.

The Company records interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the three months ended March 31, 2013 and 2014, the Company did not recognize any interest or penalties related to unrecognized tax benefits.

Stock-Based Compensation

The Company follows the provisions of ASC 718, *Compensation—Stock Compensation* ("ASC 718"), which requires employee stock-based payments to be accounted for under the fair value method. Under this method, the Company is required to record compensation cost based on the estimated fair value for stock-based awards granted over the requisite service periods for the individual awards, which generally equals the vesting periods. The Company uses the straight-line amortization method for recognizing stock-based compensation expense.

The Company estimates the fair value of employee stock options on the date of grant using the Black-Scholes option-pricing model, which requires the use of highly subjective estimates and assumptions. For restricted stock awards granted, the Company estimates the fair value of each restricted stock award based on the closing trading price of its common stock on the date of grant.

Net Loss per Share

The Company considered ASC 260-10, *Earnings per Share*, (ASC 260-10) which requires the presentation of both basic and diluted earnings per share in the consolidated statements of operations and comprehensive loss. The Company's basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period and, if there are dilutive securities, diluted income per share is computed by including common stock equivalents which includes shares issuable upon the exercise of stock options, net of shares assumed to have been purchased with the proceeds, using the treasury stock method.

The Company's potentially dilutive shares of common stock would be excluded from the diluted weighted-average number of shares of common stock outstanding as their inclusion in the computation would be anti-dilutive due to net losses. For the three months ended March 31, 2013 and 2014, non-vested shares, stock options, restricted stock awards and restricted stock units amounting to 7,482,513 and 8,442,330, respectively, were excluded from the denominator in the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

	Three Months ended March 31, 2013	2014
	(unaudited) (in thousands, except per share amount and per share data)	
Net loss attributable to Endurance International Group Holdings, Inc.	$ (21,728)	$ (19,285)
Net loss per share attributable to Endurance International Group Holdings, Inc.:		
Basic and diluted	$ (0.22)	$ (0.15)
Weighted average number of shares of common stock used in computing net loss per share attributable to Endurance International Group Holdings, Inc.:		
Basic and diluted	97,163,245	126,442,105

Recent Accounting Pronouncements

There have been no new recent accounting pronouncements or changes in accounting pronouncements during the three months ended March 31, 2014, that are of significance, or potential significance, to the Company.

Reclassifications

In 2013, the Company reclassified deferred consideration in the consolidated statements of cash flows from net cash used in investing activities to net cash provided by financing activities.

3. Acquisitions

The Company accounts for the acquisitions of businesses using the purchase method of accounting. The Company allocates the purchase price to the tangible and identifiable intangible assets and liabilities assumed based on their estimated fair values. Purchased identifiable intangible assets include subscriber relationships, trade names and developed technology. The methodologies used to determine the fair value assigned to subscriber relationships is typically based on the excess earnings method that considers the return received from the intangible asset and includes certain expenses and also considers an attrition rate based on the Company's internal subscriber analysis and an estimate of the average life of the subscribers. The fair value assigned to trade names is typically based on the income approach using a relief from royalty methodology that assumes that the fair value of a trade name can be measured by estimating the cost of licensing and paying a royalty fee for the trade name that the owner of the trade name avoids. The fair value assigned to developed technology typically uses the cost approach. If applicable, the Company estimates the fair value of contingent consideration payments in determining the purchase price. The contingent consideration is then adjusted to fair value in subsequent periods as an increase or decrease in current earnings in general and administrative expense in the consolidated statements of operations.

On January 23, 2014, the Company acquired the web presence business of Directi ("Directi") from Directi Web Technologies Holdings, Inc. ("Directi Holdings"). Directi provides web presence solutions to SMBs in various countries, including India, the United States, Turkey, China, Russia and Indonesia. The acquisition provides the Company with an established international presence focused on growing emerging markets as well as the ability to expand its geographic footprint by taking its existing portfolio of brands to international markets.

The initial purchase price of $102.0 million consisted of the issuance of 2,123,039 shares of the Company's common stock to Directi Holdings equivalent to $25.5 million, cash payments of $25.5 million including a $5.0 million advance payment paid in August 2013, and a promissory note of $51.0 million payable in April 2014. The principal amount of the promissory note was an estimate subject to increase if Directi met certain performance metrics for the period from July 1, 2013 through March 30, 2014. At March 31, 2014, the Company recorded an increase in its estimate of the amount payable on the promissory note by $4.3 million to $55.3 million, and recorded an additional $2.9 million for an estimated post-closing adjustment related to working capital and other assets acquired.

The estimated purchase price of $109.2 million has been allocated on a preliminary basis primarily to goodwill of $92.8 million, long-lived intangible assets consisting of subscriber relationships, developed technology, trade-names and leasehold interests of $8.2 million, $6.7 million, $5.3 million and $0.3 million, respectively, property and equipment of $2.7 million, other assets of $4.7 million and working capital of $0.2 million, offset by deferred revenue of $3.0 million, other payables of $5.4 million and deferred tax liabilities of $3.3 million. The majority of the purchase price was allocated to goodwill, which is not deductible for tax purposes. The goodwill reflects the value of an established international business and infrastructure that enables the Company to increase its market penetration in emerging markets.

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For the three months ended March 31, 2014, $2.5 million of revenue from the Company's 2014 acquisition was included in the Company's consolidated statement of operations and comprehensive loss for the three months ended March 31, 2014.

The Company has omitted earnings information related to its acquisitions as it does not separately track earnings from each of its acquisitions that would provide meaningful disclosure. The Company considers it to be impracticable to compile such information on an acquisition-by-acquisition basis since activities of integration and use of shared costs and services across the Company's business are not allocated to each acquisition and are not managed to provide separate identifiable earnings from the dates of acquisition.

In addition, in connection with the acquisition of Directi, the Company may be obligated to make additional aggregate payments of up to a maximum of approximately $62.0 million, subject to specified terms, conditions and operational contingencies. The Company has paid $3.8 million of this amount in connection with the purchase of certain domain names by a subsidiary of the Company from a company associated with the founders of Directi Holdings pursuant to an agreement entered into as of April 30, 2014.

4. Property and Equipment and Capital Lease Obligations

Components of property and equipment consisted of the following (in thousands):

	December 31, 2013	March 31, 2014
Software	$ 4,503	$ 17,766
Computers and office equipment	59,201	65,741
Furniture and fixtures	3,715	4,206
Leasehold improvements	6,033	6,536
Construction in process	1,392	1,021
Property and equipment—at cost	74,844	95,270
Less accumulated depreciation	(25,129)	(32,082)
Property and equipment—net	$ 49,715	$ 63,188

During the three months ended March 31, 2014, the Company entered into an agreement to lease software licenses for a term of thirty-six months.

As of December 31, 2013 and March 31, 2014, the Company's software shown above included the assets under capital lease as follows (dollars in thousands):

	December 31, 2013	March 31, 2014
Software	$ —	$ 11,704
Less accumulated depreciation	—	(975)
Assets under capital lease—net	$ —	$ 10,729

At March 31, 2014, the expected future minimum lease payments under the capital lease agreements were approximately as follows (dollars in thousands):

	Amount
Remainder of 2014	$ 3,084
2015	4,112
2016	4,420
Total minimum lease payments	11,616
Less amount representing interest	(797)
Present value of minimum lease payments (capital lease obligation)	10,819
Current portion	3,654
Long-term portion	$ 7,165

Depreciation expense related to property and equipment for the three months ended March 31, 2013 and 2014 was $3.9 million and $7.0 million, respectively.

5. Fair Value Measurements

The following valuation hierarchy is used for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

As of December 31, 2013 and March 31, 2014, the Company's only financial assets or liabilities required to be measured on a recurring basis is the accrued earn-out consideration payable in connection with the 2012 acquisition of Mojo. The Company has classified its liabilities for contingent earn-out consideration related to the acquisition of Mojo within Level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which included probability weighted cash flows. The Company paid $0.2 million during the three months ended March 31, 2014 related to the earn-out provisions. There was no change in fair value of the earn-out consideration from December 31, 2013 to March 31, 2014. The earn-out consideration in the table below is included in total deferred consideration in the Company's consolidated balance sheets.

Basis of Fair Value Measurements

	Balance	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Balance at December 31, 2013:				
Financial liabilities:				
Contingent earn-out consideration	$1,655	—	—	$ 1,655
Total financial liabilities	$1,655	—	—	$ 1,655
Balance at March 31, 2014:				
Financial liabilities:				
Contingent earn-out consideration	$1,407	—	—	$ 1,407
Total financial liabilities	$1,407	—	—	$ 1,407

6. Goodwill and Other Intangible Assets

The following table summarizes the changes in the Company's goodwill balances from December 31, 2013 to March 31, 2014 (in thousands):

Goodwill balance at December 31, 2013	$ 984,207
Goodwill related to 2013 acquisitions	(2,870)
Goodwill related to 2014 acquisitions	92,790
Foreign translation impact	175
Goodwill balance at March 31, 2014	$1,074,302

During the three months ended March 31, 2014, the Company completed the purchase accounting related to a 2013 acquisition and allocated an additional $2.9 million to long-lived intangible assets which had been included in goodwill on a preliminary basis. The Company has not recorded any impairment charges related to goodwill during the three months ended March 31, 2013 and 2014.

In accordance with ASC 350, the Company reviews goodwill and other indefinite-lived intangible assets for indicators of impairment on an annual basis and between tests if an event occurs or circumstances change that would more likely than not reduce the fair value of goodwill below its carrying amount. The Company concluded there were no triggering events as of March 31, 2014.

At March 31, 2014, other intangible assets consisted of the following (dollars in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life
Other Intangible assets:				
Developed technology	$190,730	$ 41,301	$ 149,429	9 years
Subscriber relationships	357,106	154,700	202,406	13 years
Trade-names	74,494	23,070	51,424	13 years
Intellectual property	2,820	583	2,237	8 years
Leasehold interests	314	39	275	1 year
Total March 31, 2014	$625,464	$ 219,693	$ 405,771	

The estimated useful lives of the individual categories of other intangible assets are based on the nature of the applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with finite lives is recognized over the period of time the assets are expected to contribute to future cash flows. The Company amortizes finite-lived intangible assets over the period in which the economic benefits are expected to be realized based upon their estimated projected cash flows.

The Company's amortization expense is included in cost of revenue in the aggregate amounts of $26.1 million and $24.1 million for the three months ended March 31, 2013 and 2014, respectively.

7. Investments

As of December 31, 2013 and March 31, 2014, the Company's carrying value of investments in privately-held companies, was $6.5 million and $6.6 million, respectively.

In 2012, the Company assumed a 50% interest in another privately-held company, with a fair value of $10.0 million. On October 31, 2013, the Company sold 10% of its ownership interest in this privately-held Company, reducing its interest to 40%.

Investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities are carried at the lower of cost or net realizable value unless it is determined that the Company exercises significant influence over the investee company, in which case the equity method of accounting is used. For those investments in which the Company's voting interest is between 20% and 50%, the equity method of accounting is used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee company, as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. These adjustments are reflected in equity income of unconsolidated entities, net of tax. The Company recognized net income of $0.1 million and $21,000 for the three months ended March 31, 2013 and 2014, respectively, related to its investments.

From time to time, the Company may make new and follow-on investments and may receive distributions from investee companies. As of March 31, 2014, the Company was not obligated to fund any follow-on investments in these investee companies.

As of December 31, 2013 and March 31, 2014, the Company did not have an equity method investment in which the Company's proportionate share exceeded 10% of the Company's consolidated assets or income from continuing operations.

8. Notes Payable

At December 31, 2013, and March 31, 2014 notes payable consisted of a first lien term loan facility with a principal amount outstanding of $1,047.4 million and $1,044.8 million, respectively, which bore interest at a LIBOR-based rate of 5.00%.

January 2013—November 24, 2013

On November 9, 2012, the Company entered into the November Financing Amendment ("November 2012 Financing Amendment") for a new first lien term loan in the original principal amount of $800.0 million ("November 2012 First Lien"), a revolver in aggregate principal amount not to exceed $85.0 million ("Revolver") and a new Second Lien credit agreement ("November 2012 Second Lien"), for an original principal amount of $315.0 million. In August 2013, the Company amended its November 2012 Term Loan for an additional $90.0 million of incremental first lien term loan before refinancing its debt in November 2013, as described below.

The loans automatically bore interest at the bank's reference rate unless the Company gave notice to opt for LIBOR-based interest rate loans. For the November 2012 First Lien, the interest rate for a LIBOR based loan was 5.00% plus the greater of the LIBOR rate or 1.25%. The interest rate for a reference rate loan was 4.00% per annum plus the greater of the prime rate, the federal funds effective rate plus 0.50%, an Adjusted LIBOR rate or 2.25%. For the November 2012 Second Lien, the interest rate for a LIBOR-based loan was 9.00% plus the greater of the LIBOR rate or 1.25%. The interest rate for an Alternate Base Rate ("ABR") Revolver loan was 5.25% per annum plus the greater of the prime rate, the federal funds effective rate plus 0.50%, an adjusted LIBOR rate or 2.25%. The interest rate for a LIBOR based Revolver loan was 6.25% per annum plus the greater of the LIBOR rate or 1.50%. The November 2012 First Lien also had a non-refundable fee, equal to 0.50% of the daily unused principal amount of the Revolver payable in arrears on the last day of each fiscal quarter.

During the three months ended March 31, 2013, the Company made a mandatory repayment on the November 2012 First Lien of $2.0 million. For the three months ended March 31, 2013, amortization of deferred financing costs of $0.1 million was included in interest expense in the consolidated statements of operations and comprehensive loss.

Debt Refinancing—November 25, 2013

In November 2013, following its initial public offering, the Company repaid in full its November 2012 Second Lien of $315.0 million and increased the first lien term loan facility ("November 2013 First Lien") by $166.2 million to $1,050.0 million, thereby reducing its overall indebtedness by $148.8 million. The Company also increased the Revolver by $40.0 million to $125.0 million. As of March 31, 2014 the Company had not drawn down on its revolver facility. The mandatory repayment of principal on the November 2013 First Lien was increased to approximately $2.6 million at the end of each quarter. There was no change to the maturity dates of the first lien facility and Revolver, which mature on November 9, 2019 and December 22, 2016, respectively.

Effective November 25, 2013, the interest rate for a LIBOR based interest loan was reduced to 4.00% plus the greater of the LIBOR rate or 1.00%. The interest rate for a reference rate loan was reduced to 3.00% per annum plus the greater of the prime rate, the federal funds effective rate plus 0.50%, an Adjusted LIBOR rate or 2.00%. There was no change to the interest rates for a Revolver loan. Interest is payable on maturity of the elected interest period for a LIBOR based interest loan, which can be one, two, three or six months. Interest is payable at the end of each fiscal quarter for a reference rate loan term loan or an ABR Revolver loan.

Interest

The Company recorded $21.0 million and $13.4 million in interest expense and service fees for the three months ended March 31, 2013 and 2014, respectively. In addition for the three months ended March 31, 2013 and 2014, interest expense in the consolidated statements of operations and comprehensive loss included amortization of deferred financing costs of $53,000 and $19,000, respectively, and $0.6 million and $6,000, respectively, related to the accretion of present value for the deferred consideration and deferred bonus payments related to the HostGator acquisition. Interest expense in the consolidated statements of operations and comprehensive loss for the three months ended March 31, 2014 also included $0.1 million related to capital lease obligations and $0.1 million related to a promissory note for a deferred acquisition liability.

As of December 31, 2013 and March 31, 2014, the interest rate on the LIBOR-based First Lien term loan was 5.00%.

The following table provides a summary of interest rates and interest expense for the three months ended March 31, 2013 and 2014 (dollars in thousands):

	Three Months Ended	
	March 31, 2013	March 31, 2014
Interest rate—LIBOR	6.25%-10.25%	5.00%-7.75%
Interest rate—reference	7.75%-10.25%	5.00%-8.50%
Non-refundable fee—unused facility	0.50%	0.50%
Interest expense and service fees	$ 21,034	$ 13,351
Amortization of deferred financing fees	$ 53	$ 19
Amortization of net present value of deferred consideration	$ 617	$ 6
Interest expense for capital lease obligations	$ —	$ 143
Interest expense for deferred consideration promissory note	$ —	$ 70
Other interest expense	$ —	$ 46

The November 2013 Financing Amendment contains certain restrictive financial covenants, including a net leverage ratio, restrictions on the payment of dividends, as well as reporting requirements. Additionally, the November 2013 Financing Amendment contains certain negative covenants and defines certain events of default, including a change of control and non-payment of principal and interest, among others, which could result in amounts becoming payable prior to their maturity dates. The Company was in compliance with all covenants at December 31, 2013 and March 31, 2014.

Substantially all of the Company's assets are pledged as collateral for the outstanding loan commitments with the exception of certain excluded equity interests and the exception of certain restricted cash balances and bank deposits permitted under the terms of the Financing Agreement.

9. Stockholders' Equity

2013

Preferred Stock

The Company has 5,000,000 shares of authorized preferred stock, par value $0.0001. There are no preferred shares issued or outstanding as of December 31, 2013 and March 31, 2014.

Common Stock

The Company has 500,000,000 shares of authorized common stock, par value $0.0001.

Voting Rights

All holders of common stock are entitled to one vote per share.

The following tables present the changes in total stockholders' equity (in thousands):

	Total Stockholders' Equity
Balance, December 31, 2013	$ 155,262
Issuance of common stock for Directi acquisition	25,476
Stock-based compensation	3,544
Non-controlling interest accretion	(551)
Foreign currency translation adjustment	22
Net loss	(22,469)
Balance, March 31, 2014	$ 161,284

10. Stock-Based Compensation

2012 Restricted Stock

The following tables present a summary of the 2012 restricted stock awards activity for the three months ended March 31, 2014 for restricted stock awards that were granted prior to the Company's initial public offering (dollars in thousands):

	2012 Plan Stock Awards
Non-vested at December 31, 2013	1,456,666
Forfeitures	(8,534)
Vested	(162,824)
Non-vested at March 31, 2014	1,285,308

The following table provides a summary of the activity of the restricted stock units that were granted in connection with the initial public offering and the non-vested balance as of March 31, 2014 (dollars in thousands except grant date fair value price):

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2013	288,014	$ 12.00
Vested and unissued	(33,218)	$ 12.00
Non-vested at March 31, 2014	254,796	$ 12.00

2013 Stock Incentive Plan

The 2013 Stock Incentive Plan (the "2013 Plan") of the Company provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to employees, officers, directors, consultants and advisors of the Company.

For stock options issued under the 2013 Plan, the fair value of each option is estimated on the date of grant, and an estimated forfeiture rate is used when calculating stock-based compensation expense for the period. Stock options typically vest over four years and the Company recognizes compensation expense on a straight-line basis over the requisite service period of the award. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock option awards and determine the related compensation expense. The assumptions used to compute stock-based compensation expense for awards granted under the 2013 Stock Incentive Plan during the three months ended March 31, 2014 are as follows:

	2013
Risk-free interest rate	2.1%
Expected volatility	60.0%
Expected life (in years)	6.25
Expected dividend yield	—

The risk-free interest rate assumption was based on the U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. The Company bases its estimate of expected volatility using volatility data from comparable public companies in similar industries and markets because there is currently limited public history for the Company's common stock, and therefore, a lack of market-based company-specific historical and implied volatility information. The weighted-average expected life for employee options reflects the application of the simplified method, which represents the average of the contractual term of the options and the weighted-average vesting period for all option tranches. The simplified method has been used since the Company does not have sufficient historical exercise data to provide reasonable basis upon which to estimate expected term due to a limited history of stock option grants. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. In addition, the Company has estimated expected forfeitures of stock options based on management's judgment due to the limited historical experience of forfeitures. The forfeiture rate was not material to the calculation of stock-based compensation expense. Unless otherwise determined by the Company's board of directors, stock-based awards granted under the 2013 Plan, generally vest annually over a four-year period.

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The following table provides a summary of the Company's stock options as of March 31, 2014 and the stock option activity for all stock options granted under the 2013 Plan during the three months ended March 31, 2014 (dollars in thousands except exercise price):

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value(3)
Outstanding at December 31, 2013	5,619,671	$ 12.00		
Granted	2,902	$ 12.12		
Canceled	(208,100)	$ 12.00		
Outstanding at March 31, 2014	5,414,473	$ 12.00	9.6	$ 5,468
Exercisable at March 31, 2014(1)	294,144	$ 12.00	9.6	$ 297
Expected to vest at March 31, 2014	5,027,874	$ 12.00	9.6	$ 5,078
Exercisable and expected to vest at March 31, 2014(2)	5,322,018	$ 12.00	9.6	$ 5,375

(1) This represents the number of unvested options outstanding as of March 31, 2014, which has been reduced using an estimated forfeiture rate and are expected to vest in the future.

(2) This represents the number of vested options as of March 31, 2014 plus the number of unvested options outstanding as of March 31, 2014, which has been reduced using an estimated forfeiture rate and are expected to vest in the future.

(3) The aggregate intrinsic value was calculated based on the positive difference between the estimated fair value of the Company's common stock on March 31, 2014 of $13.01 per share, or the date of exercise as appropriate, and the exercise price of the underlying options.

The following table provides a summary of the Company's restricted stock award activity for the 2013 Plan during the three months ended March 31, 2014 (dollars in thousands except weighted-average grant date fair value price):

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2013	714,928	$ 12.00
Granted	60,723	$ 12.12
Canceled	(46,444)	$ 12.00
Non-vested at March 31, 2014	729,207	$ 12.01

The following table provides a summary of the Company's restricted stock unit activity for the 2013 Plan during the three months ended March 31, 2014 (dollars in thousands except weighted-average grant date fair value price):

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2013	461,556	$ 12.00
Vested and unissued	(30,098)	$ 12.00
Non-vested at March 31, 2014	431,458	$ 12.00

All Plans

The following table presents total stock-based compensation expense recorded in the consolidated statement of operations and comprehensive loss for all 2012 restricted stock awards and units issued prior to the Company's IPO in October 2013 and all awards granted under the 2013 Plan subsequent to the IPO (dollars in thousands):

	Three Months Ended March 31,	
	2013	2014
Cost of revenue	$ 9	$ 132
Sales and marketing	40	368
Engineering and development	26	193
General and administrative	478	2,851
Total operating expense	$ 553	$ 3,544

The following table provides a summary of the unrecognized compensation expense for the Company's 2012 restricted stock awards and units and the 2013 Plan awards by plan and type of award as of March 31, 2014 (dollars in thousands):

	Unrecognized Compensation Expense at March 31, 2014	Weighted Average Period To Be Recognized
2012 Plan Pre IPO Non-vested Awards	$ 1,129	2.0 years
2012 Plan Restricted Stock Unit Awards	$ 3,016	1.9 years
2013 Plan Stock Option Awards	$ 32,707	3.5 years
2013 Plan Restricted Stock Awards	$ 7,590	3.5 years
2013 Plan Restricted Stock Unit Awards	$ 5,151	3.6 years

11. Redeemable Non-controlling Interest

In connection with a 2013 equity investment in a privately held company based in the United Kingdom, where the Company acquired a controlling interest, the agreement provided for a put option, for the then non-controlling interest ("NCI") shareholders to put the remaining equity interest to the Company within pre-specified put periods. As the NCI is subject to a put option that is outside the control of the Company, it is deemed redeemable non-controlling interest and not recorded in permanent equity, and is being presented as mezzanine redeemable non-controlling interest on the consolidated balance sheet, and is subject to the SEC guidance under ASC 480-10-S99, *Accounting for Redeemable Equity Securities.*

The difference between the $20.8 million initial fair value of the redeemable non-controlling interest and the value expected to be paid upon exercise of the put option is being accreted over the period commencing December 11, 2013, and up to the end of the first put option period, which commences on the eighteen month anniversary of the acquisition date. Adjustments to the carrying amount of the redeemable non-controlling interest are charged to additional paid-in capital. The estimated value of the redeemable non-controlling interest as of March 31, 2014 was $21.3 million. Non-controlling interest arising from the application of the consolidation rules is classified within the total stockholders' equity with any adjustments charged to net loss attributable to non-controlling interest in a consolidated subsidiary in the consolidated statement of operations and comprehensive loss.

12. Income Taxes

The Company files income tax returns in the United States for federal income taxes and in various state jurisdictions. The Company also files in several foreign jurisdictions. In the normal course of business, the Company is subject to examination by tax authorities throughout the world. Since the Company is in a loss carry-forward position, the Company is generally subject to U.S. federal and state income tax examinations by tax authorities for all years for which a loss carry-forward is available.

The Company recognizes, in its consolidated financial statements, the effect of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company has no unrecognized tax positions at December 31, 2013 and March 31, 2014, that would affect its effective tax rate. The Company does not expect a significant change in the liability for unrecognized tax benefits in the next twelve months.

The Company regularly assesses its ability to realize its deferred tax assets. Assessing the realization of deferred tax assets requires significant management judgment. In determining whether its deferred tax assets are more likely than not realizable, the Company evaluated all available positive and negative evidence, and weighted the evidence based on its objectivity. Evidence the Company considered included:

- Net Operating Losses ("NOLs") incurred from the Company's inception to March 31, 2014;
- Expiration of various federal and state tax attributes;
- Reversals of existing temporary differences;
- Composition and cumulative amounts of existing temporary differences; and
- Forecasted profit before tax.

As of March 31, 2014, the Company is in a cumulative pre-tax book loss position for the past three years. The Company has generated significant NOLs since inception and as such it has no U.S. carryback capacity. The Company has a history of expiring state NOLs. The Company scheduled out the future reversals of existing deferred tax assets and liabilities and concluded that these reversals did not generate sufficient future taxable income to offset the existing net operating losses. After consideration of the available evidence, both positive and negative, the Company has recorded a valuation allowance of $55.8 million as of December 31, 2013. The provision for income taxes results from a combination of the activities of our domestic and foreign subsidiaries. For the three months ended March 31, 2013 and 2014, the Company has recognized a tax benefit of $12.1 million and tax expense of $3.4 million, respectively in the consolidated statements of operations and comprehensive loss. The income tax expense for the three months ended March 31, 2014 is primarily attributable to a provision for foreign taxes of $1.8 million and U.S. alternative minimum taxes of $0.6 million. The remaining balance of $1.0 million is primarily attributable to increase in deferred tax liabilities due to the differences in the accounting treatment of goodwill under U.S. GAAP and the tax accounting treatment for goodwill.

The provision (benefit) for income taxes shown on the consolidated statements of operations and comprehensive loss differs from amounts that would result from applying the statutory tax rates to income before taxes primarily because of state income taxes and certain permanent expenses that were not deductible, as well as the application of valuation allowances against U.S. and foreign assets.

As of December 31, 2013, the Company had NOL carry-forwards available to offset future U.S. federal taxable income of approximately $214.2 million and future state taxable income by approximately $152.8 million. These NOL carry-forwards expire on various dates through 2033. As of December 31, 2013, the Company had NOL carry-forwards in foreign jurisdictions available to offset future foreign taxable income by approximately $33.7 million. India has loss carry-forwards totaling $2.1 million that expire in 2021. The Company also has loss carry-forwards in the United Kingdom of $31.6 million and these losses do not expire.

Utilization of the NOL carry-forwards can be subject to an annual limitation due to the ownership percentage change limitations ("Section 382 limitation"). Ownership changes can limit the amount of net operating loss and other tax attributes that a company can use each year to offset future taxable income and taxes payable. In connection with a change in control in 2011 the Company was subject to Section 382 annual limitations of $77.1 million against the balance of NOL carry-forwards generated prior to the change in control in 2011. Through December 31, 2013 the Company accumulated the unused amount of Section 382 limitations in excess of the amount of NOL carry-forwards that were originally subject to limitation. Therefore these unused NOL carry-forwards are available for future use to offset taxable income. The Company is undertaking an analysis of changes in its ownership from 2011, through its initial public offering, to December 31, 2013. The preliminary conclusion is that there was not a Section 382 ownership change during this period and therefore the Company does not expect any NOLs generated through December 31, 2013, to be subject to any new Section 382 annual limitations on NOL carry-forwards. Therefore all unused NOL carry-forwards at December 31, 2013 are expected to be available for future use to offset taxable income.

13. Commitments and Contingencies

On February 28, 2014, the Company entered into a Master Service Agreement (the "Agreement") with Ace Data Centers, Inc. Under the terms of the Agreement which is retroactively effective as of January 1, 2014 (the "Effective Date"), the Company will license space at a data center facility in Provo, Utah. The Agreement provides for a term of ten years from the Effective Date and has a total estimated financial obligation of $102.0 million over the ten year term, exclusive of certain fees and charges, including without limitation, non-recurring charges, late fees or other penalties, fees for additional bandwidth purchased by the Company and additional services not contemplated in the Agreement.

From time to time, the Company is involved in legal proceedings or subject to claims arising in the ordinary course of its business. The Company is not presently a party to any legal proceedings that in the opinion of management, if determined adversely to the Company, would have a material adverse effect on its business, financial condition, operating results or cash flow. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

14. Related Party Transactions

The Company has various agreements in place with related parties. Below are details of related party transactions that occurred during the three months ended March 31, 2013 and 2014.

The Company has certain contracts with entities for outsourced services that are related parties. The ownership of these entities is held directly or indirectly by family members of the Company's chief executive officer, who is also a director of the Company. For the three months ended March 31, 2013 and 2014, $1.4 million and $1.1 million, respectively, was recorded as expense in cost of revenue, $0.3 million and $0.2 million, respectively, was recorded in engineering and development expense, $0.0 million and $0.1 million, respectively, was recorded in sales and marketing expense, and $0.4 million and $0.1 million, respectively, was recorded in general and administrative expense, relating to services provided to the Company under these agreements.

The Company also has an agreement with an entity that provides a third-party security application that is sold by the Company. The entity is collectively majority owned by the Company's chief executive officer, and two investors in the Company, one of whom is a director of the Company, and who are beneficial owners, directly and indirectly, of equity in the Company. For the three months ended March 31, 2013 and 2014, the Company recorded $0.7 million of expense for each period in cost of revenue related to this agreement.

15. Subsequent Events

With respect to the unaudited consolidated financial statements as of and for the three months ended March 31, 2014, the Company performed an evaluation of subsequent events through the date of this filing.

On April 30, 2014, the Company paid the $55.3 million balance on the promissory note in connection with the acquisition of Directi bringing the total paid for the Directi transaction to $106.3 million. The Company estimates the remaining portion of payments for Directi to be an additional $2.9 million which will bring the total purchase price for Directi to $109.2 million.

In addition, in connection with the acquisition of Directi, the Company may be obligated to make additional aggregate payments of up to a maximum of approximately $62.0 million, subject to specified terms, conditions and operational contingencies. The Company has paid $3.8 million of this amount in connection with the purchase of certain domain names by a subsidiary of the Company from a company associated with the founders of Directi Holdings pursuant to an agreement entered into as of April 30, 2014.

On May 2, 2014, the Company made a strategic investment of $15.0 million in Automattic, an entity that provides content management systems associated with Wordpress. The investment represents less than 5% of the outstanding shares of Automattic and better aligns the company with one of its most important partners.

The Company funded these payments utilizing cash on hand, cash flow from operations and use of its revolving credit facility.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue;" "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "strategy," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below, among others. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are a leading provider of cloud-based platform solutions designed to help small and medium-sized businesses, or SMBs, succeed online. Leveraging our proprietary technology platform, we serve over 3.6 million subscribers globally with a comprehensive and integrated suite of over 150 products and services that help SMBs get online, get found and grow their businesses. The products and services available on our platform include domains, website builders, web hosting, email, security, backup, search engine optimization, or SEO, and search engine marketing, or SEM, social media services, website analytics, and productivity and e-commerce solutions.

We deliver these products and services to our subscribers through an integrated technology platform that enables the delivery of cloud-based products and services in an easy to use, intuitive and cost-effective manner. Over our 17 year history, we have honed and refined our platform to amass significant insights into the needs and aspirations of our subscribers. This allows us to engage our subscribers in timely and compelling ways, driving significant business value for them. We believe that our platform delivers these solutions quickly, reliably and safely and that these strengths and capabilities help us attract and retain high quality subscribers who view their web presence as mission critical. These high quality subscribers then demand high quality products which we seek to upsell to them over a sustained period of time.

Our Multi-Channel, Multi-Brand Approach. The SMB market is broad and diverse in terms of geography, industry, size and degree of technology sophistication. As a consequence, we leverage our proprietary data to implement a multi-brand, multi-channel approach that allows us to precisely target the SMB universe, identify the best ways to reach different categories of subscribers and tailor our brands and product offerings specifically toward those audiences. Our approach is designed to reach and efficiently on-board subscribers at scale while minimizing subscriber acquisition costs.

Our Multi-Product, Multi-Engagement Approach. Once we get our subscribers online, we offer them a comprehensive and integrated suite of over 150 products and services that helps them get found and grow their businesses. We use our technology and proprietary data and analytics to identify subscriber needs and opportunities based on type of business, length of time in business, geography, products and services previously purchased from us and various other factors. This allows us to proactively engage with our subscribers in a timely manner through a variety of customer engagement channels. Using this multi-product, multi-engagement approach, we have been able to steadily increase our average revenue per subscriber, or ARPS, by selling additional products and services to our subscribers throughout their subscription period.

Our approach to addressing the needs of SMBs and meeting the challenges of serving the SMB market has enabled us to grow rapidly, to create long-term subscriber relationships and to build an attractive business model that generates substantial cash flow.

First Quarter Results

Our revenue for the three months ended March 31, 2013 and March 31, 2014 was $122.7 million and $145.7 million, respectively, representing year-over-year growth of 19% while our net losses were $21.7 million and $19.3 million, respectively, and our Adjusted EBITDA was $58.1 million and $59.1 million, respectively, representing year-over-year growth of approximately 2%. During the same three month periods, our unlevered free cash flow, or UFCF, was $45.1 million and $49.0 million, respectively, representing year-over-year growth of 9%, while our free cash flow, or FCF, was $24.1 million and $35.5 million, respectively, representing year-over-year growth of 47%.

Our revenue growth during the three months ended March 31, 2014 resulted from increases in our two key growth drivers, total subscribers and ARPS. We added 101,000 net new subscribers during the quarter before the impact of Directi, which added another 51,000 subscribers to our base, bringing the total number of subscribers on our platform to over 3.6 million. During the quarter, ARPS grew $1.28 from $12.90 at the end of the first quarter of 2013 to $14.18. Excluding the impact of Directi, our ARPS grew to $13.45 or $0.55 greater than the first quarter of 2013. The growth in both total subscribers and ARPS during the quarter was driven by increased investments in marketing, combined with strong renewals and product adoption rates.

Growth in Adjusted EBITDA on a year-over-year basis was impacted by the additional costs we incurred related to becoming a public company, as well as by our increased investments in marketing as compared to the first quarter of 2013. In 2013, our marketing expenditures were lower due to our focus on integrating our 2012 acquisitions of Homestead and HostGator into our technology platform. Typically, when we are integrating technology platforms, we curtail marketing spend and subscriber additions. Following the completion of the technology integration at the end of 2013, we have begun re-investing in marketing. We have also explored new ways to on-board subscribers such as through lead-in products like back-up and storage and have increased marketing related to products. We believe these additional marketing investments will position us for continued growth in subscribers and ARPS. While these investments are generally neutral on a cash flow basis in the first year, we expect based on our experience that they will become cash flow generative over the lifetime of the product renewal cycle.

Year-over year growth in UFCF was favorably impacted by the reduction in capital expenditures following the completion of the integration of Homestead and HostGator into our technology platform.

FCF grew 47% over the first quarter of 2013, as we benefited from economies of scale and reduced financing costs as a result of our November 2013 bank debt refinancing.

Growth Strategy

We believe total subscribers and ARPS will continue to be the key drivers of our revenue growth in the future, and we intend to drive growth in both of these metrics by leveraging the strengths of our approach to serving the SMB market.

Increasing Total Subscribers

We plan to increase total subscribers by continuing to invest in our multi-channel, multi-brand approach. We expect to continue to develop and refine our multiple subscriber acquisition channels, including our word of mouth referrals, our referral and reseller network, our partnership with Google and other strategic partners, as well as by expanding our geographic footprint and our internationally-sourced revenues, particularly in emerging markets, as more and more SMBs in these markets come online due to wider availability of internet infrastructure and mobile connectivity. The Directi acquisition has allowed us to expand our reach in these markets. Bluehost China went live in the first quarter, and we expect to develop and launch Bluehost and HostGator sites in several countries, including India, Turkey and Russia, during the second half of 2014. We are planning to add to our portfolio of brands, both organically and through acquisitions, to target specific segments of the SMB market.

Increasing Average Revenue per Subscriber

We plan to increase ARPS through our multi-product, multi-engagement approach by offering our subscribers additional products and services, particularly higher value items such as advanced hosting services, mobile and productivity solutions and professional services. As part of these efforts, we expect to continue to enhance our technology platform and services delivery architecture by investing in new data center space and capacity, new gear and the development of intellectual property. We also plan to build out our cloud-based applications and services to help us upsell to more price conscious subscribers in emerging markets as well as to increase the penetration of subscribers in mature markets. We also intend to invest in our domain business to take advantage of the impending availability of nearly 700 new top level domains, or nTLDs. By standardizing Directi's domain-management platform across our existing brands, we expect to be able to better service our existing domains and more quickly make nTLDs available to our subscribers. Finally, we expect to expand our points of subscriber engagement to create additional opportunities to educate our subscribers about the value of our solutions, and to allow them to more easily access our products and services.

ARPS, Adjusted EBITDA, UFCF and FCF are non-GAAP financial measures. For more information regarding ARPS, Adjusted EBITDA, UFCF and FCF and a reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, see “Non-GAAP Financial Measures and Key Metrics” below.

Non-GAAP Financial Measures and Key Metrics

In addition to our financial information presented in accordance with GAAP, we use certain “non-GAAP financial measures” described below to evaluate the operating and financial performance of our business, identify trends affecting our business, develop projections and make strategic business decisions. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flow that includes or excludes amounts that are included or excluded from the most directly comparable measure calculated and presented in accordance with GAAP. We monitor the non-GAAP financial measures described below, and we believe they are helpful to investors, because we believe they reflect the operating performance of our business and help management and investors gauge our ability to generate cash flow, excluding some recurring and non-recurring expenses that are included in the most directly comparable measures calculated and presented in accordance with GAAP.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently, particularly related to adjustments for integration and restructuring expenses. In addition, there are limitations in using non-GAAP financial measures because they are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on our reported financial results. Furthermore, interest expense, which is excluded from some of our non-GAAP measures, has been and will continue to be for the foreseeable future a significant recurring expense in our business. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. We urge you to review the reconciliations of our non-GAAP financial measures to the comparable GAAP financial measures included below, and not to rely on any single financial measure to evaluate our business.

Key Metrics

We use a number of metrics, including the following key metrics, to evaluate the operating and financial performance of our business, identify trends affecting our business, develop projections and make strategic business decisions:

- total subscribers;
- average revenue per subscriber;
- monthly recurring revenue retention rate;
- adjusted net income;
- adjusted EBITDA;
- unlevered free cash flow; and
- free cash flow.

The following table, which includes Directi for the three months ended March 31, 2014, summarizes these non-GAAP financial measures and key metrics for the periods presented (all data in thousands, except average revenue per subscriber and monthly recurring revenue retention rate):

	Three Months Ended March 31,	
	2013	2014
Financial and other metrics:		
Total subscribers	3,315	3,654
Average revenue per subscriber	$ 12.90	$ 14.18
Monthly recurring revenue retention rate	99%	99%
Adjusted net income	$ 42,668	$ 32,910
Adjusted EBITDA	$ 58,126	$ 59,127
Unlevered free cash flow	$ 45,141	$ 48,998
Free cash flow	$ 24,119	$ 35,471

Total Subscribers

We define total subscribers as those that, as of the end of a period, are subscribing directly to our web presence solutions on a paid basis. Historically, in calculating total subscribers, we include the number of end-of-period subscribers we added through business acquisitions as if those subscribers had subscribed with us since the beginning of the period presented. Beginning with the first quarter of 2014 we will include subscribers we add through business acquisitions from the date of the relevant acquisition. We do not include in total subscribers, accounts that access our solutions via resellers or purchase only domain names from us. Subscribers of more than one brand are counted as separate subscribers. We believe total subscribers is an indicator of the scale of our platform and our ability to expand our subscriber base, and is a critical factor in our ability to monetize the opportunity we have identified in serving the SMB market.

During the three months ended March 31, 2014, we organically added over 101,000 net new subscribers. The increase in organic subscriptions is primarily as a result of growth in the market for our products and services, referrals, expanding our sales and our support organizations and training them to better utilize our data and analytical capabilities. In addition to our organic growth in subscribers, upon closing the acquisition of Directi, we acquired a base of over 51,000 subscribers bringing our total subscribers on platform to over 3.6 million as of March 31, 2014 versus 3.3 million as of March 31, 2013. The Directi subscriber base includes a significant number of resellers which impacts the total amount of Directi's contribution to total subscribers.

Average Revenue per Subscriber

Average revenue per subscriber, or ARPS, is a non-GAAP financial measure that we calculate as the amount of revenue we recognize in a period divided by the average of the number of total subscribers at the beginning of the period and at the end of the period. In calculating ARPS, we exclude the impact of any fair value adjustments to deferred revenue resulting from acquisitions. Historically, we adjust the amount of revenue to include the revenue generated from subscribers we added through business acquisitions as if those acquired subscribers had been our subscribers since the beginning of the period presented. Beginning with the first quarter of 2014 we will adjust the amount of revenue to include the revenue generated from subscribers we add through business acquisitions from the date of the relevant acquisition. We believe including revenue from acquired subscribers in this manner provides a useful comparison of the organic revenue generated per subscriber from period to period. We believe ARPS is an indicator of our ability to optimize our mix of products and services and pricing, and sell products and services to new and existing subscribers.

ARPS increased from $12.90 as of March 31, 2013 to $14.18 as of March 31, 2014. Excluding the impact of Directi, ARPS increased from $12.90 as of March 31, 2013 to $13.45 as of March 31, 2014. This $0.55 increase in ARPS was a result of increasing demand for our solutions as we made good progress with product adoption rates from both new and existing subscribers. We expect ARPS to increase as we increase sales to existing and new subscribers by offering additional products and services, expanding our points of subscriber engagement and by facilitating easier access to our solutions. The Directi subscriber base includes a significant number of resellers which impacts the total amount of Directi's contribution to ARPS.

The following table reflects the reconciliation of ARPS to revenue calculated in accordance with GAAP (all data in thousands, except ARPS data):

	Three Months Ended March 31,	
	2013	**2014**
Revenue	$122,741	$145,750
Purchase accounting adjustment	3,276	7,021
Pre-acquisition revenue from acquired properties	512	—
Adjusted revenue	$126,529	$152,771
Total subscribers	3,315	3,654
ARPS	$ 12.90	$ 14.18
Adjusted revenue attributable to Directi	—	9,460
Adjusted revenue excluding Directi	$126,529	$143,311
Total subscribers excluding Directi	3,315	3,603
ARPS excluding Directi	$ 12.90	$ 13.45

Monthly Recurring Revenue Retention Rate

We believe that our ability to retain revenue from our subscribers is an indicator of the long-term value of our subscriber relationships and the stability of our revenue base. To assess our performance in this area, we measure our monthly recurring revenue, or MRR, retention rate. We calculate MRR retention rate at the end of a period by taking the retained recurring value of subscription revenue of all active subscribers at the end of the prior period and dividing it into the retained recurring value of subscription revenue for those same subscribers at the end of the period presented. We believe MRR retention rate is an indicator of our ability to retain existing subscribers, sell products and services and maintain subscriber satisfaction.

Our MRR retention rate was 99% for all periods presented.

Adjusted Net Income

Adjusted net income is a non-GAAP financial measure that we calculate as net income (loss) plus (i) changes in deferred revenue inclusive of purchase accounting adjustments related to acquisitions, amortization, stock-based compensation expense, loss of unconsolidated entities, net loss on sale of property and equipment, expenses related to integration of acquisitions and restructurings, any dividend-related payments accounted for as compensation expense, transaction expenses and charges including costs associated with certain litigation matters, and preparation for our initial public offering, less (ii) earnings of unconsolidated entities and net gain on sale of property and equipment and (iii) the estimated tax effects of the foregoing adjustments. Due to our history of acquisitions and financings, we have incurred accounting charges and expenses that obscure the operating performance of our business. We believe that adjusting for these items and the use of adjusted net income is useful to investors in evaluating the performance of our company.

Our adjusted net income decreased from $42.7 million for the three months ended March 31, 2013 to $32.9 million for the three months ended March 31, 2014. This decrease was primarily due to a deferred tax benefit in the three months ended March 31, 2013 of $12.5 million before we recorded a valuation allowance in a later period in 2013, offset by an income tax charge of $0.4 million. In the three month period ended March 31, 2014 we recorded a deferred tax expense of $1.0 million and additional domestic and foreign income taxes of $2.4 million. The decrease in our adjusted net income was also in part due to a higher depreciation charge of $3.1 million in the three months ended March 31, 2014 as a result of expanding our business and data center infrastructure as we migrated customers from our 2012 acquisitions of HostGator and Homestead into our platform. The decrease in our adjusted net income was offset by lower interest expense of $8.1 million primarily due to our lower effective interest rate on our term loan debt, following our refinancing in November 2013.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we calculate as adjusted net income plus interest expense, depreciation, and income tax expense (benefit). We manage our business based on the cash collected from our subscribers and the cash required to acquire and service those subscribers. We believe highlighting cash collected and cash spent in a given period provides insight to an investor to gauge the overall health of our business. Under GAAP, although subscription fees are paid in advance, we recognize the associated revenue over the subscription term, which does not fully reflect short-term trends in our operating results.

After adjusting both periods for the impact of the changes in deferred tax, depreciation and interest expense, as described above under adjusted net income, Adjusted EBITDA increased by $1.0 million from $58.1 million for the three months ended March 31, 2013 to $59.1 million for the three months ended March 31, 2014. The increase in Adjusted EBITDA was primarily a result of increases in the number of subscribers on our platform, an increase in ARPS and achieving greater scale benefits. This was offset by incremental people and infrastructure related costs required to operate as a public company as well as increased marketing spend, which impacted our Adjusted EBITDA growth quarter over quarter.

Unlevered Free Cash Flow

Unlevered free cash flow, or UFCF, is a non-GAAP financial measure that we calculate as Adjusted EBITDA plus change in operating assets and liabilities (other than deferred revenue) net of acquisitions, less capital expenditures and income taxes excluding deferred tax. We believe the most useful indicator of our operating performance is the cash generating potential of our company prior to any accounting charges related to our acquisitions. We also invest in marketing, our largest operating expense, which may increase or decrease in a given period, depending on the cost of attracting new subscribers to our solutions. We also believe that because our business has meaningful data center and related infrastructure requirements, the level of capital expenditures required to run our business is an important factor for investors. We believe UFCF is a useful measure that captures the effects of these issues.

UFCF increased from $45.1 million in the three months ended March 31, 2013 to $49.0 million in the three months ended March 31, 2014. This increase was primarily the result of lower capital expenditures offset by an increase in marketing and tax expense. While growth in new subscriber revenue is typically offset by marketing expense in the first year of subscription, these investments in marketing are generally neutral on a cash flow basis in the first year. In our experience, these investments become cash flow generative over the lifetime of the product renewal cycle. We expect that these investments will be contributing to cash flow starting in 2015 as subscribers remain on platform, renew their subscription and buy additional products with minimal further marketing investment.

Free Cash Flow

Free cash flow, or FCF, is a non-GAAP financial measure that we calculate as unlevered free cash flow less interest expense. We believe that this presentation of free cash flow provides investors with an additional indicator of our ability to generate positive cash flows after meeting our obligations with regard to payment of interest on our outstanding indebtedness.

FCF increased from $24.1 million for the three months ended March 31, 2013 to $35.5 million for the three months ended March 31, 2014. The increase in FCF was primarily due to realizing economies of scale in the business and reduced financing costs following our IPO. This included reducing our overall term loan bank debt and a reduction in our effective interest rate as a result of our debt refinancing which occurred in November 2013. We expect our FCF to continue to benefit in future periods from the reduction in our term loan interest expense based on the current loan balance and interest rates.

The following table reflects the reconciliation of Adjusted net income, Adjusted EBITDA, Unlevered Free Cash Flow and Free Cash Flow to net loss calculated in accordance with GAAP (all data in thousands):

	Three Months Ended March 31,	
	2013	**2014**
Net loss	$ (21,728)	$ (22,469)
Stock-based compensation	553	3,544
(Gain) loss on sale of property and equipment	(13)	6
(Gain) loss of unconsolidated entities	(137)	(21)
Amortization of intangible assets	26,070	24,079
Amortization of deferred financing costs	53	19
Changes in deferred revenue (inclusive of impact of purchase accounting)	19,725	25,392
Transaction expenses and charges	3,841	1,363
Integration and restructuring expenses	16,259	3,196
Tax-affected impact of adjustments	(1,955)	(2,199)
Adjusted net income	**$ 42,668**	**$ 32,910**
Depreciation	3,925	7,046
Income tax expense (benefit)	(10,106)	5,638
Interest expense, net (net of impact of amortization of deferred financing costs)	21,639	13,533
Adjusted EBITDA	**$ 58,126**	**$ 59,127**
Change in operating assets and liabilities, net of acquisitions	(1,013)	(579)
Capital expenditures (1)	(11,505)	(7,088)
Income tax (excluding deferred tax)	(467)	(2,462)
Unlevered free cash flow	**$ 45,141**	**$ 48,998**
Net cash interest paid (net of change in accrued loan interest)	(21,022)	(13,527)
Free cash flow	**$ 24,119**	**$ 35,471**

(1) Capital expenditures during the three months ended March 31, 2014, includes $0.9 million of payments under a three year capital lease for software of $11.7 million beginning in January 2014. The remaining balance on the capital lease is $10.8 million.

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The following table provides a reconciliation of changes in deferred revenue (inclusive of impact of purchase accounting), included in Adjusted EBITDA to changes in deferred revenue in our consolidated statements of cash flows (all data in thousands):

	Three Months Ended March 31,	
	2013	2014
Changes in deferred revenue (inclusive of impact of purchase accounting)	$ 19,725	$ 25,392
Application of purchase accounting for the Directi acquisition:		
Impact of reduced fair value of deferred domain registration costs	—	6,002
Changes in deferred revenue in consolidated statements of cash flows	$ 19,725	$ 31,394

The following table provides a reconciliation of change in operating assets and liabilities, net of acquisitions, included in UFCF to the changes in operating assets and liabilities in our consolidated statements of cash flows (all data in thousands):

	Three Months Ended March 31,	
	2013	2014
Change in operating assets and liabilities, net of acquisitions	$ (1,013)	$ (579)
Application of purchase accounting for the Directi acquisition:		
Impact of reduced fair value of deferred domain registration costs	—	(6,002)
Change in operating assets and liabilities, excluding deferred revenue, in consolidated statements of cash flows	$ (1,013)	$ (6,581)

The following table provides a reconciliation of income tax expense (benefit) included in FCF to the income tax expense (benefit) in our consolidated statements of operations and comprehensive loss and to the income taxes paid amount in our consolidated statements of cash flows (all data in thousands):

	Three Months Ended March 31,	
	2013	2014
Income tax expense (benefit)	$ (10,106)	$ 5,638
Tax-affected impact of adjustments	(1,955)	(2,199)
Income tax expense (benefit) in consolidated statement of operations and comprehensive loss	$ (12,061)	$ 3,439
Less: change in deferred tax benefit (expense)	12,528	(977)
Income tax (excluding deferred tax)	$ 467	$ 2,462
Increase in accrued income taxes	(214)	(2,215)
Income taxes paid in consolidated statements of cash flows	$ 253	$ 247

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The following table provides a reconciliation of net interest expense included in FCF to net interest in our consolidated statement of operations and comprehensive loss and to interest paid in our consolidated statement of cash flows (all data in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Interest expense, net (net of impact of deferred financing costs)	$ 21,639	$ 13,533
Amortization of deferred financing costs	53	19
Income tax expense (benefit) in consolidated statements of operations and comprehensive loss	$ 21,692	$ 13,552
Less:		
Amortization of deferred financing costs	(53)	(19)
Amortization of net present value of deferred consideration	(579)	(5)
(Increase) decrease in accrued interest	899	484
Interest income	12	83
Interest paid in consolidated statements of cash flows	$ 21,971	$ 14,095

The following table provides the three major categories of the statement of our cash flows, calculated in accordance with GAAP (all data in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Cash flows provided by operating activities	$ 15,486	$ 37,987
Cash flows used in investing activities	$ (13,677)	$ (24,580)
Cash flows used in financing activities	$ (7,145)	$ (28,616)

The following table reflects the reconciliation of cash flows from operating activities ("operating cash flow") to free cash flow (all data in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Operating cash flow	$ 15,486	$ 37,987
Less:		
Capital expenditures and capital lease obligations	(11,505)	(7,088)
Plus:		
Costs excluded in free cash flow net of costs also excluded in operating cash flow:		
Transaction expenses and charges	3,879	1,376
Integration and restructuring expenses	16,259	3,196
Free cash flow	**$ 24,119**	**$ 35,471**

Components of Operating Results

Revenue

We generate revenue from selling subscriptions for our cloud-based products and services. The subscriptions we offer are similar across all of our brands and are provided under contracts pursuant to which we have ongoing obligations to support the subscriber. These contracts are generally for service periods of up to 36 months and typically require payment in advance at the time of initiating the subscription for the entire subscription period. Typically, we also have arrangements in place to auto renew a subscription at the end of the subscription period. Due to factors such as introductory pricing, our renewal fees may be higher than our initial subscription. We sell more subscriptions with twelve month terms than with any other term length. We also earn revenue from the sale of domain name registrations and non-term based products and services, such as online security products, and professional technical services as well as through referral fees and commissions. We expect our revenue to increase in future periods as we expand our subscriber base and increase our average revenue per subscriber by selling additional products and services throughout their subscription period.

Cost of Revenue

Cost of revenue includes costs of operating our subscriber support organization, fees we pay to register domain names for our subscribers, costs of leasing and operating data center infrastructure, including personnel costs for our network operations, fees we pay to third-party product and service providers, and merchant fees we pay as part of our billing processes. We also allocate to cost of revenue the depreciation and amortization related to these activities and the intangible assets we have acquired, as well as a portion of our overhead costs attributable to our employees engaged in subscriber support activities. In addition, cost of revenue includes stock-based compensation expense for employees engaged in support and network operations. We expect cost of revenue to increase in absolute dollars in future periods as we expand our subscriber base, increase our levels of subscriber support, expand our domain name business and add data center capacity. Cost of revenue may increase or decrease as a percentage of revenue in a given period, depending on our ability to manage our infrastructure costs, in particular with respect to data centers and support, the revenue mix of our sales and as a result of our amortization expense.

Gross Profit

Gross profit is the difference between revenue and cost of revenue. Gross profit has fluctuated from period to period in large part as a result of revenue and cost of revenue adjustments from purchase accounting impacts related to acquisitions, as well as revenue and cost of revenue impacts from growth in our business. With respect to revenue, the application of purchase accounting requires us to record purchase accounting adjustments for acquired deferred revenue, which reduces the revenue recorded from acquisitions. With respect to cost of revenue, the application of purchase accounting requires us to defer domain registration costs, which reduces cost of revenue and record long-lived assets at fair value, which increases cost of revenue through an increase in amortization expense over the estimated useful life of the long-lived assets. In addition, our revenue and our cost of revenue have increased in recent years as our subscriber base has expanded. For a new subscriber that we bring on to our platform, we typically recognize revenue over the term of the subscription, even though we collect the subscription fee at the initial billing. As a result, our gross profit may be affected by the prices we charge for our subscriptions, as well as by the number of new subscribers and the terms of their subscriptions. We expect our gross profit to increase in absolute dollars in future periods while our gross profit margin may increase or decrease.

Operating Expense

We classify our operating expense into three categories: sales and marketing, engineering and development, and general and administrative.

Sales and Marketing. Sales and marketing expense primarily consists of costs associated with payments to our network of partners, SEM and SEO, general awareness and brand building activities, as well as the cost of employees engaged in sales and marketing activities. Sales and marketing expense also includes costs associated with sales of products. In the last fiscal quarter of 2013 we broadened our investment in marketing expense to include new channels for acquiring subscribers through lead in products like storage and backup. In the three months ended March 31, 2014, we increased our investment in marketing and ramped up our investment in product marketing.

Sales and marketing expense includes stock-based compensation expense for employees engaged in sales and marketing activities. We expect sales and marketing expense to increase in absolute dollars in future periods as we continue to expand our business and increase our sales efforts. We also expect sales and marketing expense to be our largest category of operating expense for the foreseeable future as we continue with our plans to develop and grow additional subscriber acquisition channels. Sales and marketing expense as a percentage of revenue may increase or decrease in a given period, depending on the cost of attracting new subscribers to our solutions (our subscriber acquisition costs), changes in how we invest in different subscriber acquisition channels, changes in how we approach search engine marketing and search engine optimization and the extent of general awareness and brand building activities we may undertake as well as the efficiency of our sales force.

Engineering and Development. Engineering and development expense includes the cost of employees engaged in enhancing our systems, developing and expanding product and service offerings, and integrating technology capabilities, from our acquisitions. Engineering and development expense includes stock-based compensation expense for employees engaged in engineering and development activities.

General and Administrative. General and administrative expense includes the cost of employees engaged in corporate functions, such as finance, human resources, legal affairs and general management. General and administrative expense also includes all facility and related overhead costs not allocated to cost of revenue, as well as insurance premiums and professional service fees. We incurred additional expenses in preparing for our initial public offering, and will continue to incur additional expenses associated with being a publicly traded company, including increased legal, corporate insurance and accounting expenses, and the additional costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act and other regulations. General and administrative expense includes stock-based compensation expense for employees engaged in general and administrative activities. We expect that general and administrative expense will continue to increase in absolute dollars and may increase as a percentage of revenue as we further expand our operations and continue to operate as a public company.

Net Interest Income (Expense)

Interest expense consists primarily of costs related to, and interest paid on, our indebtedness. We include the cash cost of interest payments and loan financing fees, the amortization of deferred financing costs and the amortization of the net present value adjustment which we may apply to some deferred consideration payments related to our acquisitions in our calculation of interest expense. Interest income consists primarily of interest income earned on our cash and cash equivalents balances. We expect net interest expense to be lower in future periods following a refinancing of our bank debt in November 2013.

Income Tax Expense (Benefit)

We estimate our income taxes in accordance with the asset and liability method, under which deferred tax assets and liabilities are recognized based on temporary differences between the assets and liabilities in our consolidated financial statements and the financial statements that are prepared in accordance with tax regulations for the purpose of filing our income tax returns, using statutory tax rates. This methodology requires us to record a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. During the year ended December 31, 2013, we recorded a reversal of our existing deferred tax liability, which created a deferred tax benefit. We established a valuation allowance on substantially all of our deferred tax assets during the year ended December 31, 2013.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reported periods. We base our estimates, judgments and assumptions on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from the estimates, judgments and assumptions made by our management. To the extent that there are differences between our estimates, judgments and assumptions and our actual results, our future financial statement presentation, financial condition, results of operations and cash flows may be affected.

We believe that our critical accounting policies and estimates are the assumptions and estimates associated with the following:

- revenue recognition,
- goodwill,
- long-lived assets,
- depreciation,
- amortization,
- income taxes,
- stock-based compensation arrangements.

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There have been no material changes to our critical accounting policies since December 31, 2013. For further information on our critical accounting policies and estimates, see Note 2 to the consolidated financial statements appearing in Part I. Item 1. in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on February 28, 2014.

Results of Operations

The following tables set forth our results of operations for the periods presented (all data in thousands). The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended March 31,	
	2013	2014
	(unaudited)	
Revenue	$122,741	$145,750
Cost of revenue	87,208	89,191
Gross profit	35,533	56,559
Operating expense:		
Sales and marketing	28,531	41,624
Engineering and development	6,140	4,953
General and administrative	13,096	15,481
Total operating expense	47,767	62,058
Loss from operations	(12,234)	(5,499)
Total other expense, net	(21,692)	(13,552)
Loss before income taxes and equity earnings of unconsolidated entities	(33,926)	(19,051)
Income tax expense (benefit)	(12,061)	3,439
Loss before equity earnings of unconsolidated entities	(21,865)	(22,490)
Equity income of unconsolidated entities, net of tax	(137)	(21)
Net loss	$ (21,728)	$ (22,469)
Net loss attributable to non-controlling interest	—	(3,184)
Net loss attributable to Endurance International Group Holdings, Inc.	$ (21,728)	$ (19,285)

Comparison of Three Months Ended March 31, 2013 and 2014

Revenue

	Three Months Ended March 31,		Change	
	2013	2014	Amount	%
Revenue	$122,741	$145,750	$23,009	19%

Revenue increased by $23.0 million, or 19%, from $122.7 million for the three months ended March 31, 2013 to $145.7 million for the three months ended March 31, 2014. Of this increase, $2.5 million was related to revenues from our acquisition of Directi and $20.5 million was primarily due to an increase in subscribers on our platform as we added lead-in products such as back-up and storage and focused on marketing, an increase in demand for our solutions from both new and existing subscribers and increases in prices paid by our subscribers at renewals or after expiration of promotional periods. Consistent with our plans, as we completed the integration of the 2012 acquisitions of HostGator and Homestead onto our common integrated technology platform, we were able to increase our marketing spend and drive additional subscribers and also enhance the promotion of our products and services through improved business insight and analytics offered through the integrated technology platform.

Cost of Revenue

	Three Months Ended March 31,				Change	
	2013		2014			
	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Cost of revenue	$87,208	71%	$89,191	61%	$1,983	2%

Cost of revenue increased by $2.0 million, or 2%, from $87.2 million for the three months ended March 31, 2013 to $89.2 million for the three months ended March 31, 2014. Of this increase, $3.2 million, which included an amortization charge of $1.0 million, was attributable to the Directi businesses we acquired on January 23, 2014, $2.9 million was due to an increase in depreciation expense as a result of expanding our data center infrastructure during 2012 and 2013, $1.8 million was related to an increase in domain registration costs and $1.6 million was attributable to costs of third party services. Stock-based compensation expense increased by approximately $0.1 million from $9,000 for the three months ended March 31, 2013 to $0.1 million for the three months ended March 31, 2014. These increases were partially offset by a decrease in data center expenses of $4.6 million resulting from the migration of HostGator and Homestead subscribers into our platform and a $3.0 million decrease in amortization expense.

Gross Profit

	Three Months Ended March 31,				Change	
	2013		2014			
	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Gross profit	$35,533	29%	$56,559	39%	$21,026	59%

Gross profit increased by $21.0 million, from $35.5 million for the three months ended March 31, 2013 to $56.5 million for the three months ended March 31, 2014. This increase was primarily attributable to increases in our subscriber base due to expansion in our business and our monetization of those subscribers. Our gross profit as a percentage of revenue increased by 10 points, (or from 29% for the three months ended March 31, 2013 to 39% for the three months ended March 31, 2014). The increase in our gross profit as a percentage of revenue, quarter over quarter, was primarily attributable to the purchase accounting impacts related to the acquisitions of the HostGator and Homestead businesses in 2012, as well as the revenue and cost of revenue impacts from growth in our business. The application of purchase accounting requires us to record all acquired assets and liabilities, including deferred revenue and deferred costs at fair value which typically results in a lower book value at the date of acquisition. In addition, we record the fair value of long-lived assets which we amortize over their estimated useful lives.

Operating Expense

	Three Months Ended March 31,				Change	
	2013		2014			
	Amount	% of Revenue	Amount	% of Revenue	Amount	%
Sales and marketing	$28,531	23%	$41,624	29%	$13,093	46%
Engineering and development	6,140	5%	4,953	3%	(1,187)	(19)%
General and administrative	13,096	11%	15,481	11%	2,385	18%
Total	$47,767	39%	$62,058	43%	$14,291	30%

Sales and Marketing. Sales and marketing expense increased by $13.1 million, or 46%, from $28.5 million for the three months ended March 31, 2013 to $41.6 million for the three months ended March 31, 2014. In addition to investing in marketing expense for the acquisition of new subscribers, we are increasing our investing in product marketing. In the three months ended March 31, 2014, $8.3 million of the increased expense included investing in additional marketing that targets sales of product and $2.0 million related to direct marketing expense to increase our number of subscribers. Also, $1.7 million of the increase was related to expansion of the direct sales teams and their sales commission expense, $0.6 million was due to an increase in payroll and benefits and $0.3 million related to stock-based compensation expense, which increased from $40,000 for the three months ended March 31, 2013 to $0.3 million for the three months ended March 31, 2014, and $0.2 million related to an increase in depreciation expense.

Engineering and Development. Engineering and development expense decreased by $1.2 million, or 19%, from $6.1 million for the three months ended March 31, 2013 to $4.9 million for the three months ended March 31, 2014. Of this decrease, $1.3 million was due to rationalizing costs and realizing synergies from integrating our 2012 and 2013 acquisitions. This was partially offset by a $0.1 million increase in stock-based compensation expense from $0.1 million for the three months ended March 31, 2013 to $0.2 million for the three months ended March 31, 2014.

General and Administrative. General and administrative expense increased by $2.4 million, or 18%, from $13.1 million for the three months ended March 31, 2013 to $15.5 million for the three months ended March 31, 2014. Of this increase, $2.4 million was attributable to increased stock-based compensation expense, which increased from $0.5 million for the three months ended March 31, 2013 to $2.9 million for the three months ended March 31, 2014 as we granted IPO stock awards. In addition, $1.3 million was attributable to increased expense associated with payroll and benefits and $0.6 million was attributable to other operational costs. These increases were offset by a $1.9 million decrease in transaction expenses. We incurred higher transaction costs in the three months ended March 31, 2013 primarily related to acquisitions in Brazil and India.

Net Interest Income (Expense)

	Three Months Ended March 31,		Change	
	2013	2014	Amount	%
Net interest income (expense)	$(21,692)	$(13,552)	$8,140	38%

Net interest expense decreased by $8.1 million, or 38%, from $21.7 million for the three months ended March 31, 2013 to $13.6 million for the three months ended March 31, 2014. Of this decrease $7.7 million is due to lower interest expense resulting from our debt refinancing activities in November 2013, which lowered our aggregate notes payable and our effective interest rates. The decrease is also due to a $0.6 million reduction in the accretion of present value for the deferred consideration and deferred bonus payments related to the HostGator acquisition, which was paid in January 2014. These decreases were partially offset by an increase of $0.1 million related to capitalized lease obligations which were entered into during the three months ended March 31, 2014.

Income Tax Expense (Benefit)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014	Change Amount	Change %
Income tax expense (benefit)	$(12,061)	$3,439	$15,500	129%

The benefit for income taxes for the three months ended March 31, 2013 decreased by $15.5 million, or 129%, from $12.1 million benefit for the three months ended March 31, 2013 to $3.4 million expense for the three months ended March 31, 2014. The decrease includes a net increase in our state and foreign income tax expense of $2.0 million and a net increase in our deferred tax expense of $13.5 million. The decrease in our deferred tax benefit from March 31, 2013 to March 31, 2014 primarily relates to the establishment of a valuation allowance in the second quarter of 2013. In both periods, we had nondeductible expenses primarily related to stock-based compensation, transaction costs and interest.

Liquidity and Capital Resources

Sources of Liquidity

We have funded our operations since inception primarily with cash flow generated by operations and borrowings under credit facilities. In October 2013, we also raised funds from our initial public offering and used a portion of the net proceeds to reduce our overall indebtedness by $148.8 million.

As of March 31, 2014, we had cash and cash equivalents totaling $51.8 million and negative working capital of $234.2 million. In addition, we had approximately $1,044.8 million of indebtedness outstanding under our first lien term loan facility. In April 2014 we made an initial draw-down against our revolving credit facility in connection with funding our Directi acquisition.

Cash and Cash Equivalents

As of March 31, 2014, our cash and cash equivalents were primarily held for working capital purposes and for required principal and interest payments under our indebtedness. A majority of our cash and cash equivalents was held in operating accounts. Our future capital requirements will depend on many factors including, but not limited to, our growth rate, the continued expansion of sales and marketing activities, the introduction of new and enhanced products and services, market acceptance of our solutions, acquisitions and our gross profits and operating expenses. We believe that our current cash and cash equivalents and operating cash flows will be sufficient to meet our anticipated working capital and capital expenditure requirements as well as our required principal and interest payments under our indebtedness, for at least the next 12 months.

The following table shows our cash flows from operating activities, investing activities and financing activities for the stated periods (all data in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2014
Purchases of property and equipment	$(11,505)	$ (6,203)
Principal payments on capital lease obligations	—	(885)
Depreciation	3,925	7,046
Amortization	26,702	24,103
Cash flows provided by operating activities	15,486	37,987
Cash flows used in investing activities	(13,677)	(24,580)
Cash flows used in financing activities	(7,145)	(28,616)

Capital Expenditures

Our capital expenditures on purchase of property and equipment for the three months ended March 31, 2013 and 2014 were $11.5 million and $6.2 million, respectively. The higher expenditure in the three months ended March 31, 2013, included a significant and extraordinary investment in data center infrastructure to support the migration of subscribers from the 2012 HostGator acquisition to our systems. In addition, our capital expenditures during the three months ended March 31, 2014, includes $0.9 million of principal payments under a three year capital lease for software of $11.7 million beginning in January 2014. The remaining balance payable on the capital lease is $10.8 million. We did not have any capital lease obligations in the three months ended March 31, 2013. We expect our total capital expenditures to increase consistent with revenue growth as we expand our business.

Depreciation

Our depreciation expense for the three months ended March 31, 2013 and 2014 increased from $3.9 million to $7.0 million. This increase was primarily due to expansion in our business by on-boarding acquisitions as well as investments in data center infrastructure as described above and leasehold improvements. The leasehold improvements were associated with new operating leases as we expanded and revamped our presence in Arizona, Utah, Texas, and Massachusetts.

Amortization

Our amortization expense, which includes amortization of other intangible assets, amortization of deferred financing costs and amortization of net present value of deferred consideration, decreased by $2.6 million from $26.7 million for the three months ended March 31, 2013 to $24.1 million for the three months ended March 31, 2014. Of this decrease in amortization expense, $2.0 million was primarily due to lower expenses associated with customer relationships and trademarks related to acquisitions that occurred prior to March 31, 2013, partially offset by the increase of amortization expense related to intangible assets of businesses that have been acquired since December 1, 2013. The remaining $0.6 million was attributable to lower amortization expense of net present value of deferred consideration as a result of our acquisition of HostGator in July 2012, which had deferred consideration payments payable twelve and eighteen months after the date of the acquisition. The final payment was made in January 2014.

Operating Activities

Cash provided by operating activities consists primarily of net loss adjusted for certain non-cash items including depreciation, amortization, stock-based compensation expense and changes in deferred taxes, and the effect of changes in working capital, in particular in deferred revenue. As we add subscribers to our platform, we typically collect subscription fees at the time of initial billing and recognize revenue over the terms of the subscriptions. Accordingly, we generate operating cash flows as we collect cash from our subscribers in advance of delivering the related products and services, and we maintain a significant deferred revenue balance. As we add subscribers and sell additional products and services, our deferred revenue balance increases. Our operating cash flows are net of transaction expenses and charges, including initial public offering expenses.

Net cash provided by operating activities was $38.0 million in the three months ended March 31, 2014 which consisted of a net loss of $22.5 million, offset by non-cash charges of $35.6 million, and a net change of $24.9 million in our operating assets and liabilities. The net change in our operating assets and liabilities included an increase in deferred revenue of $31.4 million.

Net cash provided by operating activities was $15.5 million in the three months ended March 31, 2013 which consisted of a net loss of $21.7 million, offset by non-cash charges of $18.5 million and a net change of $18.7 million in our operating assets and liabilities. The net change in our operating assets and liabilities included an increase in deferred revenue of $19.7 million.

Investing Activities

Cash flows used in investing activities consists primarily of purchase of property and equipment, acquisition consideration payments, and changes in restricted cash balances.

The majority of the cash used in the three months ended March 31, 2014 was to fund $18.1 million, net of cash acquired related to the purchase consideration for our acquisition of Directi. We also used $6.2 million of cash to purchase property and equipment and deposited $0.3 million with a payment processor.

The majority of the cash used during the three months ended March 31, 2013 was to purchase $11.5 million of property and equipment, in particular for the migration of HostGator subscribers as previously described above under Capital Expenditures. We also used $2.5 million, net of cash acquired, for initial consideration for an acquisition in Brazil. This was partially offset by a $0.3 million return of restricted cash held by a payment processor.

Financing Activities

Cash flow from financing activities consists primarily of the net change in our overall indebtedness, payment of associated financing costs, payment of deferred consideration for our acquisitions and the issuance or repurchase of equity.

During the three months ended March 31, 2014, cash flows used in financing activities was $28.6 million, which includes $24.5 million of deferred consideration paid, the majority of which was for our HostGator acquisition, a quarterly principal payment of $2.6 million, $0.9 million of principal payments related to capital lease obligations and $0.6 million of payments related to issuance costs from our initial public offering which were unpaid as of December 31, 2013. During the three months ended March 31, 2014, we entered into a three year capital lease agreement for $11.7 million for software licenses which require principal payments of approximately $0.9 million each quarter in 2014.

During the three months ended March 31, 2013, cash flow used in financing activities net of repayments was $7.1 million. We drew $9.0 million from our revolving credit facility and subsequently repaid $13.0 million under that facility, as well as $2.0 million under our first lien term loan facility. In addition, we paid $1.1 million of deferred consideration obligations for 2012 acquisitions.

We believe that our existing cash and cash equivalents, our cash flows from operations and use of our revolving credit facility will be sufficient to meet the maximum payment obligations related to the Directi acquisition.

Credit Facility Borrowings

As of March 31, 2014, we had $1,044.8 million outstanding under our first lien term loan facility and there were no amounts outstanding under our $125.0 million revolving credit facility.

Our first lien term loan facility matures on November 9, 2019 and our revolving credit facility matures on December 22, 2016. Under our first lien term loan facility, we are required to make quarterly principal payments of $2.6 million.

As of March 31, 2014, the LIBOR-based interest rates on our first lien term loan facility and revolving credit facility were 5.00% and 7.75%, respectively, and the alternate base rate on the revolving credit facility was 8.50%. For more detail, see Part I, Item 3 “Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Sensitivity” of this Quarterly Report on Form 10-Q.

Net Operating Loss Carry-Forwards

As of December 31, 2013, we had net operating loss, or NOL, carry-forwards available to offset future U.S. federal taxable income of approximately $214.2 million and future state taxable income by approximately $152.8 million. These NOL carry-forwards expire on various dates through 2033. As of December 31, 2013, we had NOL carry-forwards in foreign jurisdictions available to offset future foreign taxable income by approximately $33.7 million, including approximately $2.1 million in NOL carry-forwards that expire in 2021 and approximately $31.6 million of NOL carry-forwards in the United Kingdom that do not expire.

Utilization of the NOL carry-forwards can be subject to an annual limitation due to the ownership percentage change limitations (“Section 382 limitation”). Ownership changes can limit the amount of net operating loss and other tax attributes that a company can use each year to offset future taxable income and taxes payable. In connection with a change in control in 2011 we were subject to Section 382 annual limitations of $77.1 million against the balance of NOL carry-forwards generated prior to the change in control in 2011. Through December 31, 2013 we accumulated the unused amount of Section 382 limitations in excess of the amount of NOL carry-forwards that were originally subject to limitation. Therefore these unused NOL carry-forwards are available for future use to offset taxable income. We are undertaking an analysis of changes in our ownership from 2011, through our initial public offering, to December 31, 2013. The preliminary conclusion is that there was not a Section 382 ownership change during this period and therefore we do not expect any NOLs generated through December 31, 2013, to be subject to any new Section 382 annual limitations on NOL carry-forwards. Therefore we expect all unused NOL carry-forwards at December 31, 2013 to be available for future use to offset taxable income.

Contractual Obligations and Commitments

As of April 30, 2014, we had outstanding indebtedness of $1,044.8 million of first lien term loan facility, which has a quarterly principal repayment of $2.6 million. During the three months ended March 31, 2014, we paid $24.1 million of deferred consideration and $2.0 million of compensation expense in connection with the HostGator acquisition. On February 28, 2014, we entered into a Master Service Agreement (the “Agreement”) with Ace Data Centers Inc., to license space at a data center facility in Provo, Utah. The Agreement provides for a term of ten years and has a total estimated financial obligation of approximately $102.0 million over the term of the Agreement. At March 31, 2014 we had estimated deferred consideration payment obligations of $58.2 million related to our acquisition of Directi, of which $55.3 million was paid on April 30, 2014. In addition, in connection with the acquisition of Directi, we may be obligated to make additional aggregate payments of up to a maximum of approximately $62.0 million, subject to specified terms, conditions and operational contingencies. There have been no other significant changes in our contractual obligations from those disclosed in our Annual Report on Form 10-K filed with the SEC on February 28, 2014.

Recently Issued Accounting Pronouncements

There have been no new recent accounting pronouncements or changes in accounting pronouncements during the three months ended March 31, 2014, that are of significance, or potential significance, to our company.

Off-Balance Sheet Arrangements

We do not have any special purpose entities or off-balance sheet arrangements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosure About Market Risk

We have operations both within the United States and internationally, and we are exposed to market risk in the ordinary course of our business. These risks include primarily foreign exchange risk, interest rate and inflation.

Foreign Currency Exchange Risk

A significant majority of our subscription agreements and our expenses are denominated in US dollars. We do, however, have sales in a number of foreign currencies as well as business operations in Brazil and India and are subject to the impacts of currency fluctuations in those markets. The impact of these currency fluctuations is insignificant relative to the overall financial results of our company.

Interest Rate Sensitivity

We had cash and cash equivalents of $51.8 million at March 31, 2014, the majority of which was held in operating accounts for working capital purposes and other general corporate purposes, which include payment of principal and interest under our indebtedness. As of March 31, 2014, we had approximately $1,044.8 million of indebtedness outstanding under our first lien term loan facility and a revolving credit facility of $125.0 million, all of which was available.

The first lien term loan facility bears interest at a rate per annum equal to an applicable credit spread plus, at our option, (a) adjusted LIBOR or (b) an alternate base rate determined by reference to the greater of (i) the prime rate, (ii) the federal funds effective rate plus 0.50% and (iii) one-month adjusted LIBOR plus 1.00%. The term loan is subject to a floor of 1.00% per annum with an applicable credit spread for interest based on adjusted LIBOR of 4.00%.

Under our first lien term loan facility, our revolving credit loans that bear interest at the LIBOR reference rate are subject to a floor of 1.50% per annum with the applicable credit spread for interest based on adjusted LIBOR of 6.25%.

We are also required to pay a commitment fee of 0.50% per annum to the lenders based on the average daily unused amount of the revolving commitments.

Based on our aggregate indebtedness of $1,044.8 million as of March 31, 2014, a 100-basis-point increase in the adjusted LIBOR rate above the LIBOR floor would result in a $10.6 million increase in our aggregate interest payments over a 12-month period, and a 100-basis-point decrease at the current LIBOR rate would not result in a decrease in our interest payments.

Inflation Risk

We do not believe that inflation has a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability to do so could harm our business, financial condition and results of operations.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2014, our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation of our disclosure controls and procedures as of March 31, 2014, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, party to litigation arising in the ordinary course of our business. We are not presently involved in any legal proceeding that in the opinion of our management, if determined adversely to us, would have a material adverse effect on our business operating results or financial condition.

ITEM 1A. RISK FACTORS

You should carefully review and consider the information regarding certain factors which could materially affect our business, financial condition or future results set forth under Item 1A. "Risk Factors" in our Form 10-K for the fiscal year ended December 31, 2013 as filed with the SEC on February 28, 2014. There have been no material changes from the factors disclosed in our Form 10-K for the year ended December 31, 2013, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

On January 23, 2014, we issued 2,123,039 shares of our common stock to Directi Holdings as partial consideration for our acquisition of the web presence business of Directi. The shares of common stock issued to Directi Holdings were valued at $12.00 per share for purposes of calculating the number of shares to be issued.

No underwriters were involved in this transaction. This issuance was deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving any public offering. The securities issued in this transaction are deemed restricted securities for purposes of the Securities Act.

Use of Proceeds from Public Offering of Common Stock

On October 24, 2013, our registration statement on Form S-1 (File No. 333-191061) for our initial public offering was declared effective by the SEC. As of March 31, 2014, we estimate that we have used all of the net proceeds from the initial public offering to repay indebtedness under our second lien term loan facility, satisfy a portion of our payment obligations at the closing of our acquisition of the web presence business of Directi from Directi Holdings, and for working capital and other general corporate purposes.

ITEM 5. OTHER INFORMATION

Current Information Not Otherwise Reported on a Current Report on Form 8-K

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On May 7, 2014, our Compensation Committee approved the payment of a one-time bonus of $200,000 to Ronald LaSalvia, our Chief Operating Officer. As a result of receiving this bonus, Mr. LaSalvia will not be eligible for bonuses under our Management Incentive Plan for 2014.

Disclosures of Iranian Activities under Section 13(r) of the Exchange Act

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, or ITRA, which added Section 13(r) to the Exchange Act, we are required to disclose in our annual or quarterly reports, as applicable, whether we or any of our affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities that are subject to sanctions under U.S. law. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law.

Warburg Pincus LLC, or WP LLC, affiliates of which (i) beneficially own more than 10% of our outstanding common stock and/or are members of our board of directors and (ii) beneficially own more than 10% of the equity interests of, and have the right to designate members of the board of directors of, Santander Asset Management Investment Holdings Limited, or SAMIH, has informed us that, during the reporting period, Santander Asset Management UK Limited, or Santander UK, an affiliate of SAMIH and WP LLC, engaged in activities subject to disclosure pursuant to Section 219 of ITRA and Section 13(r) of the Exchange Act. As a result, we are required to provide disclosure as set forth below pursuant to Section 219 of ITRA and Section 13(r) of the Exchange Act. WP LLC has informed us that SAMIH has provided WP LLC with the information below relevant to Section 219 of ITRA and Section 13(r) of the Exchange Act.

At the time of the events described below, SAMIH and its non-U.S. affiliates, including Santander UK, may have been deemed to be under common control with us, but this statement is not meant to be an admission that common control existed or exists. We have no control over or involvement in the activities of SAMIH or its non-U.S. affiliates, including Santander UK, or any of its subsidiaries or predecessor companies, and we were not involved in the preparation of, nor have we independently verified, the information provided by SAMIH to WP LLC. The disclosure below does not relate to any activities conducted by us and does not involve us or our management. The disclosure relates solely to activities conducted by SAMIH and its non-U.S. affiliates, including Santander UK. We are not representing to the accuracy or completeness of the disclosure below, and we undertake no obligation to correct or update this information.

We understand that SAMIH's affiliates intend to disclose in their next annual or quarterly report that an Iranian national, resident in the United Kingdom, who is currently designated by the United States under the Iran Financial Sanctions Regulations and the NPWMD designation, holds two investment accounts with Santander UK. The accounts have remained frozen throughout 2013 and the three months ended March 31, 2014. The investment returns are being automatically reinvested, and no disbursements have been made to the customer. Total revenue for the Banco Santander group in connection with the investment accounts was £23,017, while net profits in the three months ended March 31, 2014 were negligible relative to the overall profits of Banco Santander, S.A.

ITEM 6. EXHIBITS

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

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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.

ENDURANCE INTERNATIONAL GROUP HOLDINGS, INC.

Date: May 9, 2014

By: /s/ Tivanka Ellawala
Tivanka Ellawala
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith	Furnished Herewith
		Form	File Number	Date of Filing	Exhibit Number		
3.1	Restated Certificate of Incorporation of the Registrant	S-1/A	333-191061	October 23, 2013	3.3		
3.2	Amended and Restated Bylaws of the Registrant	S-1/A	333-191061	October 23, 2013	3.5		
4.1	Specimen certificate evidencing shares of common stock of the Registrant	S-1/A	333-191061	October 8, 2013	4.1		
4.2	Form of Second Amended and Restated Registration Rights Agreement by and among the Registrant and the other parties thereto	S-1/A	333-191061	October 8, 2013	4.2		
4.3	Form of Stockholders Agreement by and among the Registrant and certain holders of the Registrant's common stock	S-1/A	333-191061	October 8, 2013	4.3		
10.1#	2014 Management Incentive Plan of the Registrant	10-K	001-36131	February 28, 2014	10.10		
10.2#	Bonus Arrangement for Ronald LaSalvia					X	
10.3+	Master Services Agreement, effective January 1, 2014, by and between Ace Data Centers, Inc. and The Endurance International Group, Inc.					X	
10.4	Amendment No. 2 to the Master Share Purchase Agreement, dated as of January 23, 2014, by and among Endurance Singapore Holdings Pte. Ltd., Endurance Singapore Holdings 2 Pte. Ltd., MyInternet Media Limited, Endurance Web Solutions Private Limited, The Endurance International Group, Inc., Directi Web Technology Pvt. Ltd., P.D.R. Solutions FZC, Directi Web Technologies Holdings, Inc., Confluence Networks, Inc., EIG Investors Corp., the Registrant, Directi Web Technologies FZC, Bhavin Turakhia, Divyank Turakhia, Brijesh Joshi and Webiq Domains Solutions Pvt. Ltd.	10-K	001-36131	February 28, 2014	10.29		
10.5	Second Amendment to Lease, dated as of March 28, 2014, by and between Burlington Centre Owner LLC and The Endurance International Group, Inc.					X	

31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended	X	
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended	X	
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X	
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X	
101.INS†	XBRL Instance Document		X
101.SCH†	XBRL Taxonomy Extension Schema Document		X
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document		X
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document		X
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document		X
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document		X

† In accordance with Rule 406T of Regulation S-T, these XBRL (eXtensible Business Reporting Language) documents in Exhibit 101 to this Quarterly Report on Form 10-Q are furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these sections.

Management contract or any compensatory plan, contract or agreement.

\+ Confidential treatment requested as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

Exhibit 10.2

Pursuant to the approval of the Compensation Committee of Endurance International Group Holdings, Inc. (the "Company"), the Company will make a one-time bonus payment to Ronald LaSalvia, chief operating officer of the Company, in the amount of $200,000.00 on May 16, 2014. Mr. LaSalvia shall not be eligible to receive a bonus under the Company's Management Incentive Plan for 2014.

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

MASTER SERVICE AGREEMENT

THIS MASTER SERVICE AGREEMENT ("**MSA**") is effective January 1, 2014 (the "**Effective Date**") by and between Ace Data Centers, Inc., a Utah corporation **(**"**Licensor**"), and The Endurance International Group, Inc., a Delaware corporation ("**Licensee**"). Licensor and Licensee are also referred to collectively herein as the "**Parties**" and individually as a "**Party**."

W I T N E S S E T H:

A. Licensor owns and operates a data center located at the following service address (hereafter the "**Premises**"):

[**]
Provo, Utah 84606

B. Licensee desires access to designated portions of the Premises for purposes of locating certain computer and related communications and information technology equipment and cabling owned or leased by Licensee (the "**Equipment**"), and other related activities.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties contained herein, the Parties, intending to be bound thereby, agree as follows:

DEFINITIONS

In addition to capitalized terms defined elsewhere in this MSA, as used in this MSA and in any of the ancillary documents incorporated by reference herein, the defined terms set forth below shall have the following respective meanings. Commonly-accepted industry definitions shall apply to any technical and otherwise undefined industry terms used in the Agreements.

"**Agreements**" shall have the meaning ascribed in paragraph 1 of the MSA.

"Authorized Persons" shall have the meaning ascribed in paragraph 2(c)(ii) of this MSA.

"Default Interest" shall have the meaning ascribed in paragraph 4(d) of this MSA.

"Due Date" shall have the meaning ascribed in paragraph 4(d) of this MSA.

"Effective Date" shall have the meaning ascribed in the preamble of the MSA.

"**Equipment**" shall have the meaning ascribed in Recital B of this MSA and includes without limitation, all servers, storage systems, networking equipment, wiring, and Power Distribution Units (PDUs) located on the racks occupied by Licensee.

“Event of Default by Licensee” shall have the meaning ascribed in paragraph 10 of this MSA.

“Event of Default by Licensor” shall have the meaning ascribed in paragraph 12 of this MSA.

“**Force Majeure**” shall mean and refer to any of the following events: acts of war, acts of God; rebellion or sabotage or damage resulting therefrom; expropriation or confiscation of facilities by any governmental authority; compliance with any order of any governmental authority; acts of the government in its sovereign capacity which cause a delay, deferral or suspension in Licensor’s ability to provide the Services; subsidence; earthquakes; hurricanes; fires; floods; explosion; accidents; quarantine restrictions; freight or other embargoes; casualty loss; strikes; labor disputes; shortages of materials or transportation; electrical blackouts, surges or brownouts; the failure of any utility provider to deliver electricity, water or fiber connectivity to the Premises; and the failure of the Equipment. Notwithstanding the above, Force Majeure shall not include (a) any event caused by the fault, negligence, failure to pay money or financial inability of the party claiming Force Majeure, and (b) any event within the reasonable control of the party claiming Force Majeure. A Party’s obligation to pay money to another party will not be delayed, affected or changed by an event of Force Majeure.

“Holdover” shall mean Licensee’s continued possession and use of the Licensed Space following termination.

“Holdover Charges” shall have the meaning ascribed in paragraph 4(c) of this MSA.

“Indemnified Party” shall have the meaning ascribed in paragraph 8(a) of this MSA.

“Indemnifying Party” shall have the meaning ascribed in paragraph 8(a) of this MSA.

“License” shall have the meaning ascribed in paragraph 2(a) of the MSA.

“Licensed Space” shall have the meaning ascribed in paragraph 2(a) of this MSA.

“MRC Schedule” shall mean the General Services & MRC Schedule attached to this MSA as Exhibit 3.

“Network Services Agreement” means the agreement between the Parties entitled Network Services Agreement, executed concurrently with this MSA and attached as Exhibit 4.

“**Office Lease**” shall have the meaning ascribed in paragraph 1 of the MSA.

“Permitted Uses” shall have the meaning ascribed in paragraph 2(c)(iii) of this MSA.

“Service Order” is the document that incorporates Licensee’s NRC-related service requests to Licensor, and related charges, terms and conditions.

“Services” are all services provided to Licensee by Licensor under the terms of the Agreements.

“SLA” shall mean the Service Level Agreement attached to this MSA as Exhibit 2.

“Term” shall have the meaning ascribed in paragraph 9 of this MSA.

“Termination” shall mean the termination of the Term in accordance with paragraph 3(d), paragraph 9, paragraph 11, or paragraph 12 of this MSA or as otherwise agreed upon by the Parties.

TERMS AND CONDITIONS

1. **ANCILLARY AGREEMENTS; INCORPORATION AND CONSTRUCTION**. This MSA shall include and be construed in conjunction with the following ancillary documents, in addition to all successive addenda, modifications and additions thereto, which are incorporated herein by reference and shall incorporate by reference this MSA as if fully set forth therein. This MSA and such ancillary documents are referred to collectively herein as the “**Agreements**.”

    Exhibit 1—Service Order: Attached in blank and incorporated as completed pursuant to paragraph 3(b) of this MSA

    Exhibit 2—Colocation Service Level Agreement (“SLA”)

    Exhibit 3—Colocation General Service & MRC Schedule (“MRC Schedule”)

    Exhibit 4—Network Services Agreement

    Exhibit 5—List of Preapproved Professional Contractors

    In the event of a conflict between this MSA and any Service Order, the SLA, the MRC Schedule, or the Network Services Agreement, the language in the Service Order, SLA, MRC Schedule or Network Services Agreement shall prevail. The Parties acknowledge that Licensee currently occupies space in the building in which the Premises are located under prior agreements, oral or written, and that the Agreements shall supersede the prior agreements, except for the lease of office space between the Licensee’s wholly-owned subsidiary, Bluehost Inc. and the Licensor’s affiliate, Ace Holdings LLC, namely, a lease agreement effective January 1, 2014 (the “**Office Lease**”), and any future renewals or modifications thereof, which shall remain in full force and effect.

2. **GRANT OF LICENSE TO LICENSEE AND USE OF PREMISES**

(a) **Grant of License**. Licensor hereby grants to Licensee a non-exclusive license to access cabinet space in the Premises for the uses authorized in this MSA (the "**License**"). The cabinet space occupied by Licensee pursuant to the terms of the Agreements is hereafter referred to as the "**Licensed Space**". The License is granted to Licensee solely for the Permitted Uses only during the Term, and shall be revocable upon the terms and conditions set forth in this MSA. Licensee acknowledges that Licensor, or other licensees of Licensor, may use the Premises during the Term, and that Licensor reserves the right to install and maintain conduits, cables and wiring along and adjacent to the ceiling above the Licensed Space and, in the case of raised flooring, the floor below the Licensed Space. Licensor agrees that Licensee's Equipment shall be located on racks solely occupied by Licensee's Equipment. To the extent possible, Licensor agrees that Licensee's racks will be located in rows solely occupied by Licensee's Equipment, or to the extent that Licensee does not occupy an entire row, only equipment belonging to Licensor and no other third party shall be located adjacent to Licensee's Equipment. Access to the Licensee's racks shall be restricted solely to Licensee, Licensor, and their designees.

(b) **Not a Grant of an Interest in Real Property**. Licensee represents, warrants, acknowledges and agrees that (i) it does not have, has not been granted and will not own or hold by virtue of this MSA or otherwise any real property interest in the Licensed Space or the Premises other than the rights explicitly granted by the Agreements; (ii) Licensee is a licensee and not a tenant or lessee under the Agreements, and; (iii) Licensee does not possess any of the rights, privileges or remedies that a tenant or lessee would have under a real property lease or occupancy agreement. In no event will the Equipment be considered a fixture for any purpose.

(c) **Access and Permitted Use of Premises**

i) **Access.** Subject to the terms and conditions of the Agreements, Licensee's Authorized Persons will have access to the Licensed Space within the Premises for the Permitted Uses twenty four (24) hours per day, three hundred sixty-five (365) days per year, or three hundred sixty-six (366) days in case of a leap year.

ii) **Authorized Persons**. Licensee shall provide Licensor a list of persons, which may be modified by Licensee from time to time, who are authorized to access the Equipment in the Premises ("**Authorized Persons**"). In addition to any other liability provided for in the Agreements and applicable law, Licensee will be responsible and liable for all acts or omissions of Licensee's Authorized Persons, and all such acts or omissions will be attributed to Licensee for all purposes under this MSA.

iii) **Permitted Uses**. Licensee has the right to use the Licensed Space for the purposes of installation of the Equipment in the Licensed Space, maintaining the Equipment, operating the Equipment, removing the Equipment and other related activities (collectively, the "**Permitted Uses**"). Licensee is not permitted to perform any work, improvements, repairs, or access any areas outside its Licensed Space, other than in common areas, and shall notify Licensor in advance in the event Licensee requires any work performed or any other access to other areas in the Premises. Notwithstanding the foregoing, in order to maintain the functionality of the Premises or prevent damage to Licensee's Equipment, Licensee is permitted, with prior written notice to Licensor, to hire a licensed professional contractor preapproved by Licensor, including any of the contractors listed in Exhibit 5 or included on the list available at : [**], to perform any emergency repairs in the event that Licensor fails to respond to an issue within [**] of notice by Licensee. As long as Licensor is actively working to resolve an issue within the [**] time frame, Licensee may not bring in its own contractor to address the issue. Licensee represents, warrants and covenants that it has the legal right and authority (including regulatory consents, if needed) to operate, configure, provide, place, install, upgrade, add, maintain and repair the Equipment consistent with the terms of the Agreements. Unless otherwise agreed by Licensor in writing, and except as set forth on Exhibit 3, which sets forth the general services to be provided by the Licensor in connection with the Agreements, Licensee shall perform the Permitted Uses at its sole cost and expense. Licensee shall not use, allow or permit the use of the Licensed Space for any use or purpose other than the Permitted Uses.

iv) **Cross-Connections.** Only upon the prior express written consent of Licensor may Licensee cross-connect the Equipment with equipment or services of any other customer of Licensor, or any sub-licensee within the Premises, or cross-connect Equipment with other Equipment separately located in such a way as to inhibit access by Licensor to any location within the Premises. All installation, other work and incremental charges relating to the establishment of cross-connections by Licensee shall be established under the reasonable control and direction of Licensor. All charges associated with authorized cross-connections are set forth in the MRC Schedule. In the event Licensee fails to obtain Licensor's consent, Licensor may provide written notice to Licensee to take reasonable specified actions regarding the cross-connects, in Licensor's sole discretion, including without limitation complete removal of the cross-connections. If, within [**] days after such notice, Licensee fails to comply with the notice, Licensor may remove the cross-connects or take other reasonable actions at Licensee's reasonable expense.

(d) **Installation and Operation of Equipment**.

i) Licensor shall provide individual cabinets, as agreed upon by both Parties, for Licensee to locate Equipment. All delivery, installation, replacement or removal work with respect to Equipment, including services of any third-party suppliers or contractors utilized in connection with such activities, shall be subject to review and approval by Licensor, which approval shall not be unreasonably withheld or delayed. From time to time, Licensor may request, and Licensee shall promptly provide, information regarding the Equipment, systems, proposed rack/cabinet layout and interconnections/cross-connect diagrams, and the identification of Licensee's suppliers or contractors. Approval by Licensor is not an endorsement of Licensee's supplier or contractor, and Licensee will remain solely responsible for the selection of the supplier or contractor and all payments for supplies and construction work.

ii) Unless otherwise provided in the Agreements, the Equipment installed by Licensee in the Licensed Space shall remain the property of Licensee, and Licensor shall have no rights of ownership or possession of such Equipment. Licensor has no obligation to install, maintain, operate, or repair any Equipment, unless specifically provided in the Agreements. Licensee shall not in any way damage the Premises or adversely interfere with other users in the Premises, or knowingly interfere with Licensor's maintenance and use of the Premises in any manner. Furthermore, Licensee will not intentionally interfere in any way with other equipment that Licensor or any other user may have on or in the Premises during Licensee's access to the Premises, and will comply with all applicable requirements mandated by state and local ordinances and electrical codes, if any.

iii) Licensee shall not make, or cause to be made, any construction changes or material alterations to the interior or exterior portions of the Premises or Licensed Space, including any cabling or power supplies for the Equipment, without obtaining Licensor's written approval for Licensee to have the work performed, which approval shall not be unreasonably withheld or delayed, and otherwise complying with the terms of the Agreements.

(e) **Licensor's Right to Access Licensed Space; Inspections**. Licensor has the right to access the Licensed Space at any time, and from time to time, to perform Services, maintenance and repairs in the Premises, and to perform reasonable inspections of the Equipment and the Licensed Space. Under no circumstances will Licensor be required to notify Licensee or obtain Licensee's consent before entering the Premises or the Licensed Space.

(f) **Licensed Space Relocation**. Licensor reserves the right to relocate the Equipment, change the Licensed Space or otherwise substitute replacement space in the Premises at any time during the Term at Licensor's expense, provided that the replacement space is substantially similar in size and configuration to the original Licensed Space and does not cause disruption to Licensee's business. Licensor shall notify Licensee no less than [**] days in advance of any such Equipment relocation, change or substitution.

(g) **Removal of Equipment**. Licensee shall remove or cause to be removed all of its Equipment [**] upon termination of the Agreements, at its sole expense, including the expense of any repairs necessary to restore the Licensed Space and the Premises to substantially the condition immediately prior to the installation or placement of the Equipment. For purposes of termination pursuant to paragraph 9 of this Agreement, Licensee shall remove all such Equipment by the [**]. For purposes of termination pursuant to paragraphs 3(d), 11, or 12 of this Agreement, Licensee shall remove all such Equipment no later than [**] days following the effective date of Termination. In any case, if Licensee fails to remove all such Equipment within the applicable time frame specified above, Licensor may, at Licensee's reasonable expense, remove and store such Equipment and restore those portions of the Licensed Space and Premises damaged by such removal to their condition immediately prior to the installation or placement of such items. Moreover, the Licensee Equipment shall be deemed abandoned and shall be securely disposed of by Licensor at Licensee's reasonable expense. Licensee's obligations under this paragraph 2(g) shall survive termination of this Agreement.

(h) **Mechanics Liens**. In the event that Licensee enters into any agreement whereby a third party performs work at the Premises on Licensee's behalf, Licensee agrees to promptly pay the third party for such work. Without limiting the foregoing, Licensee agrees to act promptly and appropriately to prevent any mechanics or other lien from being filed against Licensor or the Premises, and agrees promptly to discharge any lien that is filed by any third party. At Licensor's sole option, Licensor may discharge any such lien, and any amounts paid, including reasonable fees and costs, shall be payable to Licensor by Licensee upon demand.

(i) **Legal Compliance & Data Center Rules.** Licensee agrees to and shall abide by and honor, at its sole cost and expense, the terms of the Agreements, all reasonable, published rules pertaining to the data center (e.g., rules pertaining to food and drink, smoking, etc.), and all applicable laws, ordinances, orders, and regulations of all federal, state, municipal or other agencies having jurisdiction or oversight relating to Licensee's specific use or manner of use of the Licensed Space, bandwidth usage, IP address allocations and the Premises. Licensor shall publish and modify its data center rules from time to time (whether written or published on Licensor's website). Any amendments to the data center rules, policies and procedures shall be effective on the [**] business day after written notification is provided by the Licensor to Licensee, such notification to include a copy of such amendment or amendments.

(j) **Industry Compliance Standards.** Licensor shall accommodate Licensee's reasonable request to take actions at the Premises necessary for Licensee's compliance with any legal or industry standard, which may include, without limitation, [**] and [**] reporting requirements, and reasonable [**] requirements. Licensor agrees to allow Licensee to perform an [**] or other audit at Licensee's expense and to provide sufficient access to the Premises and Licensor's employees as needed to complete the audit. [**] will bear a maximum of [**] dollars ($[**]) in costs associated with meeting necessary incremental or new legal or industry compliance requirements implemented on or after the Effective Date (the "Compliance Cap"), provided, however that the Compliance Cap shall not apply to Licensor's obligation to maintain the Premises in accordance with the standards agreed upon by the Parties as of the Effective Date. The Parties agree that payment for any costs in excess of the Compliance Cap shall be negotiated between the Parties. Notwithstanding anything to the contrary, in no event shall Licensor be obligated to accommodate such requests, or bare any costs related to a particular accommodation, if the accommodation would be impossible or impracticable under the circumstances.

3. **LICENSOR SERVICES**.

(a) **General Licensor Services.** General services of Licensor in connection with the Agreements are set forth in Exhibit 3 and in the Network Services Agreement.

(b) **Service Order.** During the Term, Licensee may from time to time request that Licensor perform certain NRC-related Services in the Premises (see paragraph 4(a)), which Licensor shall incorporate into a Service Order. By the Parties' mutual acceptance of a Service Order, Licensee agrees to pay the NRC related to the Service Order as provided in the Service Order, and Licensor agrees to provide the services described therein.

(c) **Licensee's Occupancy of Licensed Space; Notice to Licensor.** Licensee's current occupancy of the Licensed Space shall be ascertained, priced and assessed pursuant to Exhibit 3 and the Agreements as of the Execution Date. Licensee shall notify Licensor upon Licensee's anticipated occupancy of additional Licensed Space in the Premises and shall abide by Licensor's reasonable directives respecting the location within the Premises of additional Equipment installations. Upon Licensee's failure to obtain or adhere to Licensor's lawful directives regarding Licensee's occupancy of additional Licensed Space within the Premises, Licensor will—in the event Licensee's additional occupancy jeopardizes the safe and efficient operation of the Premises in [**]reasonable determination—provide notice to Licensee to remove or relocate the Equipment within the additional Licensed Space. If, [**] business days after such notice, Licensee fails to comply with the notice, Licensor may relocate the Equipment within the Premises at Licensee's reasonable expense.

(d) **Service Levels and Remedies.** If Licensor fails to meet the service levels set forth in the SLA, Licensor shall provide Licensee the exclusive remedies and monthly credits set forth in the SLA. Notwithstanding, Licensee shall have an exclusive remedy of early Termination with no penalty if: (i) the aggregate period of Power Unavailability (as defined in the SLA) exceeds *either* [**] hours during any [**] *or* [**] hours during any [**] day rolling period. For purposes of this termination provision, only [**] of Power Unavailability to [**] in use may accrue against the above-referenced aggregate period of Power Unavailability. In addition, in the event of and following a Sale (defined below) of the Premises, Licensee shall have a further exclusive remedy of early Termination with no penalty if the aggregate period outside the Critical Temperature Range (as defined and measured in accordance with the SLA) exceeds [**] hours during any [**]-day period. For purposes of this paragraph 3(d), "Sale" is defined as the transfer of stock or assets of Licensor to a third party or entity in which [**], or an entity affiliated with [**], does not maintain a majority or controlling interest.

i) **Required Notices**

(1) **Incident Notices**. Licensee shall provide written notice to Licensor of any incident of Power Unavailability or time spent outside the Critical Temperature Range, if applicable, that Licensee intends to accrue against the aggregate period identified in paragraph 3(d) no later than [**] days following the incident. Licensee's failure to provide the required notice shall constitute Licensee's waiver of all accruals for the corresponding incident.

(2) **Notice of Termination.** In the event that the total Power Unavailability or time spent outside of the Critical Temperature Range, if applicable, gives rise to Licensee's right of early termination under this paragraph 3(d), and Licensee elects to terminate, Licensee shall provide to Licensor written notice of Licensee's election to terminate the Agreements no later than fifteen (15) days following the aggregate accrual giving rise to Licensee's right of Termination, which notice shall be in addition to the notice referenced in paragraph 3(d)(i)(1). Licensee's failure to provide the required notice of termination shall constitute Licensee's waiver of the right of Termination in connection with the corresponding accrual period.

ii) **Time to Vacate Premises upon Termination**

Upon Termination, Licensee shall vacate the Licensed Space and the Premises and the provisions of paragraph 2(g) shall apply.

4. **LICENSEE CHARGES.**

(a) **Non-Recurring Charges**. "**NRC**" means non-recurring charges equal to the sum of Licensor's costs to install the racks, cabinets, cages, custom space, electrical circuits, fiber optic connections, cable, panels, cross-connects and other costs reasonably incurred by Licensor for the Equipment to function in the Licensed Space. NRC and the terms of payment for NRC shall be set forth in each Service Order.

(b) **Monthly Recurring Charges.** "**MRC**" means monthly recurring charges, which shall commence upon the Effective Date, pursuant to the rates set forth in Exhibit 3 and in the Network Services Agreement.

(c) **Holdover Charges**. If Licensee continues to occupy the Licensed Space after termination, Licensee shall pay MRC at the [**] rates, as reasonably determined by [**] ("**Holdover Charges**").

(d) **Payment of MRC; Due Date; Late Charges; Default Interest.** Licensee agrees to and shall pay the MRC to Licensor, in advance, on or before the first day of each month during the Term (each a "**Due Date**") for the Services to be rendered by Licensor to Licensee during said month, without offset, deduction or credit of any kind and in good and available funds in U.S. dollars by wire transfer or an Automated Clearinghouse ("ACH") payment. The payment due on the first day of the month will be based on the most current usage figure available and invoiced no less than [**] days prior to the Due Date. Any variation from the stated invoice amount of usage fees incurred during the month will be billed as a separate line item on the next recurring invoice and due [**] days after the invoice date. If Licensee for any reason fails to pay the undisputed MRC to Licensor by any Due Date during the Term, Licensee will pay to Licensor an amount equal to [**] percent ([**]%) of the overdue MRC payment ("**Late Charges**") in addition to the overdue MRC payment. In addition, Licensor may charge interest on all past-due balances at [**] percent ([**]%) per month ("**Default Interest**") until paid in full. Licensee's obligation to pay the MRC, Default Interest and Late Charges shall survive termination of the Agreements. Charges not disputed within [**] days after the Due Date thereof will be conclusively deemed to be accurate.

(e) **Additional Services**. If Licensee requests that Licensor provide Services not specifically set forth in the Agreements, and Licensor agrees to provide such Services, Licensee agrees to pay Licensor's [**] for such Services at the time such Service is rendered or such other charge as the Parties may mutually agree upon prior to the delivery of the Services (see Exhibit 3).

5. **TAXES**. Licensee is solely responsible for paying, no later than their due date, any and all federal, state and local taxes, assessments, fees and surcharges related to its activities, or to its ownership or operation of the Equipment and the Permitted Uses, which are separately imposed, levied, or assessed against Licensee or against Licensor but specifically in respect to Licensee's activities at the Premises or the Licensed Space by any governmental, quasi-governmental or tax authorities.

6. **INSURANCE**.

(a) Licensee agrees to and shall maintain in force and effect during the Term and during any Holdover, a policy or policies of commercial general liability insurance, with a company licensed to do business within the state where the Premises are located, insuring Licensee against all hazards and risks customarily insured against by persons locating equipment such as the Equipment in space in buildings such as the Licensed Space in the Premises (the "**Licensee Policies**"). The Licensee Policies shall be written on a per-occurrence basis with blanket contractual liability coverage to the extent of [**], with respect to use of the Licensed Space in the Premises and operation of Licensee's business therein, with a combined single-limit coverage of not less than [**] Dollars ($[**]) of coverage. As part of the Licensee Policies, Licensee shall maintain property insurance (inclusive of coverage for data, media and electronic data processing perils) written on a "Special Form" basis at [**]. The Licensee Policies shall contain provisions on the general liability coverage providing that such insurance shall be [**] insofar as Licensee is concerned, with any other insurance maintained by Licensor being [**] with the insurance of Licensee required hereunder when included as an additional insured. Licensee shall provide a Certificate of Insurance establishing compliance with the above terms upon execution of this MSA.

(b) Licensor and any of its subsidiaries, and their respective officers, directors, employees and managers (together with any additional person or entity designated by Licensor in writing), shall be named as additional insured with respect to the Licensee Policies. All Licensee Policies shall provide that Licensee's insurer waives all rights of subrogation against Licensor. Licensee shall obtain all Licensee Policies with carriers having an A.M. Best rating of A- or better. In addition to the Licensee Policies, Licensee shall procure and maintain [**] complying with the law of the state where the Premises are located, whether or not said coverage is required by law. The insurance requirements set forth in this paragraph 6 are independent of Licensee's indemnification and other obligations hereunder and shall not be construed or interpreted in any way to restrict, limit, or modify Licensee's indemnification and other obligations, or to limit Licensee's liability in any way.

(c) Licensor agrees to obtain and maintain the following insurance in effect at all times during the Term in accordance with the terms and conditions set forth herein:

i) Commercial General Liability in a form reasonably equivalent to the latest filed and approved ISO CG 0001 (including commercially acceptable endorsements) with limits of $[**] per occurrence;

7. **REPRESENTATIONS & WARRANTIES**. Each Party represents and warrants to the other: (a) that it is a duly organized and existing legal entity under the laws of the state of its incorporation and domesticated in the state where the Premises are located (if required); (b) that it has full authority to enter into the Agreements; (c) that the execution and/or performance of the Agreements does not and will not violate or interfere with any other agreement by which such Party is bound; and (d) that the warranting party will not enter into any agreement the execution or performance of which would violate or interfere with the Agreements, or any of them. The Parties' representations and warranties shall survive the termination of the Agreements.

8. **INDEMNIFICATION**.

(a) Subject to the limitation of liability in paragraph 13 and in paragraph 8(f), Licensee and Licensor (each, as an "**Indemnifying Party**") each hereby agree to and shall indemnify, defend, protect and hold the other Party and its officers, directors, shareholders, employees, agents, representatives, parent companies, affiliated companies and subsidiary companies and managers (each, as an "**Indemnified Party**") free and harmless from and against all Claims (defined below) for damages (including but not limited to attorneys' fees, costs and expenses), injury and death arising out of or relating directly or indirectly to the failure or alleged failure by the Indemnifying Party to comply with the Agreements and the License granted hereunder.

(b) The Indemnifying Party shall indemnify, defend, protect and hold harmless the Indemnified Party, including its respective officers, directors, shareholders, employees, agents, representatives, parent companies, affiliated companies and subsidiary companies and managers from and against all Claims arising out of the Indemnifying Party's ownership, operation, use or occupancy of the Licensed Space, and failure to comply with any laws and regulations that may apply to the Indemnifying Party's obligations under this Agreement.

(c) For purposes of this Agreement, the term **"Claims"** means any and all claims, losses, damages, liabilities, taxes, assessments, deficiencies, proceedings causes of action (whether based in tort or contract law principles, law or equity, or otherwise), costs (including, without limitation, reasonable consultant fees and costs, court costs, reasonable attorneys' fees and costs, and reasonable expert witness fees), fines and penalties of any kind. This indemnification extends to and includes, without limitation, Claims for injury to any persons (including death at any time resulting from that injury), and loss of, injury or damage to, or destruction of real or personal property (including all loss of use resulting from that loss, injury, damage, or destruction of the Licensed Space or Premises), *but specifically excludes* economic, incidental and consequential losses or damages (including without limitation lost profits or diminution in value), and resulting, incidental or punitive damages of any kind, except to the extent that such economic, incidental and consequential loss or damage, and resulting incidental or punitive damages are awarded against any Indemnified Party in a third-party claim. The provisions of this section shall survive the termination of this MSA.

(d) An Indemnified Party seeking indemnification shall give the Indemnifying Party prompt notice of any claim asserted or threatened against such Indemnified Party on the basis of which such Indemnified Party intends to seek indemnification, but the obligations of the Indemnifying Party shall not be conditioned upon receipt of such notice except to the extent that the Indemnifying Party is actually prejudiced by such failure to give notice. The Indemnifying Party shall promptly assume the defense of any Indemnified Party, with counsel reasonably satisfactory to the Indemnified Party, and the fees and expenses of such counsel shall be at the sole cost and expense of the Indemnifying Party. Notwithstanding the foregoing, any Indemnified Party shall be entitled, at its expense, to employ counsel separate from counsel for the Indemnifying Party and from any other party in such action, proceeding, or investigation. An Indemnified Party may not agree to a settlement of a Claim without the prior written approval of the Indemnifying Party, which approval shall not be unreasonably withheld. No Indemnifying Party may agree to a settlement of a Claim against an Indemnified Party unless such settlement includes a full release of the Indemnified Party, involves only payment of money by the Indemnifying Party and does not create any financial obligation on behalf of the Indemnified Party.

(e) Except for Claims arising out of or relating to fraud, intentional misconduct, or gross negligence, the remedies set forth in this paragraph 8 shall constitute the sole and exclusive remedy for money damages pertaining to claims of indemnification and shall be in lieu of any other remedies for money damages that may be available to the Indemnified Party under any other agreement or pursuant to any statutory or common law with respect to any Claims of any kind or nature incurred directly or indirectly resulting from or arising out of any of the Agreements (it being understood that nothing in this paragraph 8(e) or elsewhere in the Agreements shall affect the Parties' rights to specific performance or other similar non-monetary equitable remedies). The Parties each hereby waive any provision of any applicable law to the extent that it would limit or restrict the agreement contained in this paragraph 8(e).

(f) Notwithstanding anything in the Agreements to the contrary, Licensor shall not be liable for any Claims brought by Licensee's customers and Licensor's maximum indemnification liability for all Claims by all Indemnified Parties may not exceed two and a half million dollars ($2,500,000.00).

9. **TERM & TERMINATION**. The term of this MSA will be for ten (10) years from the Effective Date, unless earlier terminated by Licensee as set forth herein (the "**Term**"). Licensee may terminate the Agreements effective six (6) years after the Effective Date by providing at least twenty-four (24) months' prior written notice to Licensor (i.e., Licensee may give notice of termination at the end of year four (4)). Beginning four (4) years after the Effective Date, Licensee may terminate the Agreements, at its discretion without penalty or premium of any kind, effective twenty-four (24) months following written notice of termination delivered to Licensor within one week of any quarter's end. A quarter will be deemed ended on the last day of March, June, September and December. Moreover, in the event Licensor sells the Premises, directly or indirectly, to a third party (assuming Licensee fails to exercise the Right of First Refusal set forth in paragraph 28), the third party purchaser or Licensee may terminate the Agreements by giving at least twenty-four (24) months' prior written notice of termination to the other party. Upon Termination, Licensee shall vacate the Licensed Space and the Premises and the provisions of paragraph 2(g) shall apply.

10. **EVENT OF DEFAULT BY LICENSEE**. The occurrence of any one or more of the following shall constitute an "**Event of Default by Licensee**" if not cured within [**] days following receipt of written notice thereof: (a) if, on or after the [**] calendar day following any Due Date during the Term, Licensee fails to pay to Licensor the undisputed MRC or any other undisputed amount then due hereunder; or (b) Licensee materially breaches the Agreements.

11. **LICENSOR'S REMEDIES UPON DEFAULT; EARLY TERMINATION**.

(a) **Termination Remedies.** In addition to all rights and remedies granted to Licensor in the Agreements (including, but not limited to, the right to charge and collect Late Charges and Default Interest) and applicable law, upon the occurrence of an Event of Default, and after the expiration of the applicable cure period, Licensor shall have the right upon not less than seven (7) business days' written notice to Licensee, to terminate the Agreements. In the event Licensor terminates the Agreements pursuant to this paragraph 11(a), (i) the Agreements shall terminate, expire and (except as otherwise provided in the Agreements) have no further force or effect as of the date set forth in Licensor's notice of termination, which shall in all events not be before the expiration of such seven (7) business day notice period, and (ii) upon expiration of the seven (7) business day notice period, Licensor may immediately cease providing the Services to Licensee without further notice to Licensee. Upon and notwithstanding such Termination, Licensee shall immediately (x) pay to Licensor all outstanding undisputed NRC and MRC, and any other undisputed amounts then due and owing for Services provided through and including the effective date of Termination, and (y) vacate the Licensed Space and the Premises and remove the Equipment from the Licensed Space and the Premises pursuant to paragraph 2(g). Licensee's obligations under this paragraph 11(a) shall survive termination of the Agreements.

(b) **Early Termination Fee.** If Licensor Terminates the Agreements pursuant to paragraph 11(a), absent an Event of Default by Licensor, Licensee shall continue to pay the MRC as provided for herein for the lesser of: (i) the remainder of the then current term if Licensee has provided notice of termination or (ii) until Licensor notifies Licensee in writing that the Licensed Space is re-licensed to a new customer, or used by Licensor for its own purposes. Licensor shall make reasonable commercial efforts to find a replacement user of the Licensed Space, provided however, that in the event of excess and unused capacity in the Premises at the time of Licensor's termination under paragraph 11(a), Licensor shall not be obligated to first license the Licensed Space to a new user prior to the licensing of the excess and unused space in the Premises. Licensee's obligations under this paragraph 11(b) shall survive termination.

12. **EVENT OF DEFAULT BY LICENSOR**. Excepting deviations from specific service level guarantees, the remedies for which are set forth more fully in the SLA and in paragraph 3(d), the failure by Licensor to perform any obligation or covenant set forth in the Agreements, if the same is not cured within [**] days following receipt of written notice thereof, shall constitute an "**Event of Default by Licensor**." Licensor shall be entitled to an additional [**] days to cure before any breach becomes an Event of Default if exercising its reasonable best efforts to cure. Upon the occurrence of an Event of Default by Licensor, Licensee may terminate the Agreements upon not less than [**] business days' written notice to Licensor; provided that, an Event of Default in connection with the Network Services Agreement shall *not* constitute an Event of Default in connection this MSA or any other related agreement. Upon Termination, Licensee shall vacate the Licensed Space and the Premises and the provisions of paragraph 2(g) shall apply.

13. **WARRANTY DISCLAIMER & LIMITATIONS OF LIABILITY**.

(a) IN ADDITION TO THE SPECIFIC LIMITATIONS OF LIABILITY SET FORTH IN OTHER PARAGRAPHS HEREIN LICENSOR SHALL NOT IN ANY CASE BE LIABLE FOR ANY OF THE FOLLOWING: (i) THE CONTENT OF THE INFORMATION PASSING OVER ITS NETWORK OR THROUGH THE PREMISES, THE LICENSED SPACE OR THE EQUIPMENT; (ii) UNAUTHORIZED ACCESS OR DAMAGE TO, ALTERATION, THEFT, DESTRUCTION OR LOSS OF, LICENSEE'S RECORDS, INFORMATION, FILES OR DATA UNLESS SUCH DESTRUCTION OR LOSS IS A RESULT OF LICENSOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; (iii) CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT

LIMITATION LOST PROFITS AND SAVINGS AND DIMINUTION IN VALUE) OR INCIDENTAL DAMAGES, EVEN IF LICENSOR IS INFORMED OF THEIR POSSIBILITY; (iv) CLAIMS FOR DAMAGES CAUSED BY LICENSEE; OR (v) ANY ACT OR OMISSION OF LICENSEE OR LICENSEE'S AGENTS FURNISHING SERVICES AND/OR PRODUCTS.

(b) NOTWITHSTANDING ANY OTHER PROVISION IN THE AGREEMENTS, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY FAILURE OR DELAY IN PERFORMANCE TO THE EXTENT CAUSED BY EVENTS BEYOND SUCH PARTY'S REASONABLE CONTROL, INCLUDING, WITHOUT LIMITATION, ANY FORCE MAJEURE OR ANY LABOR DISPUTES, FIRES OR OTHER CASUALTIES, WEATHER OR NATURAL DISASTERS, DAMAGE TO FACILITIES, OR THE CONDUCT OF THIRD PARTIES.

(c) NOTWITHSTANDING ANY OTHER PROVISION IN THE AGREEMENTS, LICENSOR HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY THAT THE SERVICES PROVIDED HEREUNDER WILL BE UNINTERRUPTED, ERROR-FREE OR COMPLETELY SECURE. UPON THE EXECUTION AND DELIVERY OF THE AGREEMENTS, LICENSEE ACCEPTS THE LICENSED SPACE ON AN "AS IS", "WHERE-IS" BASIS. EXCEPT AS OTHERWISE SPECIFIED IN THE AGREEMENTS, LICENSOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE LICENSED SPACE OR THE PREMISES AND HEREBY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(d) NOTWITHSTANDING ANY OTHER PROVISION IN THE AGREEMENTS, LICENSOR SHALL NOT BE LIABLE FOR ANY DAMAGES, INCLUDING THE LOSS OF PROSPECTIVE PROFITS OR ANTICIPATED SALES OR ON ACCOUNT OF EXPENDITURES, INVESTMENTS, OR COMMITMENTS INCURRED IN CONNECTION WITH LICENSEE'S BUSINESS, WHICH RESULT FROM QUALIFIED SERVICE OUTAGES OR ANY OTHER FAILURE OF CONNECTIVITY, EXCEPT THAT LICENSEE'S SOLE REMEDY FOR QUALIFIED SERVICE OUTAGES SHALL BE CREDITS PURSUANT TO THE SLA AND THE NETWORK SERVICES AGREEMENT AND REMEDIES PURSUANT TO SECTION 3(D) OF THIS MSA. LICENSOR SHALL NOT BE LIABLE FOR ANY OTHER TYPE OF DOWNTIME OR CONNECTIVITY FAILURE OR SERVICE INTERRUPTION.

(e) LICENSOR SHALL NOT BE LIABLE FOR ANY DAMAGES TO OR THEFT OF LICENSEE'S EQUIPMENT OR DATA, OR PROPERTY LOCATED AT THE PREMISES, UNLESS SUCH DAMAGE OR THEFT IS A RESULT OF LICENSOR'S GROSS NEGLIGENCE OR WILFUL MISCONDUCT.

(f) IN NO CASE SHALL THE PARTIES BE LIABLE TO EACH OTHER FOR ANY CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES WITH RESPECT TO ANY CLAIMS REGARDING THE SERVICES TO BE PROVIDED HEREUNDER, EVEN IF THEY HAVE BEEN NOTIFIED OF THE POSSIBILITY THEREOF.

(g) LICENSEE AGREES THAT LICENSOR IS NOT RESPONSIBLE FOR ACTS OUTSIDE ITS CONTROL, INCLUDING BUT NOT LIMITED TO, THE ACTS OF LICENSEE AND LICENSEE'S EMPLOYEES AND AGENTS, INCLUDING THEIR FAILURE TO TAKE REASONABLE PRECAUTIONS TO PROTECT AGAINST FALLS, ELECTRIC SHOCK AND SIMILAR EVENTS. LICENSEE AND ITS EMPLOYEES, AGENTS AND REPRESENTATIVES ASSUME ALL SUCH RISKS, AND HEREBY RELEASE LICENSOR AND ITS AGENTS, EMPLOYEES AND REPRESENTATIVES FROM ANY AND ALL LIABILITY WHATSOEVER ARISING OUT OF ANY SUCH DAMAGE, LOSS OR INJURY TO PERSON AND/OR PROPERTY.

(h) EXCEPT IN CASES OF FRAUD, GROSS NEGLIGENCE, OR INTENTIONAL MISCONDUCT, AND, WITH RESPECT TO LICENSEE, LICENSEE'S OBLIGATION TO PAY ALL FEES TO LICENSOR UNDER THE AGREEMENTS, AND NOTWITHSTANDING ANYTHING IN THE AGREEMENTS TO THE CONTRARY OR APPLICABLE LAW, IT IS SPECIFICALLY UNDERSTOOD AND AGREED, SUCH AGREEMENT BEING A PRIMARY CONSIDERATION FOR THE EXECUTION OF THE AGREEMENTS BY THE PARTIES, THAT NEITHER PARTY SHALL HAVE ANY LIABILITY TO THE OTHER PARTY OR ANY PERSON CLAIMING BY OR THROUGH SUCH OTHER PARTY OR AS A RESULT OF HIS, HER OR ITS RELATIONSHIP WITH SUCH OTHER PARTY UNDER OR WITH RESPECT TO THE AGREEMENTS AN AMOUNT GREATER THAN THE TOTAL MRC ACTUALLY PAID BY LICENSEE IN CONNECTION WITH THE AGREEMENTS DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THE EVENT GIVING RISE TO SUCH LIABILITY, AND NEITHER PARTY NOR ANY OF ITS OWNERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES SHALL BE LIABLE FOR ANY DEFICIENCY. EXCEPT IN CASES OF FRAUD, GROSS NEGLIGENCE, OR INTENTIONAL MISCONDUCT, AND, WITH RESPECT TO LICENSEE, LICENSEE'S OBLIGATION TO PAY ALL FEES TO LICENSOR UNDER THE AGREEMENTS, IT IS UNDERSTOOD THAT IN NO EVENT SHALL EITHER PARTY HAVE ANY RIGHT TO LEVY EXECUTION AGAINST ANY PROPERTY OF THE OTHER PARTY OTHER THAN THE AMOUNT OF MRC ACTUALLY PAID IN CONNECTION WITH THE APPLICABLE SERVICES AS HEREINBEFORE EXPRESSLY PROVIDED.

(i) IN THE EVENT OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF LICENSOR'S ASSETS TO AN UNAFFILIATED THIRD PARTY, LICENSOR SHALL BE RELEASED FROM ALL LIABILITY AND OBLIGATIONS UNDER THE AGREEMENTS THEREAFTER ACCRUING, PROVIDED THAT LICENSOR'S SUCCESSOR IN INTEREST SHALL ASSUME THE RIGHTS AND OBLIGATIONS OF LICENSOR UNDER THE AGREEMENTS AS OF THE EFFECTIVE DATE OF SUCH TRANSFER.

14. **LIMITATION OF ACTIONS.** No action, regardless of form, arising out of or relating to the Agreements may be brought by either Party more than twelve (12) months from the later of (i) the date on which the cause of action accrues or (ii) the date on which the other Party had the reasonable ability to learn of or discover the event or circumstances giving rise to the cause of action. The Parties expressly agree that this paragraph 14, supplants and replaces any and all periods of limitation otherwise provided for by applicable law.

15. **ATTORNEY FEES**. If any legal or administrative action or proceeding is brought by either Party against the other Party to enforce or interpret any term or provision of the Agreements, the prevailing Party shall be entitled to recover from the other Party, its reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action or proceeding. The foregoing includes, without limitation, attorneys' fees and costs of investigation incurred in appellate and remand proceedings, or costs incurred in establishing the right to indemnification, and any expert fees.

16. **ASSIGNMENT**. Licensee may not assign or delegate its rights or duties under the Agreements, sub-license the Licensed Space, or allow any other person or entity to use the Licensed Space for any reason, without first obtaining the prior written consent of Licensor, which consent will not be unreasonably withheld or delayed. Any purported assignment or delegation without the required consent shall be null and void and of no legal force or effect. Licensor may only assign its rights and delegate its duties under the Agreements upon the sale of the Premises, directly or indirectly, to a third-party.

17. **GOVERNING LAW; JURISDICTION & VENUE**. The Agreements and all documents and instruments executed in connection therewith or herewith shall be governed by and interpreted in accordance with the substantive laws of the State of Utah without regard to principles of conflict of laws. The Parties each agree that sole and exclusive jurisdiction and venue for any action or litigation arising from or relating to any of the Agreements shall be a court of competent jurisdiction located in Salt Lake County or Utah County, Utah. The Parties hereby consent to the personal jurisdiction of such courts and to the venue provisions set forth herein.

18. **NO WAIVER**. The failure of either Party at any time to enforce any right or remedy available to it under the Agreements or under any other document or instrument executed in connection herewith or therewith shall not be construed to be a waiver of such right or remedy with respect to any other breach or failure by either Party.

19. **AMENDMENTS.** Any amendment or change to the Agreements must be approved in writing by both Parties.

20. **NOTICES.** All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given as of the date of confirmed delivery or confirmed facsimile transmission or email. To be effective, notices must be delivered to the attention of:

If to Licensor:

Ace Data Centers, Inc.
727 North 1550 East, Suite 400
Orem, Utah 84097
Attention: Legal Department
Telephone: (801) 851-5540
Fax: (888) 724-7570
Heidi@acedatacenters.com

If to Licensee:

The Endurance International Group, Inc.
10 Corporate Drive, Ste. 300
Burlington, MA 01803
Attention: CEO
Fax: (781) 272-2915
hariravichandran@maileig.com

With a copy to:

The Endurance International Group, Inc.
10 Corporate Drive, Ste. 300
Burlington, MA 01803
Attention: General Counsel
Fax: (781) 998-8277
david@endurance.com

21. **RELATIONSHIP OF THE PARTIES**. The Parties agree that their relationship hereunder is in the nature of independent contractors. Neither Party shall be deemed to be the agent, partner, joint venturer or employee of the other. Each Party shall be solely responsible for the payment of compensation, insurance and taxes of its own personnel and such personnel are not entitled to the provisions of any employee benefits from the other Party. Neither Party shall have any authority to make any agreements or representations on the other's behalf without the other's written consent. Additionally, Licensor shall not be responsible for any costs and expenses arising from Licensee's performance of its duties and obligations pursuant to this Agreement.

22. **HEADINGS**. The titles and headings of the various sections and paragraphs in this MSA are intended solely for convenience of reference and are not intended for any other purpose whatsoever or to explain, modify, or place any construction on any of the provisions of this MSA.

23. **COUNTERPARTS**. This MSA may be executed in one or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same document.

24. **SEVERABILITY**. If any portion of the Agreements is held by a court of competent jurisdiction to be invalid or unenforceable for any reason, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

25. **CONFIDENTIALITY**. Each Party for itself, its agents, employees and representatives agrees that it will not divulge any confidential or proprietary information it receives from the other Party, except as may be required by law. Each Party shall keep all confidential or proprietary information of the other, protecting the confidentiality thereof with the same level of efforts that it employs to protect the confidentiality of its own proprietary and confidential information and in any event not less than a reasonable standard of care. The receiving Party will use the information of the disclosing Party only to exercise rights and perform obligations under the Agreements and will only disclose the information to those employees and contractors of the receiving Party with a need to know such information. If a Party is required to disclose information pursuant to any legal proceeding, law, or regulation, including without limitation, to comply with any requirements of the U.S. Securities and Exchange Commission, the receiving Party will notify the disclosing Party promptly of such required disclosure and reasonably assist the disclosing Party in efforts to limit such required disclosure. The terms and conditions of the Agreements shall be considered confidential and proprietary. Neither Party shall use the other Party's name in marketing materials including, but not limited to, press releases, without the prior written consent of the other Party. The obligations of confidentiality and indemnification stated herein shall survive the termination of the Agreements.

26. **ENTIRE AGREEMENT.** The Agreements constitute the entire understanding of the Parties related to the subject matter hereof. The Parties have read this MSA and agree to be bound by its terms, and further agree that the Agreements constitute the complete and entire agreement of the Parties and supersede all and merge all previous communications, oral or written, and all other communications between them relating to the subject matter hereof, and any prior agreements. No representations or statements of any kind made by either Party that are not expressly stated herein shall be binding on such Party. The Parties agree that there are no third-party beneficiaries to this Agreement.

27. **CONSTRUCTION.** Each Party has participated jointly in the drafting of this MSA and the ancillary agreements, which each Party acknowledges are the result of extensive negotiations between the Parties, and the language used in the Agreements, shall be deemed to be the language chosen by the Parties to express their mutual intent. If an ambiguity or question of intent or interpretation arises, then the Agreements will accordingly be construed as drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party to the Agreements by virtue of the authorship of any of the provisions of the Agreements.

28. **RIGHT OF FIRST REFUSAL**. Licensee shall have a right of first refusal (the "**Right of First Refusal**") with respect to any sale directly or indirectly of the Premises. If Licensor receives an offer to purchase the Premises, directly or indirectly, from any third party, which Licensor desires to accept (each, an "**Offer**"), Licensor shall first present such Offer, in writing, to Licensee, and Licensee shall thereafter have [**] business days in which to [**] by delivery of written notice to Licensor. If Licensee exercises the Right of First Refusal, the sale of the Premises on the terms and conditions [**] shall be consummated within [**] days after the exercise of the Right of First Refusal or as otherwise agreed to in writing by the Parties, after which Licensee shall be deemed to have waived the Right of First Refusal, and Licensor shall thereafter have a period of [**] days during which to consummate the sale to the third party that submitted the Offer on substantially identical terms to those set forth in the Offer, absent which any future sale directly or indirectly of the Premises shall once again be subject to the Right of First Refusal. In the event Licensee gives notice of early termination pursuant to paragraph 9 of this Agreement, Licensee's Right of First Refusal shall immediately terminate, with no further force or effect. Moreover, in view of the fact that Licensor may not sell the Premises independently of the entire property upon which the Premises is situated, including the office space that is the subject of the Office Lease, Licensee may not exercise the Right of First Refusal contained herein without simultaneously exercising the Right of First Refusal contained in the Office Lease that is executed concurrently herewith. Termination of the Right of First Refusal contained in the Office Lease for any reason set forth in the Office Lease shall effectively terminate the Right of First Refusal contained in this MSA.

IN WITNESS WHEREOF, Licensor and Licensee have executed this Agreement as of the date first written above.

LICENSEE:

THE ENDURANCE INTERNATIONAL GROUP, INC.

By: /s/ John Mone
John Mone, Chief Information Officer

LICENSOR:

ACE DATA CENTERS, INC.

By: /s/ Matthew Heaton
Matthew Heaton, CEO

EXHIBIT 1

Service Order Agreement

Ace Data Centers, Inc.
727 N 1550 E #400
Orem, UT 84097
(801) 851-5540 (o)
(888) 724-7570 (f)

Customer Information

Corporate / Billing Information:
Endurance International Group

10 Corporate Drive, Ste. 300
Burlington, MA 01803

Authorized by:

Quote Date: Date
Est Start Date: Upon Completeion

ACE DC Rep:
Matt Richards (mattr@acedatacenters.com)
801-851-5540 (x67)

Service Locations
Bluehost, Inc.
1958 S 950 E
Provo, UT 84606

Service Details	qty	price	Total
Service Description:			
Service Term:	0	$0.00	$0.00

Service Charges

Installation / One-Time (NRC):	No Charges
Monthly Recurring (MRC):	$0.00

Fees required to begin sevice: $0.00

Comments / Notes:

1)
2)

Customer Acceptance:

Sign:____________________ Title: ____________________

Sign:____________________ Title: ____________________

Ace Data Center Acceptance:

Sign:____________________ Title: ____________________

Sign:____________________ Title: ____________________

This Agreement, including the Master Service Agreement (“MSA”) between ACE Data Centers (ACEDC) and Customer effective on January 1, 2014, any schedules or attachments hereto, incorporated by reference herein, constitute a binding commitment between ACEDC and Customer and supersede all prior or contemporaneous agreements, understandings or representations relating to the subject matter contained herein. Customer acknowledges that Customer has received, read, and understands this Agreement and the MSA, and agrees to be bound by all of the terms and conditions of the foregoing. Estimated Monthly Charges may not include: federal, state, and local taxes and fees, federal USF, or the ACEDC-imposed Network Access Assessment (NAA). Actual total charges are subject to acceptance of Services.

ACE Data Center, Inc.
727 North, 1550 East
Orem, UT 84097
(v) 801.851.5540
acedatacenters.com

Company / Customer Info

Company Name: **Main Telephone:**

Primary Address: **State:** **ZIP:** **Country:**

Admin Contact

Name: **Title**

Telephone (incl country code if outside U.S.): **Mobile / Cell:**

Email:

Billing Infomation (if different from main company info)

Name: **Title:**

Billing Address: **State:** **ZIP:** **Country:**

Email:

Notes:

Ace Data Centers, Inc.
727 N 1550 E #400
Orem, UT 84097
(801) 851-5540 (o)
(888) 724-7570 (f)

NOC / 24 Hour Contact (details required for pro-active network notifications from Ace Data Centers (NOC)

Name & Title:

Email:

Telephone (incl country code if outside U.S.):

Mobile / Cell:

Provisioning / Technical Contact

Name & Title:

Telephone (incl country code if outside U.S.):

Mobile / Cell:

Email:

Peering Email (if applicable):

Facility Info:

Facility Name:

Telephone / email:

Address:

Suite Number

Floor Number

Room / Row / Rack

Port Allocation & Label

Port Type / Presentation

Fibre Connection:

Additional Hardware Requirments—eg media converter, patch panel notes

IP Services Connectivity Specifics

Static or BGP routing?

Routes registered in an RIR (e.g. RIPE / ARIN / RADB) ?

Your ASN and downstream ASNs:
Receive default route / full routes / both ?

Prefixes to be Advertised / List : (Eg: 20.20.20.0/19 or provide hyperlink)

Additional Requirements: (Eg: Non standard, Localpref, MEDS)

Do you require new / additional IP addresses ?

Number of Addresses Required ?

*** Note – Where new IP address space is required, your are additionally required to complete an IP Justification form.**

Notes:

EXHIBIT 2

COLOCATION SERVICE LEVEL AGREEMENT

THIS COLOCATION SERVICE LEVEL AGREEMENT (this "**SLA**") is made effective as of the Effective Date and is the SLA as referenced in and is entered into pursuant to that certain Master Services Agreement by and between Licensor and Licensee of even date herewith (the "**MSA**"). Capitalized terms used but not defined in this SLA shall have the meanings ascribed to them in the MSA.

1) **AC POWER AVAILABILITY**. AC power is guaranteed to be available to Licensee's Licensed Space located in the Premises **[**]%** of the time ("**Power Availability Guarantee**"). AC power will be serviced in one of 3 ways: (a) utility power through uninterrupted power supply ("UPS"), (b) generator power through UPS, or (c) UPS only until generators engage. "**Power Unavailability**" means the simultaneous unavailability of [**] power feeds from the utility power feed to the cabinet delivered by any means, including, without limitation, power sockets, power whips, extension cords or portable power systems; provided that, Power Unavailability does not include unavailability caused by Critical Maintenance (defined below) arising from an event of Force Majeure or unavailability resulting from: (i) any [**] or [**], (ii) [**], (iii) any [**] or [**] of [**], (iv) any [**] or [**] by [**], or (v) any [**] by [**] to [**] by applicable [**] or [**]. For example, and without limitation, if [**] causes an [**], or if [**] does not hook up [**], any resulting [**] is [**] covered by [**]. Moreover, because power distribution units ("PDU") are purchased by Licensee, Licensor shall not be responsible for the power delivery associated with Licensee PDU failures.

   a) **AC Power Availability Specifications**. Power loss due to Licensee's failure to adhere to the following is not covered by the SLA:

      (i) Unless otherwise provided in the Agreements, all Equipment of Licensee must be [**] rated. Licensee's Cabling used by Licensee must meet national electrical and fire standards and any specifications provided by Licensor. For Licensee to have [**], Licensee must have Equipment capable of utilizing [**], and such Equipment must be [**] delivered to Licensee via a PDU.

      (ii) For any individual [**] volt [**] circuit, no individual phase at any time may exceed the [**] of the PDU to which the servers are connected. For example, if a PDU is a [**] volt [**] amp PDU, no individual phase may exceed [**] amps at any time. Likewise, if a PDU is a [**] volt [**] amp PDU, no individual phase may exceed [**] amps at any time. In the event Licensee fails to comply with this requirement, and due to safety concerns, Licensee agrees to remedy the non-compliance within [**] of being notified.

(iii) Individual panels may not exceed [**] Amps of [**] power delivered at [**] volts. More particularly, each pod (a pod contains [**] cabinets in sections one and two and [**] cabinets in section three) has [**] panels, each representing one set of UPS units. Of the [**] panels in each pod, Licensee is allowed use of total capacity equal to [**] panels for [**] power, and the remaining panel capacity must be [**]. Each panel is [**] amps and [**] to the legal limit of [**] amps.

(iv) In order to maintain [**], no single PDU may carry more than [**]% of the power load to each cabinet. In other words, power distributed to each cabinet must be [**] supplying power to the cabinet. The Power Availability Guarantee is inapplicable if the amount of power plugged into any PDU is greater than [**]% of total power to the cabinet *[**]*

(b) **Scheduled Maintenance for AC Power Availability**. "Scheduled Maintenance" is defined as foreseeable periodic maintenance at the Premises performed by Licensor. In the context of AC Power Availability, Scheduled Maintenance will include any maintenance performed on either a [**] or a [**] power feed to Licensee's Licensed Space. If it is reasonably foreseeable that Scheduled Maintenance will affect service ("Service Affecting Maintenance"), Licensor shall notify Licensee no less than [**] business days in advance and perform the Scheduled Maintenance at the time stated in the notice. For purposes of Service Affecting Maintenance on power systems, Service Affecting Maintenance means maintenance causing a power outage exceeding [**]. If Licensee objects to the time proposed for the Service Affecting Maintenance, Licensee must object, in writing, no later than [**] before the Service Affecting Maintenance is to be performed, and Licensor and Licensee shall agree on an alternative time. Licensee's failure to timely object to the time stated in the notice shall constitute deemed approval. All Scheduled Maintenance that does not affect service may be performed at [**], without notice. Information regarding Scheduled Maintenance will be provided to Licensee's Designated Point of Contact (defined below) by an Acceptable Method of Delivery. Licensor reserves the right to perform Critical Maintenance, as defined below, in addition to Scheduled Maintenance, at any time during an emergency situation, as determined in Licensor's sole discretion provided Licensor immediately notifies Licensee and makes all reasonable efforts to minimize the impact on Licensee's operations.

c) **Power Availability Guarantee Credit.** If the Power Availability Guarantee is not met during any given calendar month, as Licensee's sole and exclusive remedy for such failure, Licensee will be issued a credit of $[**] for each cumulative [**] period that Power Unavailability exceeds the guaranteed amount, not to exceed $[**] per month.

Power Unavailability for any given month that is less than [**] will be rounded up to the nearest [**], and Power Unavailability that exceeds [**] will be rounded to the nearest [**]. All calculations related to this credit are subject to the following:

(i) The hourly credit rate of $[**] and the $[**] maximum monthly credit assume [**]% use by Licensee of the racks in the Licensed Space and shall be reduced by a percentage equal to the [**] divided by the [**] licensed to Licensee.

(ii) For any Power Unavailability event, the applicable credits shall be [**] based on a percentage equal to the [**] by the Power Unavailability event divided by the [**] in the Licensed Space.

(Example: If Licensee occupies [**] of [**] licensed racks, hourly rate is reduced by [**]% or $[**] and maximum monthly rate is reduced by [**]% or $[**] In the event Power Unavailability affects [**]% of the [**] racks in use, the hourly credit is [**]% of $[**] and maximum monthly credit is [**]% of $[**])

(iii) Power Unavailability time accruals will cease as soon as power is *available* to Licensee from any source and not necessarily from the same distribution gear that is affected by the Power Unavailability event.

2) **DATA CENTER TEMPERATURES AND HUMIDITY; STATIC PRESSURE**

(a) **Data Center Temperatures.** Licensor will maintain the Premises within a "Standard Operating Temperature Range" which is herein defined as [**] degrees Fahrenheit plus or minus [**] degrees Fahrenheit, and the Premises temperature will in no event fall outside a range of [**] degrees Fahrenheit to [**] degrees Fahrenheit (the "Critical Temperature Range"). All temperature references herein are as measured at the supply air of computer room air conditioning (CRAC) units. Each individual CRAC unit will be measured separately to ensure proper operation of each unit. The Standard Operating Temperature Range is to boost efficiency in the data center and does not relate to Licensor's inability to provide consistent temperature for the server environment. Excluded from this guarantee are temperature variations outside of the Critical Temperature Range that may result from Critical Maintenance (defined below). In addition, excluded from this guarantee are temperature variations outside the Critical Temperature Range, whether or not such variations affect server function, that may result from Licensee's failure to adhere to requirements or restrictions set forth herein.

(b) **Data Center Humidity**. The Parties acknowledge that the data center has been operating [**] and that Utah's natural environment is within acceptable humidity specifications. Licensee's Equipment must be designed to operate [**]. Notwithstanding, if Licensee desires the [**] Licensor will accommodate Licensee's request at Licensee's sole cost and expense.

(c) **Static Pressure.** Sufficient under floor static pressure will be provided to accommodate Licensee Power as defined in Exhibit 3.

(d) **Temperature and Humidity Service Level Objective Response**. If Licensee reports a temperature server alert for its servers in the Premises, Licensor will work with Licensee to promptly address and resolve the problem. Licensee may report temperature problems by calling Licensor's Licensee Support Department at [**] or any other contact at Licensor. In addition, Licensor will commence action to respond to temperature alarms from the CRAC units within [**] and will promptly take steps as required to solve the problem. Licensee shall not take direct action in connection with immediately perceived temperature problems unless temperature reaches a temperature of greater than [**] degrees Fahrenheit for [**] and greater than [**] degrees Fahrenheit for [**], in which case Licensee may address the perceived problem by [**] etc. However, subject to paragraph 2(c)(iii) of the MSA, in no case shall Licensee tamper in any way with any Licensor Equipment, including without limitation, CRAC units, generators, chillers etc.

(e) **Scheduled Maintenance of HVAC System**. If it is reasonably foreseeable that Scheduled Maintenance of the HVAC System will constitute Service Affecting Maintenance, Licensor shall notify Licensee no less than [**] business days in advance and perform the Service Affecting Maintenance at the time stated in the notice, which shall be between [**] Mountain Time Zone. If Licensee objects to the time proposed for the Service Affecting Maintenance, Licensee must object, in writing, no later than [**] before the Service Affecting Maintenance is to be performed, and Licensor and Licensee shall agree on an alternative time. Licensee's failure to timely object to the time stated in the notice shall constitute deemed approval. All Scheduled Maintenance that does not affect service may be performed [**]. Information regarding Scheduled Maintenance will be provided to Licensee's Designated Point of Contact by an Acceptable Method of Delivery.

(f) **Licensee Equipment**.

(i) **Installation**. Licensee's installation of Equipment must not interfere with Licensor's ability to maintain the standards set forth in this section. Specifically, and without limitation, Licensee will promptly respond to Licensor's request to fix issues related to Licensee's Equipment that affect Licensor's ability to maintain pressure and temperature consistent with this SLA. Licensee agrees to never have more than [**] of [**] in a Licensee Row for more than [**]. "Licensee Row" is defined as [**] or more cabinets in a single row. In the event Licensee has more than [**] of [**] for more than [**], the [**] must be [**] by airlocks (provided by Licensee). If Licensee does not use airlocks to seal [**] aisles as outlined in this SLA during a period that exceeds [**], then the provisions of this temperature SLA do not apply.

(ii) **Equipment Temperature Specifications**. Under no circumstance will Licensee use Equipment with specified maximum operating temperatures of less than [**] degrees Fahrenheit.

3) **LIMITATION ON TOTAL SLA MONTHLY CREDITS**

IN NO EVENT WILL THE <u>TOTAL AMOUNT OF CREDITS UNDER ALL OF THE ABOVE SERVICE LEVEL STANDARDS</u> FOR WHICH LICENSEE MAY BE ELIGIBLE IN ANY GIVEN MONTH EXCEED [**]% OF THE MONTHLY MRC DUE UNDER EXHIBIT 3.

4) **CRITICAL MAINTENANCE**

"**Critical Maintenance**" is defined as maintenance that is necessary to address critical production issues or issues causing a critical part of the infrastructure to be unavailable or inaccessible, resulting in critical disruption of work or critical business impact, including, without limitation, issues caused by natural disasters, network security intrusions, acts of terrorism, or emergency maintenance performed by Licensor's service providers, in addition to issues requiring maintenance to ensure safety of Licensor employees.

5) **NOTIFICATION AND SUPPORT RESPONSE**

a) **Notifications.** Licensee shall provide a list of the individuals authorized to receive applicable notifications under this SLA ("Designated Point of Contact"). Licensee shall include an Acceptable Method of Delivery for each response category (e.g., SMS, email, phone). With respect to all Scheduled Maintenance under this SLA, upon notice to the Designated Point of Contact using an Acceptable Method of Delivery, Licensor will proceed to perform the Scheduled Maintenance on its own schedule; provided that, upon Licensee's reasonable request, Licensor will modify its time schedule to accommodate Licensee.

b) **Support Response.** Licensor agrees to have support staff on site three hundred and sixty-five (365) days a year, twenty-four (24) hours a day, to handle all Scheduled Maintenance and Critical Maintenance, and to respond to all Licensee support requests in a prompt manner. Licensor agrees to respond to issues that impact the guarantees contained in this SLA, and contact a technician, within [**] of Licensee's request.

6) **TRACKING AND SUPPORT PROCESSES**. Tracking of all service level benchmarks addressed herein will be maintained by Licensor and available for review by Licensee at any time upon reasonable notice. Tracking methods are guaranteed to be functional no less than [**]% of the time.

7) **LIMITATIONS OF LIABILITY**. The remedies provided in this SLA and the MSA for Licensor's failure to abide by any guarantee set forth herein shall be the exclusive remedies available to Licensee.

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EXHIBIT 3

COLOCATION GENERAL SERVICE & MRC SCHEDULE

DEFINITIONS. For purposes of this Exhibit 3, the following definitions shall apply:

"Redundant Power" means [**] MW of power sufficient to provide [**] to any single pair of UPS units in the event of their failure, as follows: [**]750 kilowatt (kW) UPS units ([**] sets of [**]), each functioning at no greater than [**]% capacity, will allow any pair of UPS units to provide redundancy to any failed pair of UPS units. In other words, so long as no UPS pair operates at more than [**]% capacity, UPS [**] backs up [**] & [**] UPS [**] backs up [**] & [**]; and UPS [**] backs up [**] & [**]. Therefore, notwithstanding the [**] MW of Redundant Power, each pair of UPS units functioning as a source of both [**] and [**] power at no greater than a [**]% load will ensure [**] redundancy to the [**] MW of [**] power.

"**Total Data Center Power**" means primary power of [**] megawatts (MW) and Redundant Power.

"Licensee Power" means the percentage of Total Data Center Power that is available to Licensee, which is equal to the percentage that Licensee's total data center occupancy bears to total data center capacity. For example, if Licensee [**] racks, or [**]% of [**], Licensee's power availability would be [**] MW of the Total Data Center Power.

1. **General Services.** Licensor shall provide to Licensee the following general services during the Term of the Agreements (collectively, the "General Services") at [**] additional cost:

   (a) Management of the Premises;

   (b) 24x7 Staffing of the Premises;

   (c) Maintenance & upkeep of the Premises;

   (d) Cabinet Space: Cabinet space of [**] racks ([**]% capacity) increasing to [**] racks ([**]% capacity) by March 1, 2014. In the event Licensor agrees to lease additional capacity to Licensee in excess of [**]%, the terms and pricing shall be [**] and incorporated into this Agreement by addendum.

   (e) Infrastructure Requirements: Licensor agrees to provide the following:

      i. N+1 chillers sufficient for cooling under Total Data Center Power loads at an outside temperature of [**];

      ii. [**] CRAC units sufficient for cooling under Total Data Center Power loads at an outside temperature of [**];

iii. [**] generators by December 15, 2013 sufficient to support Total Data Center Power loads;

iv. Two new [**] as set forth in Paragraph 1(f)(ii) below by December 15, 2013;

v. One [**] for each pair of UPS units;

vi. Battery monitoring for all UPS batteries, including [**], and [**], once every [**] months at scheduled maintenance periods. In addition, each UPS has a self-contained internal notification system, which will notify Licensor of problems as they occur. If battery level is [**] to meet needs of [**], Licensor will remedy the problem;

vii. Sufficient building and power feed lightning protection consistent with current code;

viii. NFPA-required signage on doors of electrical and UPS rooms;

ix. Third-party contracts for diesel fuel delivery for indefinite run time, and sufficient diesel fuel on site to account for delivery time. If Licensee desires additional on-site storage of diesel fuel, Licensee may do so at [**] expense.

x. Sufficient power feeds to each pod (including cabling and breaks) to allow [**] independent power feeds to each rack so that a [**] failure [**], [**] do not reduce that rack's available power as specified in paragraph 1(f)(iii). The actual layout and placement of the breakers shall be at [**].

(f) Unless the context requires otherwise, all references to power herein refer to the total power available to all data center customers. Licensee's power availability shall in all cases be a percentage of total data center licensee power availability based on the percentage that Licensee's total data center occupancy bears to total data center licensee capacity.

i. Power: [**] additional [**] units will be added by December 15, 2013 to provide Redundant Power

ii. Power Use Limitations: Power per cabinet across the entire data center must be limited to an *[**]* of no more than [**] kW per [**] cabinet (Cabinet Power Maximum). Moreover, under no circumstances may Licensee exceed [**] kW of useable power for any single [**] cabinet. Notwithstanding, in the event Licensor and Licensee agree to add equipment to expand capacity to [**] kW per circuit, Licensor will increase the maximum capacity per circuit from [**] KW to [**]

kW, and overage charges will apply to usage in excess of [**] kW per circuit. Note: To maintain [**]% Redundant Power, the total power usage for all customers in the data center may not exceed [**] MW. Licensor will ensure that Licensor's and all other customers' power usage is [**] to ensure that [**] MW across the entire data center will be available with redundancy.

iii. Per Cabinet [**]: In the event Licensee exceeds [**] kW per [**] cabinet, as determined by the following formula and assuming a power factor of [**], Licensee shall be responsible to [**], calculated as follows:

<u>Definitions:</u>

W = total Kw measurement for all [**] supplying power to an individual [**] unit cabinet

P = cabinet power factor measurement calculated as the average of the power factor measurements for each [**] supplying power to an individual [**] unit cabinet

T = [**] (target cabinet power factor measurement)

Limit = [**] kW

[**] = [**] cents (per kWh [**])

Multiplier = [**]

Overage [**] (per kWh) = [**]

Adjusted [**] (per kWh) = [**]

Interval = number of times per hour Licensor monitors power consumption

[**] per Interval = [**]

Assessed Monthly [**] (per [**] cabinet) = Aggregate of all [**] per Interval calculations for the corresponding month, subject to a minimum per-circuit monthly [**]

<u>Step 1</u>: Read [**] stats to define [**] and [**]. If [**] is [**] than or equal to [**], stop—there are [**]. If [**] is [**] than [**], go to Step 2.

<u>Step 2</u>: Calculate [**] or [**].

If Multiplier is [**] than [**] applies. Calculate [**]

If Multiplier is [**] than or equal to [**], Adjusted [**] applies. Calculate [**]

Step 3: Calculate [**] per Interval

Step 4: Calculate Assessed Monthly [**]. Licensor will [**] to Licensee as a separate line item on each [**] an [**] equal to the aggregate of all [**] per [**] licensed to Licensee.

(g) Additional Services: Should Licensee require additional Services not contemplated by this Agreement, including, without limitation, additional [**], Licensor will make [**] efforts to accommodate Licensee's request. [**] will be financially responsible for any reasonable additional costs, including maintenance, incurred in connection with any additions.

(h) Cross-connects: For each cross-connect installation on or after the Effective Date, Licensee will pay, based on a separate service order, a labor fee of $[**] plus a fee $[**] per [**] for installations of [**] or greater, or a fee of $[**] per [**] for installations of less than [**] Cross-connects installed prior to the Effective Date will be subject to [**] additional charges. These prices are effective at a minimum through [**] at which time they may be subject to renegotiation upon notice by [**]. Any required repairs of the cross-connects will be billed to [**] by [**].

2. **Monthly Recurring Costs ("MRC")**. Licensee shall pay MRC according to the following Schedule **for all of the General Services set forth in section 1 (excepting power [**] and/or taxes, and fees for additional services and cross-connects as set forth above). MRC set forth herein is independent from, and in addition to, MRC set forth in the Network Agreement**:

(a) **Year 1**:

i. $[**] per month for use of up to [**] racks ([**]% of total capacity), plus

ii. If Licensed Space is greater than [**] racks ([**]% of total capacity): In addition to the payment due under 2(a)i above, Licensee shall pay additional MRC of $[**] per rack for each rack in excess of [**] and up to and including [**] ([**]% total capacity). No later than [**], Licensee will pay MRC for no less than [**] racks ([**]% total capacity) for a total monthly fee of $[**].

(b) **Years 2-10:** MRC will be based on a baseline of $[**] (year 1 MRC for Licensee usage of [**] racks, or [**]% of total capacity), increased [**] at an [**] rate of [**] percent ([**]%) beginning at the commencement of [**] and applicable for [**] and [**] percent ([**]%) beginning at the commencement of [**] and applicable for [**] through [**].

Year	Per Month		Per Year	
2	$	[**]	$	[**]
3	$	[**]	$	[**]
4	$	[**]	$	[**]
5	$	[**]	$	[**]
6	$	[**]	$	[**]
7	$	[**]	$	[**]
8	$	[**]	$	[**]
9	$	[**]	$	[**]
10	$	[**]	$	[**]

(c) In the event of a [**] of the data center to [**] during the 2014 calendar year, [**] paid to Licensor under this Exhibit 3 to the MSA, less all [**] data center [**] made by [**] from the Effective Date through the date of [**] shall be [**].

NETWORK SERVICES AGREEMENT

THIS NETWORK SERVICES AGREEMENT ("Network Services Agreement") is effective this 1st day of January, 2014 (the "**Effective Date**") by and between Ace Data Centers, Inc., a Utah corporation ("**ACE**"), and The Endurance International Group, Inc., a Delaware corporation ("**EIG**"). ACE and EIG are also referred to collectively herein as the "**Parties**" and individually as a "**Party**."

W I T N E S S E T H:

A. ACE owns and operates a data center and, under a separate Master Service Agreement ("**MSA**") executed concurrently herewith, has agreed to provide certain data center services to EIG.

B. ACE is also a provider of network services, and EIG desires to obtain from ACE certain network services as set forth more fully herein.

NOW, THEREFORE, in considerations of the mutual promises and covenants contained herein, the Parties, intending to be bound thereby, agree as follows:

TERMS AND CONDITIONS

1. **ASSOCIATED DOCUMENTS; DEFINITIONS**. This Network Services Agreement shall be construed in conjunction with the MSA and other documents incorporated therein. To the extent relevant and not contradicted hereby, the terms of the MSA and other incorporated documents are incorporated herein by reference. Capitalized, undefined terms herein shall have the meanings prescribed in the MSA.

2. **TERM; NOTICE OF TERMINATION**. The "**Term**" of this Network Services Agreement shall be a minimum of one (1) year and shall terminate only upon no less than ninety (90) days' written notice by either Party to the other Party for transit services and no less than six (6) months' written notice by either Party to the other Party for transport services. If neither Party provides notice sufficient to effect termination of either transit or transport services on the one (1) year anniversary of this Network Services Agreement, the Term shall continue beyond the one (1) year anniversary until ninety (90) days following written notice of termination by either Party to the other Party for transit services and six (6) months following written notice of termination by either Party to the other Party for transport services.

3. **NETWORK SERVICES & MRC:** During the Term, ACE will provide to EIG, and EIG will pay for, [**] IP bandwidth as follows: (i) a *[**]* of [**] of transit ("Transit Commitment," which shall include any commitment increases pursuant to paragraph 4(c)), [**] up to [**], at a rate of $[**] per [**], and (ii) a *[**]* of [**] transport *[**]* ("Transport Commitment," which shall include any commitment increases pursuant to paragraph 4(b)) at a rate of $[**] per [**] per month, for a *[**]*. MRC charged in connection with this Network Services Agreement ("**Network MRC**") will be charged by ACE and paid by EIG in addition to other MRC as provided in the MSA and related ancillary documents.

4. **[**] TRAFFIC.** ACE will bill EIG for [**] traffic used by EIG that exceeds the Transit Commitment (as modified by EIG pursuant to paragraph 4(c)) at a rate of $[**]. Furthermore, [**] traffic available to EIG shall be subject to the following:

   a. EIG's available [**] traffic shall be limited to an amount that is (i) [**] the Transit Commitment, rounded [**] to the nearest [**] (e.g. [**] by [**] and then round [**] to the nearest [**]) or (ii) [**]. Moreover, in all cases and notwithstanding any provision herein to the contrary, the amount of EIG's [**] traffic will be limited to the [**], subject to a maximum capacity of [**].

   b. Upon EIG's request and no less than [**] notice by EIG, and [**], ACE will provide to EIG additional transport in [**], the price of which shall thereafter be added to and become part of the Transport Commitment set forth in paragraph 3.

   c. Upon the request of EIG, and [**], EIG may increase its Transit Commitment and the price of such increases shall be added to and become a part of the Transit Commitment set forth in paragraph 3.

   d. [**] traffic will be measured as the [**] percentile of [**].

5. **PEERING.** During the Term, ACE [**] EIG for transit delivered via ACE's peering relationships (wherever located) up to the amount of [**]. [**] it shall be [**] responsibility to bear all costs incurred to connect to an ACE peering network; for example, cross-connects in a non-ACE data center facility at which ACE participates in a peering network. Moreover, if EIG's peering traffic is [**] the amount of [**] in a given month, the difference will be billed to EIG at ACE's [**]. If at any time following the Term, under a future agreement, EIG's Transit Commitment drops to a level below [**] but at least [**], EIG may purchase peering from ACE at [**]. If at any time EIG's Transit Commitment drops below [**] ACE will not be obligated to offer EIG [**].

6. **THIRD-PARTY PROVIDERS.** Nothing in this Network Services Agreement will prevent EIG from obtaining additional bandwidth from a third-party provider; provided that, if such third-party provider is not then currently in the Premises, EIG's use of the provider shall be [**], not to be [**] or [**], and subject to EIG's payment of any fees assessed by the provider.

7. **SERVICE LEVELS AND REMEDIES.** If ACE fails to meet the service levels set forth in Appendix 1 to this Network Services Agreement, which is incorporated herein by reference, ACE shall provide EIG with the remedies and monthly credits set forth therein.

IN WITNESS WHEREOF, ACE and EIG have executed this Network Services Agreement as of the date first written above.

THE ENDURANCE INTERNATIONAL GROUP, INC.

By: /s/ Jone Mone
John Mone, Chief Information Officer

ACE DATA CENTERS, INC.

By: /s/ Matthew Heaton
Matthew Heaton, CEO

APPENDIX 1

NETWORK SERVICE LEVEL AGREEMENT

THIS NETWORK SERVICE LEVEL AGREEMENT (this "**Network SLA**") is made effective as of the Effective Date and is the Network SLA as referenced in and is entered into pursuant to that certain Master Services Agreement by and between ACE and EIG of even date herewith (the "**MSA**"). Capitalized terms used but not defined in this Network SLA shall have the meanings ascribed to them in the MSA.

1. **NETWORK AVAILABILITY INCLUDING LOCAL, TRANSPORT, AND TRANSIT SERVICES.** ACE's Internet Protocol ("IP") network, including but not limited to local network connections and IP transport and transit services, is guaranteed to be available to EIG and capable of delivering IP packets [**]% of the time, as averaged over a [**] ("**Network Availability Guarantee**"). ACE's IP network includes [**]. The ACE IP backbone network includes [**]. [**] will calculate EIG's Network Unavailability (defined below) for a particular calendar month. "**Network Unavailability**" is defined as the number of minutes that ACE provided network services are not available to EIG; provided that, Network Unavailability does not include [**] (defined below), [**] (defined below), or any unavailability caused by (i) [**].

2. **SCHEDULED MAINTENANCE FOR NETWORK AVAILABILITY**. "**Scheduled Maintenance**" is defined as foreseeable periodic maintenance at the Premises performed by ACE. ACE shall notify EIG no less than [**] business days prior to any Scheduled Maintenance that may affect Network Availability. All such Scheduled Maintenance shall be performed between [**] Mountain Time Zone. Information regarding Scheduled Maintenance will be provided to EIG's Designated Point of Contact by an Acceptable Method of Delivery.

3. **NETWORK AVAILABILITY GUARANTEE CREDIT**. If the Network Availability Guarantee is not met during any given calendar month, as EIG's sole and exclusive remedy for such failure, EIG will receive a credit of [**] of Network MRC for each cumulative [**] of Network Unavailability that exceeds the [**]. Network Unavailability that is [**] shall be rounded [**] to the nearest [**]. Network Unavailability that is [**] shall be rounded [**] to the nearest [**].

4. **PACKET LOSS**. The ACE IP backbone network is guaranteed to have a maximum *[**]* packet loss of less than [**]% over a [**] ("**Packet Loss Guarantee**"). Packet loss is measured as the *[**]* of [**] samples across the ACE IP backbone network taken throughout the [**].

5. **PACKET LOSS GUARANTEE CREDIT**. If the Packet Loss Guarantee is not met during any given calendar month, as EIG's [**] remedy for such failure, EIG may request a credit of [**]% of Network MRC for each [**]% of packet loss that exceeds the Packet Loss Guarantee, rounded [**] to the nearest [**]%.

6. **LIMITATION ON TOTAL NETWORK SLA MONTHLY CREDITS.** IN NO EVENT WILL THE TOTAL AMOUNT OF CREDITS UNDER ALL OF THE ABOVE SERVICE LEVEL STANDARDS FOR WHICH EIG MAY BE ELIGIBLE IN ANY GIVEN MONTH EXCEED [**]% OF THE MONTHLY NETWORK MRC DUE UNDER THE NETWORK SERVICES AGREEMENT.

7. **INCORPORATION OF TERMS IN COLOCATION SLA.** Paragraphs 4, 5, 6 and 7 of the colocation SLA attached to the MSA as Exhibit 2 are expressly incorporated herein by reference; provided that the term "SLA" therein shall refer to this Network SLA.

EXHIBIT 5

List of Preapproved Professional Contractors

Main Utility Transformers:
Provo Power Supervisor:
[**], office: [**], mobile: [**]
Email: [**]
Utility Transformers:
24/7 Dispatcher: [**]
[**], mobile: [**]

Electrical Contractors:
[**]: [**]
[**]: [**]
[**], cell: [**], alternate cell: [**]
[**] cell: [**]
For [**]:
Lead Engineer: [**] Office: [**], Mobile: [**]
Service Technician: [**]: Mobile: [**]
Dispatch: [**]: office: [**] mobile: [**]

Generators:
Emergency Contacts—Generators:
Contact: [**]: [**]
Service Technician: [**]: [**]
[**] After Hours Dispatch: [**]
[**]: office: [**]
Emergency Contacts—Diesel:
1st Call: [**]- During business hours- [**]- [**]/ After-hours- [**]
2nd Call: [**]-[**]: [**] or [**]

ATS':
Company: [**]
Contact: [**] Work: [**] Mobile: [**]
[**]: Office: [**] Mobile: [**]
[**]: Mobile: [**]
Technician: [**]: [**]

Transformers:
[**]: office: [**] or toll free #: [**]
Emergency Contacts—Transformers:
[**]: [**]
[**]: [**]
[**]: [**]

Mechanical Contractors:
[**]
Office/dispatch: [**] (ask for on call plumber)
[**]: [**]
[**]: [**]
[**]:
mobile: [**] or personal mobile: [**]
Office/ After hours: [**] (ask for on call plumber)

<u>Water piping for Chillers:</u>
Contractor: [**]
Office phone: [**]
[**]: office: [**] cell: [**]
Email: [**]
Emergency Contacts—Chiller Piping:
Emergency Contacts:
[**]: [**]
[**] [**]
[**]—See above

<u>Chillers:</u>
Emergency Contacts—Chillers:
Contractor: [**]
Office phone: [**] or email: [**]
24/7 Support number: [**]
[**]: [**]
[**]: [**]

<u>Liebert HVAC Units:</u>
For mechanical support:
Company: [**]
Emergency Contact(s):
[**]: Office: [**] Cell: [**]
Office/Dispatch: [**]
[**]: [**]
[**]: [**]
[**]: [**]
[**]: [**]
2nd Company: MSS
[**]: mobile: [**] or personal mobile: [**]
Office/ After hours: [**]
[**]: office: [**] mobile [**]

<u>Fire System:</u>
Emergency Contacts—Fire System:
[**] : [**]
[**]: [**]
[**]: [**]
[**]: [**]

<u>Supply/Exhaust Fans and louvers:</u>
Emergency Contacts—Fans & Louvers:
[**]: Office: [**] or Cell: [**]
[**]: [**]

<u>Racks:</u>
[**], office: [**] mobile: [**]
Email: [**]

<u>PDU's:</u>
[**]
[**], mobile: [**]
Email: [**]

[**]:

Emergency Contacts—[**]
Emergency contact (24/7):
Lead Engineer: [**] Office: [**], Mobile: [**]
Service Technician: [**]: Mobile: [**]
Dispatch: [**] office: [**] mobile: [**]

Controls/VFD's:

VFD's:
[**]: [**]
Service Technician: [**]

Static Sensors:
[**], office: [**]
Company: [**]
Website: [**]
Email: [**]

Exhibit 10.5

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (this "**Amendment**") is made as of March 28, 2014 by and between BURLINGTON CENTRE OWNER LLC, a Delaware limited liability company ("**Landlord**") and THE ENDURANCE INTERNATIONAL GROUP, INC., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant entered into that certain Gross Lease dated as of May 17, 2012, pursuant to which Tenant leases certain space consisting of approximately 38,062 rentable square feet (the "**Original Premises**") located on the third (3rd) floor of that certain office building located at 10 Corporate Drive, Burlington, Massachusetts (the "**Building**"), as amended by that certain First Amendment to Lease dated as of June 13, 2013 (the "**First Amendment**"), pursuant to which Tenant leases an additional 21,417 rentable square feet (the "**Expansion Premises**") located on the second (2nd) floor of the Building (as amended, the "**Original Lease**").

B. Landlord and Tenant hereby desire to amend the Original Lease to (i) amend certain provisions regarding the delivery of the Expansion Premises; (ii) extend the Lease Term of the Original Premises and the Expansion Premises; and (iii) amend certain other terms and conditions of the Original Lease as more particularly set forth herein.

C. The Original Lease, as amended by this Amendment, shall be referred to herein as the "**Lease**". Any capitalized terms used herein not otherwise defined shall have the respective meanings ascribed to them in the Original Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **New Definition**. The Lease is hereby amended to include the following definition to Section 1 thereof:

"**Expansion Access Date**. The earlier to occur of (a) the date that Landlord has provided its approval of the Expansion Plans; or (b) January 1, 2015."

2. **Amendment of Certain Definitions**. The Lease is hereby amended by deleting from Section 1 thereof the definitions of Base Rent, BOMA, Expansion Commencement Date, and Lease Term, and substituting in their stead the following:

(a) **Base Rent**. See Section 4 of the Second Amendment.

(b) **BOMA**. The Office Buildings: Standard Methods of Measurement (ANSI/BOMA Z65.1-2010), as published by the Building Owners and Managers Association, as may be amended from time to time. Landlord may utilize a modified BOMA standard.

(c) **Expansion Commencement Date.** April 1, 2015.

(d) **Lease Term**. Commencing on the Commencement Date and ending on March 31, 2026. The Lease Term for the Expansion Premises shall commence on the Expansion Commencement Date and end on March 31, 2026.

3. **Schedule of Monthly Rent Payments for Initial Premises**. Section 4(a) of the First Amendment to the Lease, amending the schedule of Base Rent of the Original Lease, is hereby amended as follows:

(a) by adding the following two lines to the end of the schedule of Base Rent for the Initial Premises:

April 1, 2024	March 31, 2025	$38.20	$1,453,968.40	$121,164.03
April 1, 2025	March 31, 2026	$39.35	$1,497,739.70	$124,811.64

;

(b) by adding the following two lines to the end of the schedule of Base Rent for the Expansion Premises:

April 1, 2024	March 31, 2025	$38.20	$818,129.40	$68,177.45
April 1, 2025	March 31, 2026	$39.35	$842,758.95	$70,229.91

; and

(c) by deleting, in its entirety, the paragraph immediately following the schedule of Base Rent for the Expansion Premises and substituting the following in lieu thereof:

Notwithstanding the foregoing, Landlord shall abate all Base Rent applicable to the Expansion Premises for the period beginning on the Expansion Access Date and ending on March 31, 2015 (the "Expansion Premises Abatement Period"), provided, however, if the Lease is terminated prior to the expiration of the Lease Term as a result of default by Tenant, in addition to all other damages to which Landlord may be entitled under the Lease and applicable law, Tenant immediately and without notice shall pay Landlord the full unamortized amount of all Base Rent which had been abated as aforesaid (with the abated Base Rent amortized over a one hundred forty four (144) month period beginning on April 1, 2015. Although Landlord shall abate Base Rent applicable to the Expansion Premises payable for the Expansion Premises Abatement Period, Tenant acknowledges and agrees that Tenant shall be liable for all Additional Rent payable on account of the Expansion Premises during such period, including, without limitation, electricity charges.

4. **Tenant's Contribution to Tenant Improvement Costs**. Section 2.5.1 of the Lease is hereby amended by deleting the seventh (7th), eighth (8th), and ninth (9th) full sentences of the paragraph in their entirety, resulting in the removal of the following language from the Lease:

"The Tenant Improvements shall be performed by contractors approved by Landlord and employed by Tenant under one or more construction contracts that require the prime contractor and the respective subcontractors of any tier: (a) be parties to, and bound by, a collective bargaining agreement with a labor organization affiliated with the Building and Construction Trades Council of the AFL-CIO and (b) employ only members of such organization to perform work within their respective jurisdictions). However, at Landlord's sole option, in clause (a) of the immediately preceding sentence of this paragraph, the following substitutions may be made: (1) a project labor agreement in place of a collective bargaining agreement, and (2) an independent, nationally recognized labor organization in place of a labor organization affiliated with the Building and Construction Trades Council of the AFL-CIO. Such contractors also shall comply with all requirements in Paragraph 4.5 of this Lease."

and substituting the following in lieu thereof:

"All Tenant Alterations made by or on behalf of Tenant shall be made and performed: (a) by contractors or mechanics approved by Landlord, who shall carry liability insurance of a type and in such amounts as Landlord shall reasonably require, naming Landlord and Tenant as additional insureds, (b) in a good and workmanlike manner, (c) so that same shall be at least equal in quality, value, and utility to the original work or installation and shall be in conformity with Landlord's building standard specifications as set forth in Exhibit C-2 attached hereto and as the same may be amended by Landlord and in effect at such time, (d) in accordance with all applicable laws, and (e) pursuant to plans, drawings and specifications which have been reviewed and approved by Landlord prior to the commencement of the repairs or replacements and approved by, and filed with, all applicable governmental authorities."

5. **Tenant's Contribution to Expansion Tenant Improvement Costs**. Section 8 of the Lease is hereby amended as follows:

(a) Section 8(a) of the Lease is hereby amended by deleting the sixth (6th) and seventh (7th) full sentences of the paragraph in their entirety, resulting in the removal of the following language from the Lease:

"The Expansion Improvements shall be performed by contractors approved by Landlord and employed by Tenant under one or more construction contracts that require the prime contractor and the respective subcontractors of any tier: (x) be parties to, and bound by, a collective bargaining agreement with a labor organization affiliated with the Building and Construction Trades Council of the AFL-CIO and (y) employ only members of such organization to perform work within their respective jurisdictions. However, at Landlord's sole option, in clause (x) of the immediately preceding sentence of this paragraph, the following substitutions may be made: (1) a project labor agreement in place of a collective bargaining agreement, and (2) an independent, nationally recognized labor organization in place of a labor organization affiliated with the Building and Construction Trades Council of the AFL-CIO."

(b) Section 8(d) of the Lease is hereby amended by deleting the last sentence of the paragraph in its entirety and, in lieu thereof, substituting the following:

"Further, notwithstanding anything herein to the contrary, in the event that Tenant has not: (a) completed the Expansion Improvements on or before April 1, 2015; and (b) satisfied all of the conditions for payment of the Expansion Tenant Improvement Allowance on or before July 1, 2015 (time being of the essence), Landlord shall have no further obligation to make any Expansion Tenant Allowance Advance."

(c) Section 8(e) of the Lease is hereby amended by deleting the reference to the date "April 1, 2014," in the first sentence of the paragraph and, in lieu thereof, substituting the date "April 1, 2015."

(d) Section 8(g) of the Lease is hereby amended by deleting the reference to the date "April 1, 2014," in the last sentence of the paragraph and, in lieu thereof, substituting the date "July 1, 2015."

6. **Tenant's Work Performance**. Section 4.5 of the Lease is hereby amended by deleting the fourth (4th), fifth (5th), sixth (6th), and seventh (7th) full sentences of the paragraph in their entirety, resulting in the removal of the following language from the Lease:

"Approval shall be subject to Landlord's reasonable discretion and shall include a requirement that the prime contractor and the respective subcontractors of any tier performing the Tenant Alterations: (a) be parties to, and bound by, a collective bargaining agreement with a labor organization affiliated with the Building and Construction Trades Council of the AFL-CIO applicable to the geographic area in which the Building is located and to the trade or trades in which the work under the contract is to be performed and (b) employ only members of such labor organizations to perform work within their respective jurisdictions. The previous sentence shall apply whether it is Landlord or Tenant performing or contracting for any such alterations, additions, improvements or installations. Waivers or exceptions to the requirement in the third [sic] sentence of this paragraph may be given only in writing by the Landlord. With the specific, prior written approval of Landlord, which may be withheld in Landlord's sole and absolute discretion, in clause (a) of the third [sic] sentence of this paragraph the following substitutions may be made: (1) a project labor agreement in place of a collective bargaining agreement, and (2) an independent, nationally recognized labor organization in place of a labor organization affiliated with the Building and Construction Trades Council of the AFL-CIO."

and substituting the following in lieu thereof:

"All Tenant Alterations made by or on behalf of Tenant shall be made and performed: (a) by contractors or mechanics approved by Landlord, who shall carry liability insurance of a type and in such amounts as Landlord shall reasonably require, naming Landlord and Tenant as additional insureds, (b) in a good and workmanlike manner, (c) so that same shall be at least equal in quality, value, and utility to the original work or installation and shall be in conformity with Landlord's building standard specifications as set forth in Exhibit C-2 attached hereto and as the same may be amended by Landlord and in effect at such time, (d) in accordance with all applicable laws, and (e) pursuant to plans, drawings and specifications which have been reviewed and approved by Landlord prior to the commencement of the repairs or replacements and approved by, and filed with, all applicable governmental authorities."

7. **OFAC List**. Section 6.19 of the Lease is hereby amended by deleting the paragraph in its entirety and substituting the following in lieu thereof:

"**6.19 OFAC List**. (a) Each of the Landlord and the Tenant represents and warrants that (a) each person or entity owning an interest in it is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "List"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of its funds or its other assets constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), (c) to its knowledge, no Embargoed Person has any interest of any nature whatsoever in it (whether directly or indirectly), (d) to its knowledge, none of its funds have been derived from any unlawful activity with the result that the investment in it is prohibited by law or that the Lease is in violation of law, and (e) each of the Landlord and the Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "Embargoed Person" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in either the Landlord or the Tenant is prohibited by law or either party is in violation of law.

(b) Each of the Landlord and the Tenant covenants and agrees (a) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify the other party in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if such party has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due under the Lease and (d) at the request of either the Landlord or the Tenant, to provide such information as may be requested by the other party to determine such party's compliance with the terms hereof.

(c) Each of the Landlord and the Tenant hereby acknowledges and agrees that its inclusion on the List at any time during the Lease Term shall be a material default of the Lease. Notwithstanding anything herein to the contrary, neither the Landlord nor the Tenant shall permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall be a material default of the Lease."

8. **Landlord's Right to Re-measure**. A new Section 6.21 shall be added to Section 6 of the Lease as follows:

"**6.21. Landlord's Right to Re-measure**. Landlord reserves the right to re-measure the Premises during the term of the Lease upon Tenant's exercise of any extension option or expansion option pursuant to the Lease. Upon any such re-measurement by Landlord, Landlord will recalculate the rentable square footage of the Premises, will adjust the Base Rent and rentable square footage notation, if necessary, and will advise Tenant in writing of the revised rentable square feet of area attributed to the Premises and the parties agree to be bound thereby."

9. **Brokers**. Landlord and Tenant warrant to each other that they have had no dealings with any broker, agent or finder in connection with this Amendment except Jones Lang LaSalle and CB Richard Ellis (the "**Brokers**") and/or representatives of Landlord and Tenant. Landlord agrees to pay the commissions due to such brokerage companies pursuant to separate agreements. Each party hereto agrees to protect, indemnify and hold harmless the other from and against any and all expenses with respect to any compensation, commissions and charges claimed by any other broker, agent or finder not identified above with respect to this Amendment or the negotiation thereof that is made by reason of any action or agreement by such party.

10. **Lease Ratification**. This instrument and all of the terms and provisions hereof shall be considered for all purposes to be incorporated into and made part of the Original Lease. The Original Lease and each provision, covenant, condition, obligation, right and power contained therein is hereby ratified and confirmed, and, as modified hereby, shall continue in full force and effect. All references appearing in the Original Lease and in any related instruments shall be amended and read hereafter to be references to the Original Lease as amended by this Amendment. In the event of any inconsistencies or conflicts between other provisions of the Original Lease and the provisions of this Amendment, the provisions hereof shall govern and control. Except as specifically amended in this Amendment, the Lease is and shall remain in full force and effect and has not been amended, modified, terminated or assigned.

11. **Independence of Covenants.** Landlord's and Tenant's covenants in the Lease are independent and, without limiting the generality of the foregoing, Tenant acknowledges that its covenant to pay Base Rent and Additional Rent is independent of Landlord's obligations under the Lease, and that in the event that Tenant shall have a claim against Landlord, Tenant shall not have the right to deduct the amount allegedly owed to Tenant from any Base Rent or Additional Rent due under the Lease, it being understood that Tenant's sole remedy for recovering upon such claim shall be to bring an independent legal action against Landlord.

12. **Authority**. Each party represents and warrants to the other that such party and the person signing on its behalf are duly authorized to execute and deliver this Amendment and that this Amendment constitutes its legal, valid and binding obligation.

13. **Execution**. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. The parties agree that this Amendment may be transmitted between them by facsimile machine or electronic mail and the parties intend that a faxed or emailed Amendment containing either the original and/or copies of the signature of all parties shall constitute a binding Amendment.

14. **Governing Law/Binding Effect**. The Lease and this Amendment and the rights and obligations of both parties thereunder and hereunder shall be governed by the laws of the Commonwealth of Massachusetts and shall be binding upon and inure to the benefit of the Landlord and Tenant and their respective legal representatives, successors and assigns.

15. **Effective Date**. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. This Amendment shall become effective and binding only upon execution and delivery of this Amendment by all of the parties hereto and approval by Landlord's lender.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the first date written above.

LANDLORD:

BURLINGTON CENTRE OWNER LLC, a Delaware limited liability company

By: **BURLINGTON CENTRE JV LLC**, a Delaware limited liability company, its sole member

By: **DIV FUND II GP, LLC**, a Delaware limited liability company, as agent for the managing member

By: /s/ Jonathan G. Davis
Name: Jonathan G. Davis
Title: President

and

By: **BURLINGTON GAVI MEMBER, LLC**, a Delaware limited liability company, its co-managing member

By: **PRINCIPAL REAL ESTATE INVESTORS, LLC**, a Delaware limited liability company, its authorized signatory

By /s/ Dennis J. Tinker
Name: Dennis J. Tinker
Title: Investment Director
Asset Management

By /s/ Joseph E. Pierce
Name: Joe E. Pierce
Title: Managing Director
Asset Management

TENANT:

THE ENDURANCE INTERNATIONAL GROUP, INC., a Delaware corporation

By: /s/ Kathy Andreasen
Name: Kathy Andreasen
Title: Chief People Officer

SECRETARY'S CERTIFICATE

I, David C. Bryson, Secretary of The Endurance Group, Inc., a Delaware corporation (the "Company"), hereby certify that Kathy Andreasen, as CPO of the Company has authority to execute and deliver to Burlington Centre Owner, LLC the Lease related to the building located at, known as and numbered 10 Corporate Drive, Burlington, Massachusetts, a copy of which Lease is attached hereto and made a part hereof on behalf of the Company.

Witness my signature on this 31st day of March, 2014.

The Endurance Group, Inc.

By: /s/ David C. Bryson
Name: David C. Bryson
Title: Secretary

EXHIBIT C-2

Construction Standards

Exhibit 31.1

CERTIFICATION

I, Hari Ravichandran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Endurance International Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2014

By: /s/ Hari Ravichandran
Hari Ravichandran
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Tivanka Ellawala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Endurance International Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2014

By: /s/ Tivanka Ellawala
Tivanka Ellawala
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Endurance International Group Holdings, Inc. for the fiscal quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Hari Ravichandran, Chief Executive Officer of Endurance International Group Holdings, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge on the date hereof:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Endurance International Group Holdings, Inc.

Date: May 9, 2014

By: /s/ Hari Ravichandran
Hari Ravichandran
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Endurance International Group Holdings, Inc. for the fiscal quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Tivanka Ellawala, Chief Financial Officer of Endurance International Group Holdings, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge on the date hereof:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Endurance International Group Holdings, Inc.

Date: May 9, 2014

By: /s/ Tivanka Ellawala
Tivanka Ellawala
Chief Financial Officer
(Principal Financial Officer)