JANA PARTNERS LLC

November 30, 2021

Board of Directors
Zendesk, Inc.
989 Market Street
San Francisco, CA 94103

Ladies and Gentlemen,

JANA Partners LLC ("we" or "us"), along with industry experts with whom we have partnered, recently became a significant shareholder of Zendesk, Inc. ("Zendesk" or the "Company"). We believe Zendesk is highly undervalued and has far more attractive opportunities to create shareholder value than by acquiring Momentive Global Inc. ("Momentive"). We also believe that the proposed Momentive acquisition lacks financial merit, has questionable strategic logic, and introduces a high degree of execution risk for Zendesk shareholders. Therefore, we are writing to express our opposition to the proposed acquisition and our intention to vote against the issuance of Zendesk stock required to complete the transaction. We call on the Zendesk board of directors to take the necessary steps to promptly terminate this transaction, rather than waiting months for a shareholder vote that appears destined to fail,[1] so that the Company may turn its attention to rehabilitating its credibility with investors and seizing upon its much more attractive standalone value creation potential.

"Zendesk snatched defeat from the jaws of victory in the minds of many shareholders by announcing the Momentive deal."[2]

The proposed acquisition of Momentive has been poorly received by Zendesk shareholders and has led to a more than 20% decline in the Company's stock price in just a few weeks (including ~15% on the trading day following the announcement, and another ~5% following Zendesk's Investor Day which attempted to further justify the transaction).[3] The stock price decline has erased approximately $3 billion of value from Zendesk's market capitalization, or roughly the entire purchase price being paid to acquire Momentive.

The decline in the Company's value is all the more staggering considering Zendesk announced the acquisition along with reporting strong quarterly results that led every sell side analyst to increase their standalone growth assumptions for the Company and should have otherwise led to a significant

[1] "[W]e still see a tough road ahead in convincing investors that this acquisition is the right strategic move." (William Blair, 11/19/21).
[2] JMP Securities, 11/19/21.
[3] Zendesk stock price decline since announcement calculated through 11/29/21.

increase in its stock price. The proposed acquisition has also been widely panned by Zendesk's sell side analysts, prompting 13 target price reductions and 6 analyst rating downgrades, and has resulted in Zendesk trading at its widest ever valuation discount to peers.[4]

The negative market reaction to Zendesk's proposed acquisition of Momentive is not surprising. We believe the transaction has numerous questionable financial and strategic elements, including:

1) Zendesk is attempting to make its largest ever acquisition for a business that is far less attractive and is growth rate dilutive
    - *"[T]he deal is by far the largest in Zendesk's company history, for a company with a very different growth / margin profile, setting up potential integration challenges."* (Morgan Stanley, 10/29/21)
    - *"[W]e see investor pushback focused on the partner versus buy decision, especially considering the $4 billion price tag."* (William Blair, 11/19/21)
2) Zendesk is paying a premium valuation for Momentive and issuing its own already meaningfully undervalued equity as the transaction consideration
    - *"We did not expect a major acquisition to accompany earnings from ZEN, and surprised ZEN investors (hoping for a multiple re-rating) will be disappointed shares are the currency here."* (Barclays, 10/29/21)
    - *"Zendesk's stock has been an underperformer (5.5%) YTD vs +16% for the SaaS group, so it's not surprising that investors are skeptical of why the acquisition was done with a currency that has been carrying lower value."* (Morgan Stanley, 10/29/21)
3) The acquisition goes against Zendesk's strategic focus on growing enterprise customers
    - *"[W]e are skeptical, given [Momentive's] largely down market presence, versus Zendesk, increasingly moving into the enterprise."* (BofA Securities, 10/29/21)
    - *"However, we're not convinced the 22% ownership dilution from the proposed MNTV merger can be additive to the enterprise push, particularly given the average 'enterprise' customer for Momentive spends $14K (flat y/y) and likely an uphill battle trying to unseat Qualtrics and Medallia in the enterprise."* (Piper Sandler, 11/18/21)
4) The transaction goes against the Company's historically successful strategy of being compatible with 'best of breed' partners
    - *"[W]e are less confident it can replicate similar success with MNTV that has 10,500 enterprise customers with an average annual spend of $14K (flat y/y). This compares to Qualtrics average annual spend of $58K and Medallia at $260K+. We view both as best-of-breed platforms and formidable obstacles for a combined Zendesk-Momentive to disrupt in the mid-market and enterprise segments."* (Piper Sandler, 11/18/21)
5) The transaction does not meaningfully improve Zendesk's growth profile, even when giving full credit to claimed synergies
    - *"We believe the acquisition of Momentive significantly alters ZEN's LT trajectory. MNTV is growing at a slower rate (~19% in 2021 per consensus) than ZEN, which*

[4] For example, Zendesk's current EV / NTM Sales multiple is a ~50% discount to its Piper Sandler selected peer group, versus an average of a ~15% premium since its IPO. Piper Sandler peer group consists of TWLO, APPF, EVBG, RNG, FIVN, AVLR, HUBS and BL as referenced in a 10/28/21 research note.

suggests the two companies will have to drive meaningful synergies to reach the $3.5B target for 2024 and $4.5B target for 2025 (implied consolidated CAGR of 26% from 2021-2025 using 2021 consensus for both companies). We see the long-term targets as aggressive." (Jefferies, 10/29/21)

- *"[W]ith the substantial risk inherent in making an acquisition of this size, and considering such a different revenue growth and profitability profile, in hopes of capturing an additional 1 point of revenue CAGR 2021-20[2]5, we think the risk/reward skews too negative."* (Morgan Stanley, 11/19/21)

6) The proposed Momentive acquisition reduces what we believe would be strong strategic interest in Zendesk
7) There are alternative value creating strategies available to Zendesk
    - *"[W]e believe other, more-attractive strategies existed to expand Zendesk's offerings to drive incremental value as compared with Momentive."* (Credit Suisse, 11/18/21)
    - *"[I]t's not clear to us why ZEN needs to own MNTV and couldn't simply partner on a deeper integration."* (UBS, 11/18/21)

We also believe the transaction introduces significant execution and integration risk for Zendesk shareholders, including:

1) Zendesk has never undertaken a due diligence exercise or integration of this magnitude, having cumulatively completed only ~$200 million of M&A since becoming a public company in 2014
    - *"[W]e don't think this changes concerns around folding in a $4B+ acq with a co that has uncertain levels of synergies, alongside ambitious targets for a co. that has never done large M&A."* (Cowen, 11/19/21)
2) Prior to the acquisition announcement, Zendesk was already experiencing execution issues within its own business
    - *"We like ZEN's competitive positioning and growth potential, but believe recent execution hurdles now combined with this deal make for a difficult set-up and elongates the "show me" story."* (UBS, 10/29/21)
3) Zendesk's management team has seen significant turnover, including a new CFO who lacks a software background
4) The Company's management raised questions about the integrity of their due diligence with comments at their Investor Day
    - *"In our view, there are also competitive risks upmarket (largely with Qualtrics [XM $35.48; Outperform], but also Medallia) and integration risks given the size of the acquisition."* (William Blair, 11/19/21)
    - *"We question its [MNTV's] competitiveness against XM/MDLA."* (UBS, 10/29/21)

"The MNTV deal seems to be out of left field & we think many investors are "head-scratching" the rationale."[5]

The glaring red flags surrounding the proposed acquisition of Momentive leave us questioning whether the transaction is motivated by other more problematic factors. Is this an attempt to ward off acquisition interest in Zendesk given its discounted valuation and history of spurning prior interest? Was this motivated by the Zendesk CEO's friendship with the CEO of Momentive? Or is the board simply not sufficiently engaged to appropriately safeguard shareholder interests?

What is clear is that the market has spoken: the proposed Momentive transaction is the wrong path forward for Zendesk. Now is the time for the board to liberate shareholder value by terminating the Momentive transaction as quickly as possible and focusing on Zendesk's standalone value creation potential. While we prefer to work collaboratively to help drive shareholder value, we are putting the board on notice that any effort to circumvent the Zendesk shareholder approval process (by changing the acquisition terms) would be uniformly condemned, and that we would not hesitate to seek to replace board members that disenfranchise shareholders in order to consummate this acquisition over their objections. Should you wish to discuss this matter further, we can be reached at (212) 455-0900.

Sincerely,

Barry Rosenstein

Managing Partner
JANA Partners LLC

[5] Cowen, 10/29/21.