

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attached](#)

Horizontal lines for providing the applicable Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ [See Attached](#)

Horizontal lines for providing information regarding any resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attached](#)

Horizontal lines for providing any other necessary information.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

DocuSigned by:
 Signature ▶ *Becky Chan* Date ▶ Jan 12, 2021 | 17:32 PST
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Print your name ▶ **Becky Chan** Title ▶ **Sr. Director, Tax & Treasury**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Line 14

- On October 1, 2020 (the "Effective Time"), pursuant to an Agreement and Plan of Reorganization (the "Merger Agreement") dated as of September 20, 2020 among PagerDuty, Inc., a Delaware corporation ("PagerDuty"), Reef Merger Sub I, Inc., a Delaware corporation and direct wholly owned subsidiary of PagerDuty ("Sub I"), Reef Merger Sub II, LLC, a Delaware limited liability company and direct wholly owned subsidiary of PagerDuty ("Sub II" and, together with Sub I, the "Merger Subs"), and Rundeck, Inc., a Delaware corporation ("Rundeck"), Sub I merged with and into Rundeck, with Rundeck surviving the merger as a wholly owned subsidiary of PagerDuty (the "First Merger"), and, as part of the same overall transaction, following the First Merger, Rundeck merged with and into Sub II (the "Second Merger", and together with the First Merger, the "Mergers") with Sub II surviving the merger as a wholly owned subsidiary of PagerDuty. The Mergers are intended to constitute a "reorganization" as defined in Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") for U.S. federal income tax purposes.

Line 15

- At the Effective Time, each share of Rundeck common stock, par value \$0.001 per share ("Rundeck Common Stock"), issued and outstanding immediately prior the Effective Time other than shares held by unaccredited investors, dissenting shares and shares held by Rundeck, PagerDuty or any direct or indirect wholly owned subsidiary of PagerDuty, was converted automatically into the right to receive (i) cash consideration of \$4.42 per share (the "Closing Cash Consideration"), and (ii) 0.12 shares of a validly issued, fully paid and nonassessable share of common stock of PagerDuty, par value \$0.000005 ("Closing PagerDuty Common Stock"). Further on the payout of escrow amounts, such shareholder shall also be entitled to the right to receive (i) cash consideration of \$0.66 per share (the "Escrow Cash Consideration"), and (ii) 0.0185 shares of a validly issued, fully paid and nonassessable share of common stock of PagerDuty, par value \$0.000005 ("Escrow Stock Consideration" together with the Closing PagerDuty Common Stock, the "Stock Consideration"). Lastly, certain amounts of cash were withheld from the total consideration by an appointed shareholder representative to be used to pay any third party expenses of such representative (the "Expense Fund"). After payment of such expenses, any remaining cash in the Expense Fund will be paid to the Rundeck Common Stock shareholders (the "Expense Fund Cash Consideration" together with the Closing Cash Consideration and the Escrow Cash Consideration, the "Cash Consideration" and together with the Stock Consideration, the "Merger Consideration"). No fractional shares of PagerDuty Common Stock were issued in connection with the Mergers, and cash equal to the fair market value of any such fractional share was paid instead.
- A U.S. taxpayer exchanging Rundeck Common Stock in the Mergers will generally recognize gain, but not loss, equal to the lesser of (a) the amount of cash received by the U.S. taxpayer (including their share of Escrow Cash Consideration and their share of cash contributed to the Expense Fund) or (b) the amount of gain realized by such U.S. taxpayer on the exchange. The amount of gain realized by the U.S. taxpayer will generally equal the excess (if any) of (i) the fair market value of the Pager Duty stock received plus the amount of cash received (including the U.S. taxpayer's share of the Escrow Cash Consideration and cash contributed to the Expense Fund) and (ii) the U.S. taxpayer's adjusted tax basis in the shares of Rundeck Common Stock exchanged therefor.

A U.S. taxpayer's aggregate tax basis in the PagerDuty stock received in the Mergers (including any fractional shares deemed received and exchanged, as described below) generally equals (i) the U.S. taxpayer's basis in their Rundeck Common Stock as of the effective time of the First Merger (ii) decreased by the amount of cash received and (iii) increased by any gain recognized. For

purposes of calculating fair market value of the Closing Stock Consideration, the fair market value of a single share of PagerDuty common stock on September 30, 2020, the last day of trading prior to the Effective Time, was estimated to be \$27.11, which was the closing price for such a share on the New York Stock Exchange on such date. A U.S. Holder who receives cash in lieu of a fractional share of PagerDuty Common Stock will generally be treated as having received such fractional share pursuant to the Mergers and then as having received cash in exchange for such fractional share. Gain or loss will generally be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share.

Line 16

- Please refer to Line 15.

Line 17

- The Mergers are intended to qualify as a reorganization within the meaning of Sections 368(a) of the Code. In general, the income tax consequences to the former holders of Rundeck Common Stock are determined under Sections 354, 356, 358 and 1221 of the Code.

Line 18

- A U.S. Holder will generally not recognize loss on the exchange of their Rundeck Common Stock in the Mergers for the Merger Consideration, except with respect to cash received in lieu of a fractional share of PagerDuty Common Stock, as described in Line 15.

Line 19

- The Mergers occurred on October 1, 2020. For a former holder of Rundeck Common Stock whose taxable year is the calendar year, the reportable tax year is 2020.