

## PagerDuty Announces Proposed Private Placement of \$250 Million of Convertible Senior Notes

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SAN FRANCISCO--(BUSINESS WIRE)-- PagerDuty, Inc. (NYSE: PD) today announced that it intends to offer, subject to market conditions and other factors, \$250 million principal amount of Convertible Senior Notes due 2025 (the “notes”) in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). PagerDuty also intends to grant the initial purchasers of the notes an option to purchase up to an additional \$37.5 million principal amount of notes.

The notes will be senior unsecured obligations of PagerDuty and will accrue interest payable semiannually in arrears. The notes will be convertible into cash, shares of PagerDuty’s common stock or a combination of cash and shares of PagerDuty’s common stock, at PagerDuty’s election. The interest rate, initial conversion rate, repurchase or redemption rights and other terms of the notes will be determined at the time of pricing of the offering.

PagerDuty intends to use a portion of the net proceeds from the offering to pay the cost of the capped call transactions described below. If the initial purchasers exercise their option to purchase additional notes, PagerDuty expects to use a portion of the net proceeds from the sale of the additional notes to enter into additional capped call transactions. PagerDuty intends to use the remainder of the net proceeds for working capital or other general corporate purposes, which may include potential acquisitions and strategic transactions.

In connection with the pricing of the notes, PagerDuty intends to enter into privately negotiated capped call transactions with one or more of the initial purchasers or their respective affiliates and/or other financial institutions (the “option counterparties”). The capped call transactions will cover, subject to customary adjustments, the number of shares of PagerDuty’s common stock that will initially underlie the notes. The capped call transactions are expected to offset the potential dilution to PagerDuty’s common stock as a result of any

conversion of the notes, with such reduction subject to a cap. If the initial purchasers exercise their option to purchase additional notes, PagerDuty expects to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedges of the capped call transactions, PagerDuty expects that the option counterparties and/or their respective affiliates may enter into various derivative transactions with respect to PagerDuty's common stock and/or purchase PagerDuty's common stock in secondary market transactions concurrently with or shortly after the pricing of the notes, including with certain investors in the notes. This activity could increase (or reduce the size of any decrease in) the market price of PagerDuty's common stock or the notes at that time.

In addition, PagerDuty expects that the option counterparties and/or their respective affiliates may modify or unwind their hedge positions by entering into or unwinding various derivative transactions and/or purchasing or selling PagerDuty's common stock or other securities of PagerDuty in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so on each exercise date of the capped call transactions, which are scheduled to occur during the observation period relating to any conversion of the notes on or after April 1, 2025 that is not in connection with a redemption, or following PagerDuty's election to terminate any portion of the capped call transactions in connection with any repurchase, redemption, exchange or early conversion of the notes). This activity could also cause or avoid an increase or a decrease in the market price of PagerDuty's common stock or the notes, which could affect a noteholder's ability to convert its notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the amount and value of the consideration that a noteholder will receive upon conversion of its notes.

The notes will only be offered to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. Neither the notes, nor any shares of PagerDuty's common stock issuable upon conversion of the notes, have been registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is neither an offer to sell nor a solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation or sale of any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction.

## About PagerDuty

PagerDuty, Inc. (NYSE:PD) is a leader in digital operations management. In an always-on world, organizations of all sizes trust PagerDuty to help them deliver a perfect digital experience to their customers, every time. Teams use PagerDuty to identify issues and opportunities in real time and bring together the right people to fix problems faster and prevent them in the future.

## Forward Looking Statements

This press release contains “forward-looking” statements, as that term is defined under the federal securities laws, including statements concerning the proposed terms of the notes and capped call transactions, the completion, timing and size of the proposed offering of the notes and capped call transactions, and the anticipated use of proceeds from the offering. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to whether we will consummate the offering of notes on the expected terms or at all, which could differ or change based upon market conditions or for other reasons, and the other risks detailed in our Form 10-K filed with the Securities and Exchange Commission (“SEC”) for the year ended January 31, 2020, in our quarterly report on Form 10-Q for the quarter ended April 30, 2020 and in other filings and reports that we may file from time to time with the SEC. The forward-looking statements included in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments will cause our views to change. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

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