Workday Prices $1.0 Billion Convertible Senior Notes Due 2022

PLEASANTON, CA--(Marketwired - Sep 13, 2017) - Workday, Inc. (NYSE: WDAY), a leader in enterprise cloud applications for finance and human resources, today announced that it has priced $1.0 billion aggregate principal amount of 0.25% convertible senior notes due 2022 (the "notes"). The notes will be sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Workday also granted the initial purchasers of the notes an option to purchase up to an additional $150 million aggregate principal amount of the notes. The sale is expected to close on September 15, 2017, subject to customary closing conditions.

Prior to June 1, 2022, the notes will be convertible at the option of holders during certain periods, upon satisfaction of certain conditions. Thereafter, the notes will be convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the notes may be settled in shares of Workday Class A common stock, cash or a combination of cash and shares of Workday Class A common stock, at Workday's election.

The notes will have an initial conversion rate of 6.7982 shares of Class A common stock per $1,000 principal amount of notes (which is subject to adjustment in certain circumstances). This represents an initial effective conversion price of approximately $147.10 per share. The initial conversion price of the notes represents a premium of approximately 37.50% to the $106.98 per share closing price of Workday Class A common stock on Sept. 12, 2017.

The notes will be senior, unsecured obligations of Workday, and interest will be payable semiannually in cash at a rate of 0.25% per annum on April 1 and Oct. 1, beginning on April 1, 2018. The notes will mature on Oct. 1, 2022, unless repurchased or converted in accordance with their terms prior to such date. Workday may not redeem the notes prior to their maturity.

In connection with the pricing of the notes, Workday has entered into convertible note hedge transactions with one or more of the initial purchasers of the notes and/or their respective affiliates (the "option counterparties"). The convertible note hedge transactions are expected generally to reduce the potential dilution and/or offset the potential cash payments that Workday could be required to make in excess of the principal amount upon conversion of any notes. Workday also has entered into separate warrant transactions with the option counterparties pursuant to which Workday will sell warrants for the purchase of Workday Class A common stock. The warrant transactions could separately have a dilutive effect to the extent that the market price per share of Workday Class A common stock exceeds the strike price of the warrants. The strike price of the warrants will initially be $213.96 per share, which represents a premium of 100.00% over the per share closing price of the Workday Class A common stock on Sept. 12, 2017, and is subject to certain adjustments under the terms of the warrant transactions. If the initial purchasers of the notes exercise their option to purchase additional notes, Workday may enter into additional convertible note hedge and warrant transactions.

In connection with establishing their initial hedge of the convertible note hedge and warrant transactions, the option counterparties have advised Workday that they and/or their respective affiliates expect to enter into various derivative transactions with respect to Workday Class A common stock and/or purchase Workday Class A common stock concurrently with, or shortly after, the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Workday Class A common stock or the notes concurrently with, or shortly after, the pricing of the notes.

In addition, the option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Workday Class A common stock and/or purchasing or selling Workday Class A common stock in secondary market transactions following the pricing of the notes and prior to the maturity of the notes. This activity could also cause or avoid an increase or a decrease in the market price of Workday Class A common stock or the notes, which could affect noteholders' ability to convert the 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 noteholders will receive upon conversion of such notes.

Workday estimates that the net proceeds from the offering will be approximately $984.3 million (or approximately $1.13 billion if the initial purchasers exercise in full their option to purchase additional notes) after deducting the initial purchasers' discount and estimated offering expenses payable by Workday. Workday expects to use the net proceeds from the offering of the notes for general corporate purposes, potential repayment or repurchase, or payment of cash amounts due upon conversion, of its outstanding 0.75% convertible senior notes due 2018 and 1.50% convertible senior notes due 2020 and potential acquisitions and strategic transactions, and to pay the net cost of the convertible note hedge transactions (after such cost is partially offset by the proceeds to Workday from the sale of the warrant transactions).

If the initial purchasers exercise their option, Workday intends to use the resulting additional proceeds of the sale of the additional notes and any additional warrants to pay the cost of entering into additional convertible note hedge transactions and for general corporate purposes, potential repayment or repurchase, or payment of cash amounts due upon conversion, of its outstanding 0.75% convertible senior notes due 2018 and 1.50% convertible senior notes due 2020 and potential acquisitions and strategic transactions.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities (including the shares of

Workday Class A common stock, if any, into which the notes are convertible) and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. Any offers of the notes will be made only by means of a private offering memorandum.

The notes and any shares of Class A common stock issuable upon conversion of the notes have not been registered under the Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

Forward Looking Statements

This press release contains forward-looking statements including, among other things, statements relating to the expected use of proceeds from the offering. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially, including, but not limited to, whether or not Workday will consummate the offering, prevailing market conditions, the anticipated use of the net proceeds of the offering, which could change as a result of market conditions or for other reasons, whether or not the convertible note hedge and warrant transactions will be entered into or consummated, and the impact of general economic, industry or political conditions in the United States or internationally.

Workday assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this release.

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