



**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 indicating if any resulting loss can be recognized.

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 ▶ 

Date ▶ 4-12-2021

Print your name ▶ Daniel Goff

Title ▶ CVP, WW TAX & TRADE

**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 ▶		Phone no.	
Firm's address ▶				

**Microsoft Corporation**

**EIN: 91-1144442**

**Date of Action: March 17, 2021**

**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 effects of the Exchange (as defined below) on the tax basis of certain notes of Microsoft Corporation (“Microsoft”) received in the Exchange. 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:**

<u>Pool 1 Notes</u>	<u>CUSIP Number</u>	<u>CUSIP Number of New 2052 Notes</u>
4.875% Notes due 2043	594918AX2	2.921% Notes due 2052 CUSIP: 594918CE2
4.450% Notes due 2045	594918BL7	
4.250% Notes due 2047	594918CA0	
5.300% Notes due 2041	594918AM6	
5.200% Notes due 2039	594918AD6	
4.500% Notes due 2040	594918AJ3	
3.700% Notes due 2046	594918BT0	
3.750% Notes due 2043	594918AU8	
3.750% Notes due 2045	594918BD5	
3.500% Notes due 2042	594918AR5	
4.100% Notes due 2037	594918BZ6	
4.200% Notes due 2035	594918BK9	
3.450% Notes due 2036	594918BS2	

<u>Pool 2 Notes</u>	<u>CUSIP Number</u>	<u>CUSIP Number of New 2062 Notes</u>
3.950% Notes due 2056	594918BU7	3.041% Notes due 2062 CUSIP: 594918CF9
4.750% Notes due 2055	594918BM5	
4.500% Notes due 2057	594918CB8	
4.000% Notes due 2055	594918BE3	

**Form 8937 Part II, Line 14:**

On March 17, 2021, Microsoft completed an offer to exchange (a) its outstanding 4.875% Notes due 2043, 4.450% Notes due 2045, 4.250% Notes due 2047, 5.300% Notes due 2041, 5.200% Notes due 2039, 4.500% Notes due 2040, 3.700% Notes due 2046, 3.750% Notes due 2043, 3.750% Notes due 2045, 3.500% Notes due 2042, 4.100% Notes due 2037, 4.200% Notes due 2035, and 3.450% Notes due 2036 (collectively, the “**Pool 1 Notes**”) for \$6,250,000,000 aggregate principal amount of its 2.921% Notes due 2052 (the “**New 2052 Notes**”) and \$1,323,070,268.44 in cash (inclusive of accrued interest and fractional amounts) and (b) its outstanding 3.950% Notes due 2056, 4.750% Notes due 2055, 4.500% Notes due 2057, and 4.000% Notes due 2055 (collectively, the “**Pool 2 Notes**”) for \$1,934,966,000 aggregate principal amount of its 3.041% Notes due 2062 (the “**New 2062 Notes**”) and \$479,013,077.34 in cash (inclusive of accrued interest and fractional amounts) (the Pool 1 Notes and the Pool 2 Notes together the “**Existing Notes**”; the New 2052 Notes and the New 2062 Notes together the “**New Notes**”; and the exchange of Existing Notes for New Notes and cash the “**Exchange**”).

The offer to exchange also included Microsoft’s 3.500% Notes due 2035; however, because of the participation levels for the Existing Notes mentioned above and the acceptance priority levels of the Exchange, none of the 3.500% Notes due 2035 were part of the Exchange.

**Form 8937 Part II, Line 15:**

Microsoft intends to take the position that the exchange of Existing Notes for New Notes will, in each case, constitute a recapitalization for U.S. federal income tax purposes, and the discussion herein assumes the exchanges will be so treated.

Upon the exchange of Existing Notes for New Notes pursuant to the Exchange, a holder will generally recognize gain (but not loss) equal to the lesser of (i) the amount of any gain realized on the exchange, computed in the manner described below, and (ii) cash received in the exchange (other than cash paid in respect of accrued and unpaid interest on the Existing Notes, which will generally be treated as interest). The gain, if any, realized on the exchange will equal the difference between (i) the sum of the “issue price” of the New Notes received (as described below) and the cash received (other than cash paid in respect of accrued and unpaid interest on the Existing Notes), and (ii) the holder’s adjusted tax basis in the Existing Notes surrendered.

A holder will have an initial tax basis in the New Notes equal to the holder’s adjusted tax basis in the Existing Notes surrendered in the exchange, increased by any gain that the holder

recognize in the exchange, and decreased by any cash received in the exchange (other than cash paid in respect of accrued and unpaid interest on the Existing Notes).

**Form 8937 Part II, Line 16:**

As described in Line 15 above, a holder will have an initial tax basis in the New Notes equal to the holder's adjusted tax basis in the Existing Notes surrendered in the exchange, increased by any gain that the holder recognize in the exchange, and decreased by any cash received in the exchange (other than cash paid in respect of accrued and unpaid interest on the Existing Notes).

Microsoft has determined that:

- The issue price of the New 2052 Notes is \$968.425 per \$1,000 face amount of such New 2052 Notes, or 96.84250%.
- The issue price of the New 2062 Notes is \$960.615 per \$1,000 face amount of such New 2062 Notes, or 96.06150%.

**Form 8937 Part II, Line 17:**

Section 354; Section 356; Section 358; Section 368; Section 1001; Section 1273.

**Form 8937 Part II, Line 18:**

Recapitalizations generally do not result in the recognition of loss, as discussed in Line 15 above.

**Form 8937 Part II, Line 19:**

The Exchange was consummated on March 17, 2021. For a holder whose taxable year is the calendar year, the reportable tax year is 2021.