



Tandem Diabetes Care Announces Proposed Offering of \$250.0 Million of Convertible Senior Notes Due 2025

May 12, 2020

SAN DIEGO--(BUSINESS WIRE)--May 12, 2020-- Tandem Diabetes Care®, Inc. (NASDAQ: TNDM) ("Tandem" or, the "Company") announced today that it intends to offer, subject to market conditions and other factors, \$250.0 million aggregate 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"). Tandem also intends to grant to the initial purchasers of the Notes an option to purchase, within a 13-day period beginning on, and including, the date on which the Notes are first issued, up to an additional \$37.5 million aggregate principal amount of Notes.

The Notes will be senior unsecured obligations of Tandem and will accrue interest payable semiannually in arrears.

The Notes will mature on May 1, 2025, unless earlier repurchased, redeemed, or converted in accordance with their terms prior to the maturity date. The Notes will be convertible at the option of the holders prior to the close of business on the business day immediately preceding November 1, 2024 only upon the satisfaction of certain conditions and during certain periods. Thereafter, the Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion of the Notes, the Company will settle such conversion in cash, shares of Tandem's common stock, or a combination of cash and shares of Tandem's common stock, at its election. Tandem may not redeem the Notes prior to May 6, 2023. Tandem may redeem for cash all or any portion of the Notes, at its option, on or after May 6, 2023 if the last reported sale price of Tandem's common stock has been at least 130 percent of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Tandem provides notice of redemption at a redemption price equal to 100 percent of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. The interest rate, initial conversion rate, and other terms of the Notes will be determined at the time of pricing of the offering.

Tandem intends to use a portion of the net proceeds from the offering to pay the cost of the privately negotiated capped call transactions described below, and expects to use the remainder of the net proceeds from the offering for working capital and other general corporate purposes.

The Notes and any shares of Tandem's common stock issuable upon conversion of the Notes have not been registered under the Securities Act or any state securities laws. Unless a subsequent sale is registered under the Securities Act, the Notes and shares of Tandem's common stock issuable upon conversion of the Notes may only be offered or sold in the United States in a transaction that is exempt from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is not an offer to sell and is not soliciting an offer to buy any securities, nor will it constitute an offer, solicitation, or sale of the securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

Capped Call Transaction Summary

In connection with the pricing of the Notes, Tandem expects to enter into privately negotiated capped call transactions with certain of the initial purchasers, and/or their respective affiliates and/or other financial institutions (collectively, the "option counterparties"). The capped call transactions will cover, subject to customary anti-dilution adjustments, the number of shares of Tandem's common stock underlying the Notes. The capped call transactions are expected generally to reduce potential dilution to holders of Tandem's common stock on any conversion of Notes and/or offset any cash payments Tandem is required to make in excess of the principal amount of any such converted Notes, as the case may be, with such reduction and/or offset subject to a cap. If the initial purchasers of the Notes exercise their option to purchase additional Notes, Tandem expects to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to enter into various derivative transactions with respect to Tandem's common stock and/or purchase Tandem's 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 Tandem's common stock or the Notes at that time.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Tandem's common stock and/or purchasing or selling Tandem's common stock or other securities of Tandem in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so during any observation period related to a conversion of Notes). This activity could also cause or avoid an increase or decrease in the market price of Tandem's 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 number of shares and the value of the consideration that noteholders will receive upon conversion of such Notes. Further, if any such capped call transaction fails to become effective, whether or not the offering of Notes is completed, the option counterparties or their respective affiliates may unwind their hedge positions with respect to Tandem's common stock, which could adversely affect the value of Tandem's common stock and, if the Notes have been issued, the value of the Notes.

About Tandem Diabetes Care, Inc.

Tandem Diabetes Care, Inc. is a medical device company dedicated to improving the lives of people with diabetes through relentless innovation and revolutionary customer experience. The Company takes an innovative, user-centric approach to the design, development and commercialization of products for people with diabetes who use insulin. Tandem's flagship product, the t:slim X2 insulin pump, is capable of remote software updates using a personal computer and features integrated continuous glucose monitoring and automated insulin delivery. Tandem is based in San Diego, California.

Tandem Diabetes Care is a registered trademark, and t:slim X2 is a trademark of Tandem Diabetes Care, Inc.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, that concern matters that involve risks and uncertainties that could cause actual results to differ materially from those anticipated or projected in the forward-looking statements. These forward-looking statements include statements relating to the Company's expectations regarding the terms of the proposed offering and the capped call transactions, the completion and timing of the proposed offering and the capped call transactions, the anticipated use of the net proceeds from the offering, matters relating to registration of Tandem's common stock issuable upon conversion of the Notes, and expectations regarding the effect of the capped call transactions and potential actions of the option counterparties, and other statements that are not purely statements of historical fact. Such forward-looking statements are based on the Company's current expectations and involve assumptions that may never materialize or may prove to be inaccurate. Actual results, and the timing of events, may differ materially from those indicated by such forward-looking statements as a result of various important factors, including uncertainties regarding market conditions, including as a result of the COVID-19 global pandemic, the completion of the offering on the anticipated terms or at all, and the fact that the Company's management will have broad discretion in the use of the proceeds from any sale of the Notes. Other risks and uncertainties are identified in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and other documents that the Company files with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Unless otherwise required by applicable law or the rules of The Nasdaq Stock Market, the Company undertakes no obligation to update or revise any forward-looking statement in this press release because of new information, future events or other factors.

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Source: Tandem Diabetes Care, Inc.