

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.

Blank lined area for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attached.

Blank lined area for providing information on resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

Blank lined area for providing other information necessary to implement the adjustment.

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.

Sign Here

Signature ▶ *Daniel Goff*

Date ▶ 12/13/23

Print your name ▶ **Daniel Goff**

Title ▶ **CVP Tax**

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.	

Microsoft Corporation

EIN: 91-1144442

Date of Action: November 6, 2023 and November 16, 2023

Attachment to Internal Revenue Service Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"). This attachment includes a general summary regarding certain U.S. federal income tax laws and regulations relating to the exchanges of certain notes of Activision Blizzard, Inc. ("Activision") for notes of Microsoft Corporation ("Microsoft") and the effects of such exchanges on the tax basis of the Microsoft notes received in connection therewith. The information herein does not constitute tax advice. Note holders should consult their own tax advisors regarding the U.S. federal income tax consequences of the exchanges described herein and the tax basis resulting from the exchanges.

Form 8937 Part I, Box 10:

The CUSIP number of Activision's 3.400% Senior Notes due 2026 is 00507VAK5. The CUSIP numbers of Microsoft's 3.400% Notes due 2026 for which such Activision notes were exchanged are 594918CG7 (Rule 144A) and U59340AH9 (Regulation S).

The CUSIP number of Activision's 3.400% Senior Notes due 2027 is 00507VAM1. The CUSIP numbers of Microsoft's 3.400% Notes due 2027 for which such Activision notes were exchanged are 594918CH5 (Rule 144A) and U59340AJ5 (Regulation S).

The CUSIP number of Activision's 1.350% Senior Notes due 2030 is 00507VAP4. The CUSIP numbers of Microsoft's 1.350% Notes due 2030 for which such Activision notes were exchanged are 594918CJ1 (Rule 144A) and U59340AK2 (Regulation S).

The CUSIP number of Activision's 4.500% Senior Notes due 2047 is 00507VAN9. The CUSIP numbers of Microsoft's 4.500% Notes due 2047 for which such Activision notes were exchanged are 594918CK8 (Rule 144A) and U59340AL0 (Regulation S).

The CUSIP number of Activision's 2.500% Senior Notes due 2050 is 00507VAQ2. The CUSIP numbers of Microsoft's 2.500% Notes due 2050 for which such Activision notes were exchanged are 594918CL6 (Rule 144A) and U59340AM8 (Regulation S).

Form 8937 Part II, Line 14:

On November 6, 2023 (the "Early Settlement Date") and November 16, 2023 (the "Final Settlement Date"), Microsoft completed its exchange offers pursuant to which (a) Microsoft issued its 3.400% Notes due 2026 in exchange for Activision's 3.400% Senior Notes due 2026, (b) Microsoft issued its 3.400% Notes due 2027 in exchange for Activision's 3.400% Senior Notes due 2027, (c) Microsoft issued its 1.350% Notes due 2030 in exchange for Activision's 1.350% Senior Notes due 2030, (d) Microsoft issued its 4.500% Notes due 2047 in exchange for Activision's 4.500% Senior Notes due 2047 and (e) Microsoft issued its 2.500% Notes due 2050 (and, together with Microsoft's 3.400% Notes due 2026, Microsoft's 3.400% Notes due 2027,

Microsoft's 1.350% Notes due 2030 and Microsoft's 4.500% Notes due 2047, the "Microsoft Notes") in exchange for Activision's 2.500% Senior Notes due 2050 (and, together with Activision's 3.400% Senior Notes due 2026, Activision's 3.400% Senior Notes due 2027, Activision's 1.350% Senior Notes due 2030 and Activision's 4.500% Senior Notes due 2047, the "Activision Notes") (such exchanges, the "Exchanges" and each, individually, an "Exchange").

For those holders who validly tendered Activision Notes during the early tender period and for whom the applicable Exchange settled on the Early Settlement Date, such holders received on the Early Settlement Date, for each \$1,000 principal amount of Activision Notes tendered and accepted for exchange, \$1,000 principal amount of the applicable Microsoft Notes and \$1.00 in cash.

For those holders who validly tendered Activision Notes after the early tender period and for whom the applicable Exchange settled on the Final Settlement Date, such holders received on the Final Settlement Date, for each \$1,000 principal amount of Activision Notes tendered and accepted for exchange, \$970 principal amount of the applicable Microsoft Notes.

Form 8937 Part II, Line 15:

The Exchanges are taxable for U.S. federal income tax purposes under Section 1001 of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, a U.S. taxpayer that participated in an Exchange will generally recognize gain or loss on its Activision Notes that were exchanged. A U.S. taxpayer will generally have an initial tax basis in a Microsoft Note received in an Exchange equal to its issue price.

Microsoft has determined that the issue price of the Microsoft Notes of each series is as follows (as published on Microsoft's Investor Relations web page):

Microsoft's 3.400% Notes due 2026: 96.3705% of their principal amount;
Microsoft's 3.400% Notes due 2027: 95.6920% of their principal amount;
Microsoft's 1.350% Notes due 2030: 80.2630% of their principal amount;
Microsoft's 4.500% Notes due 2047: 90.4155% of their principal amount; and
Microsoft's 2.500% Notes due 2050: 61.1375% of their principal amount.

It should be noted that the prices above do not include pre-exchange accrued interest.

Form 8937 Part II, Line 16:

The Exchanges are taxable for U.S. federal income tax purposes under Section 1001 of the Code. The change in basis results from the holders' receipt of new property in a taxable exchange, and the holder's basis in the Microsoft Notes received will be equal to their issue price. Pursuant to Treas. Reg. Section 1.1273-2(f)(1), Microsoft has determined that the Microsoft Notes of each series are "traded on an established market (publicly traded)" and that the issue price of the Microsoft Notes of each series is as set forth above.

Form 8937 Part II, Line 17:

Section 1001; Section 1012; Section 1273.

Form 8937 Part II, Line 18:

A U.S. taxpayer that exchanged Activision Notes for Microsoft Notes pursuant to an Exchange will generally recognize gain or loss equal to the difference, if any, between (i) the sum of the issue price of the Microsoft Notes received and any cash received, reduced by an amount equal to any accrued but unpaid interest on the Activision Notes exchanged (which amount will be includible in such U.S. taxpayer's gross income as ordinary interest income if such accrued interest had not been included previously in such U.S. taxpayer's income) and (ii) the U.S. taxpayer's adjusted tax basis in the Activision Notes exchanged.

Form 8937 Part II, Line 19:

Because the Exchanges were taxable exchanges resulting in the issuance of new debt instruments for property, it is unclear whether an Exchange constitutes an "organizational action that affects the basis" of a security within the meaning of Section 6045B of the Code and the U.S. Treasury Regulations issued thereunder. Microsoft is therefore providing this form on a protective basis and for information purposes only. A holder should consult his or her own tax advisors to determine the tax consequences of an Exchange.

The Exchanges were consummated on November 6, 2023 and November 16, 2023. For a holder whose taxable year is the calendar year, the reportable tax year is 2023.