

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name Microsoft Corporation		2 Issuer's employer identification number (EIN) 91-1144442	
3 Name of contact for additional information Mark Gerspacher	4 Telephone No. of contact 425-882-8080	5 Email address of contact mgerspa@microsoft.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact One Microsoft Way		7 City, town, or post office, state, and ZIP code of contact Redmond, Washington 98052	
8 Date of action June 1, 2020		9 Classification and description Debt for Debt Exchange	
10 CUSIP number See attached	11 Serial number(s) N/A	12 Ticker symbol N/A	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

- 14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **See attached**

- 15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **See attached**


- 16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **See attached**

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 attached18 Can any resulting loss be recognized? ▶ See attached19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached

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 ▶

7/9/2020Print your name ▶ Daniel GoffTitle ▶ CVP Tax**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Microsoft Corporation

EIN: 91-1144442

Date of Action: June 1, 2020

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>CUSIP Numbers of Pool 1 Notes</u>	<u>CUSIP Number of New 2050 Notes</u>
4.875% Notes due 2043 CUSIP: 594918AX2	2.525% Notes due 2050 CUSIP: 594918CC6
5.300% Notes due 2041 CUSIP: 594918AM6	
4.450% Notes due 2045 CUSIP: 594918BL7	
4.250% Notes due 2047 CUSIP: 594918CA0	
5.200% Notes due 2039 CUSIP: 594918AD6	
4.500% Notes due 2040 CUSIP: 594918AJ3	
3.750% Notes due 2043 CUSIP: 594918AU8	
3.750% Notes due 2045 CUSIP: 594918BD5	
4.100% Notes due 2037 CUSIP: 594918BZ6	

<u>CUSIP Numbers of Pool 2 Notes</u>	<u>CUSIP Number of New 2060 Notes</u>
4.750% Notes due 2055 CUSIP: 594918BM5	2.675% Notes due 2060 CUSIP: 594918CD4
4.000% Notes due 2055 CUSIP: 594918BE3	
4.500% Notes due 2057 CUSIP: 594918CB8	
3.950% Notes due 2056 CUSIP: 594918BU7	

Form 8937 Part II, Line 14:

On June 1, 2020, Microsoft completed an offer to exchange (a) its outstanding 4.875% Notes due 2043, 5.300% Notes due 2041, 4.450% Notes due 2045, 4.250% Notes due 2047, 5.200% Notes due 2039, 4.500% Notes due 2040, 3.750% Notes due 2043, 3.750% Notes due 2045, and 4.100% Notes due 2037 (collectively, the “**Pool 1 Notes**”) for \$6,249,997,000 aggregate principal amount of its 2.525% Notes due 2050 (the “**New 2050 Notes**”) and \$2,234,379,836 in cash (inclusive of accrued interest and fractional amounts) and (b) its outstanding 4.750% Notes due 2055, 4.000% Notes due 2055, 4.500% Notes due 2057, and 3.950% Notes due 2056 (collectively, the “**Pool 2 Notes**”) for \$3,750,000,000 aggregate principal amount of its 2.675% Notes due 2060 (the “**New 2060 Notes**”) and \$1,282,695,999 in cash (inclusive of accrued interest and fractional amounts) (the Pool 1 Notes and the Pool 2 Notes together the “**Existing Notes**”; the New 2050 Notes and the New 2060 Notes together the “**New Notes**”; and the exchange for Existing Notes for New Notes and cash the “**Exchange**”). The offer to exchange also included Microsoft’s 4.200% 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 4.200% 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 2050 Notes is \$1,018.56 per \$1,000 face amount of such New 2050 Notes, or 101.8560%.
- The issue price of the New 2060 Notes is \$1,016.31 per \$1,000 face amount of such New 2060 Notes, or 101.6305%.

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 June 1, 2020. For a holder whose taxable year is the calendar year, the reportable tax year is 2020.