

**OFFERING MEMORANDUM AND CONSENT SOLICITATION STATEMENT****MICROSOFT CORPORATION**

**OFFERS TO EXCHANGE ANY AND ALL OUTSTANDING NOTES
ISSUED BY ACTIVISION BLIZZARD, INC. AS LISTED BELOW FOR (1) UP TO \$3,650,000,000
AGGREGATE PRINCIPAL AMOUNT OF
NEW MICROSOFT NOTES ISSUED BY MICROSOFT CORPORATION AND (2) CASH**

and

**ACTIVISION BLIZZARD, INC.**

**SOLICITATION OF CONSENTS TO AMEND THE INDENTURES
GOVERNING OUTSTANDING NOTES ISSUED BY ACTIVISION BLIZZARD, INC.**

Title of Series	CUSIP Number	ISIN	Maturity Date	Aggregate Principal Amount Outstanding	Exchange Consideration⁽¹⁾	Total Exchange Consideration⁽²⁾
3.400% Senior Notes due 2026	00507VAK5	US00507VAK52	September 15, 2026	\$850,000,000	\$970 principal amount of New Microsoft 3.400% Notes due 2026	\$1,000 principal amount of New Microsoft 3.400% Notes due 2026 and \$1.00 in cash
3.400% Senior Notes due 2027	00507VAM1	US00507VAM19	June 15, 2027	\$400,000,000	\$970 principal amount of New Microsoft 3.400% Notes due 2027	\$1,000 principal amount of New Microsoft 3.400% Notes due 2027 and \$1.00 in cash
1.350% Senior Notes due 2030	00507VAP4	US00507VAP40	September 15, 2030	\$500,000,000	\$970 principal amount of New Microsoft 1.350% Notes due 2030	\$1,000 principal amount of New Microsoft 1.350% Notes due 2030 and \$1.00 in cash
4.500% Senior Notes due 2047	00507VAN9	US00507VAN91	June 15, 2047	\$400,000,000	\$970 principal amount of New Microsoft 4.500% Notes due 2047	\$1,000 principal amount of New Microsoft 4.500% Notes due 2047 and \$1.00 in cash
2.500% Senior Notes due 2050	00507VAQ2	US00507VAQ23	September 15, 2050	\$1,500,000,000	\$970 principal amount of New Microsoft 2.500% Notes due 2050	\$1,000 principal amount of New Microsoft 2.500% Notes due 2050 and \$1.00 in cash

(1) For each \$1,000 principal amount of Existing Activision Blizzard Notes (as defined herein) validly tendered after the Early Tender Date (as defined herein) but at or before the Expiration Date (as defined herein), not validly withdrawn and accepted for exchange.

(2) For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date, not validly withdrawn and accepted for exchange.

This offering memorandum and consent solicitation statement relates to Exchange Offers (as defined herein) being made by Microsoft Corporation ("*Microsoft*") and concurrent Consent Solicitations (as defined herein) being made by Activision Blizzard, Inc. ("*Activision Blizzard*"). Activision Blizzard is a wholly-owned subsidiary of Microsoft. Each Exchange Offer and Consent Solicitation will expire at 5:00 p.m., New York City time, on November 14, 2023, unless extended (such date and time with respect to an Exchange Offer and Consent Solicitation, as the same may be extended for such Exchange Offer and Consent Solicitation, the "*Expiration Date*"). To be eligible to receive the applicable Total Exchange Consideration (as defined herein), Eligible Holders (as defined herein) must validly tender and not validly withdraw their Existing Activision Blizzard Notes (as defined herein) at or before 5:00 p.m., New York City time, on October 27, 2023, unless extended (such date and time with respect to an Exchange Offer and Consent Solicitation, as the same may be extended for such Exchange Offer and Consent Solicitation, the "*Early Tender Date*"). Tenders of Existing Activision Blizzard Notes may be validly withdrawn prior to the earlier of (1) 5:00 p.m., New York City time, on October 27, 2023, and (2) the effectiveness of the supplemental indenture to the corresponding Existing Activision Blizzard Indenture (as defined herein) implementing the applicable Proposed Amendments (as defined herein), unless extended (such date and time with respect to an Exchange Offer and Consent Solicitation, as the same may be extended for such Exchange Offer and Consent Solicitation, the "*Withdrawal Deadline*"), and tenders of Existing Activision Blizzard Notes after the Withdrawal Deadline will be irrevocable, except in the limited circumstances where additional withdrawal rights are required by applicable law. Eligible Holders may not deliver a consent in a Consent Solicitation without tendering Existing Activision Blizzard Notes in the applicable Exchange Offer and may not tender Existing Activision Blizzard Notes without also having been deemed to deliver a consent. Therefore, if an Eligible Holder tenders Existing Activision Blizzard Notes in an Exchange Offer, such Eligible Holder will be deemed to deliver its consent, with respect to the principal amount of such tendered Existing Activision Blizzard Notes, to the Proposed Amendments. A valid withdrawal of tendered Existing Activision Blizzard Notes will also constitute the revocation of the related consent to the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture for that class. Consents may only be revoked by validly withdrawing the tendered Existing Activision Blizzard Notes before the Withdrawal Deadline. If the supplemental indenture with respect to a class of Existing Activision Blizzard Notes effecting the Proposed Amendments is executed, withdrawal of tenders of Existing Activision Blizzard Notes of such class thereafter does not constitute a withdrawal of the related consent. Each Exchange Offer and Consent Solicitation is subject to the satisfaction or waiver of certain other conditions. See "Description of the Exchange Offers by Microsoft and Consent Solicitation by Activision Blizzard—Conditions to the Exchange Offers and Consent Solicitations."

The New Microsoft Notes (as defined herein) have not been registered with the Securities and Exchange Commission (the "*SEC*") under the Securities Act of 1933, as amended (the "*Securities Act*"), or any state or foreign securities laws. The New Microsoft Notes may not be offered or sold in the United States or to any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions." The Exchange Offers will only be made, and the New Microsoft Notes are only being offered and will only be issued, (1) in the United States to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act ("*QIBs*") and (2) outside the United States to persons other than "U.S. persons" as defined in Rule 902 under the Securities Act in offshore transactions in compliance with Regulation S under the Securities Act ("*Regulation S*"), who are "non-U.S. qualified offerees" (as defined in the eligibility letter) (such holders, the "*Eligible Holders*"). Only Eligible Holders who have completed and returned the eligibility letter are

authorized to receive or review this offering memorandum and consent solicitation statement or to participate in the Exchange Offers. The ability of an Eligible Holder to participate in the Exchange Offers and the Consent Solicitations also may be limited as set forth under "Transfer Restrictions" with respect to Eligible Holders outside the United States. Activision Blizzard is not offering any Microsoft or other securities hereby.

See "Risk Factors" beginning on page 33 and the sections entitled "Risk Factors" in Microsoft's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and any other filings Microsoft makes with the SEC, as applicable, each of which is incorporated by reference into this offering memorandum and consent solicitation statement, to read about important factors you should consider before you decide to participate in the Exchange Offers and Consent Solicitations. See "Information We Incorporate By Reference."

Trademarks, Service Marks, and Tradenames

This offering memorandum and consent solicitation statement contains trademarks, tradenames, and service marks that are owned by Microsoft, Activision Blizzard or other companies, which are the property of Microsoft, Activision Blizzard or their respective owners, as applicable. Solely for convenience, the trademarks, tradenames, and service marks referred to in this offering memorandum and consent solicitation statement may appear without the ® and TM symbols, but such references are not intended to indicate, in any way, that either Microsoft or Activision Blizzard will not assert, to the fullest extent under applicable law, their respective rights or the rights of the applicable licensors to these trademarks, tradenames, and service marks. Microsoft and Activision Blizzard do not intend their use or display of other parties' trademarks, tradenames, or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of Microsoft or Activision Blizzard by, these other parties.

Lead Dealer Managers and Solicitation Agents

BofA Securities

J.P. Morgan

Wells Fargo Securities

Co-Dealer Managers

Academy Securities

CastleOak Securities, L.P.

Drexel Hamilton

Loop Capital Markets

MFR Securities, Inc.

**Mischler Financial
Group, Inc.**

Ramirez & Co., Inc.

RBC Capital Markets

Siebert Williams Shank

October 16, 2023

The Exchange Offers by Microsoft

Microsoft is offering to all Eligible Holders of each series of Existing Activision Blizzard Notes, in each case upon the terms and subject to the conditions set forth in this offering memorandum and consent solicitation statement (as it may be amended or supplemented, this "*offering memorandum and consent solicitation statement*"), the opportunity to exchange (each, an "*Exchange Offer*" and, collectively, the "*Exchange Offers*") such outstanding notes issued by Activision Blizzard for (1) up to \$3,650,000,000 aggregate principal amount of New Microsoft Notes issued by Microsoft and (2) cash. Subject to the terms and conditions set forth in this offering memorandum and consent solicitation statement, Microsoft is making the following Exchange Offers:

- an offer to exchange 3.400% Senior Notes due September 15, 2026 issued by Activision Blizzard (the "*Existing Activision Blizzard 2026 Notes*") for (1) up to an aggregate principal amount of \$850,000,000 of new 3.400% Notes due September 15, 2026 issued by Microsoft (the "*New Microsoft 2026 Notes*"), with registration rights, and (2) cash;
- an offer to exchange 3.400% Senior Notes due June 15, 2027 issued by Activision Blizzard (the "*Existing Activision Blizzard 2027 Notes*") for (1) up to an aggregate principal amount of \$400,000,000 of new 3.400% Notes due June 15, 2027 issued by Microsoft (the "*New Microsoft 2027 Notes*"), with registration rights, and (2) cash;
- an offer to exchange 1.350% Senior Notes due September 15, 2030 issued by Activision Blizzard (the "*Existing Activision Blizzard 2030 Notes*") for (1) up to an aggregate principal amount of \$500,000,000 of new 1.350% Notes due September 15, 2030 issued by Microsoft (the "*New Microsoft 2030 Notes*"), with registration rights, and (2) cash;
- an offer to exchange 4.500% Senior Notes due June 15, 2047 issued by Activision Blizzard (the "*Existing Activision Blizzard 2047 Notes*") for (1) up to an aggregate principal amount of \$400,000,000 of new 4.500% Notes due June 15, 2047 issued by Microsoft (the "*New Microsoft 2047 Notes*"), with registration rights, and (2) cash; and
- an offer to exchange 2.500% Senior Notes due September 15, 2050 issued by Activision Blizzard (the "*Existing Activision Blizzard 2050 Notes*") for (1) up to an aggregate principal amount of \$1,500,000,000 of new 2.500% Notes due September 15, 2050 issued by Microsoft (the "*New Microsoft 2050 Notes*"), with registration rights, and (2) cash.

The Existing Activision Blizzard 2026 Notes, the Existing Activision Blizzard 2027 Notes, the Existing Activision Blizzard 2030 Notes, the Existing Activision Blizzard 2047 Notes and the Existing Activision Blizzard 2050 Notes are referred to herein collectively as the "*Existing Activision Blizzard Notes*." The New Microsoft 2026 Notes, the New Microsoft 2027 Notes, the New Microsoft 2030 Notes, the New Microsoft 2047 Notes and the New Microsoft 2050 Notes are referred to herein collectively as the "*New Microsoft Notes*." Microsoft will issue the New Microsoft Notes pursuant to the indenture, dated as of May 18, 2009, between Microsoft, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented in relation to the New Microsoft Notes by a supplemental indenture to be entered into on or about the date the New Microsoft Notes are first issued (as supplemented, the "*Microsoft Indenture*"). The New Microsoft Notes of each series will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Activision Blizzard is not offering any Microsoft or other securities hereby.

The Consent Solicitations by Activision Blizzard

Concurrently with the Exchange Offers being made by Microsoft, Activision Blizzard is, upon Microsoft's request, soliciting consents with respect to each series (or where one or more series vote together as a single class, such class) of Existing Activision Blizzard Notes, in each case upon the terms and subject to the conditions set forth in this offering memorandum and consent solicitation statement (each, a "*Consent Solicitation*" and, collectively, the "*Consent Solicitations*"), from Eligible Holders. Subject to the terms and conditions set forth in this offering memorandum and consent solicitation statement, Activision Blizzard is making the following Consent Solicitations:

- to amend the Existing Activision Blizzard 2016 Indenture, dated as of September 19, 2016, by and among Activision Blizzard, as issuer, the Guarantors named therein and Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association, "*Computershare Trust Company*"), as trustee, governing the Existing Activision Blizzard 2026 Notes (the "*Existing Activision Blizzard 2016 Indenture*");
- to amend the Existing Activision Blizzard 2017 Base Indenture (as defined herein), as supplemented in relation to the Existing Activision Blizzard 2027 Notes and the Existing Activision Blizzard 2047 Notes by that certain First Supplemental Indenture, dated as of May 26, 2017, by and between Activision Blizzard, as issuer, and Computershare Trust Company, as trustee, governing the Existing Activision Blizzard 2027 Notes and the Existing Activision Blizzard 2047 Notes (as supplemented, the "*Existing Activision Blizzard First Supplemental Indenture*"); and
- to amend the Existing Activision Blizzard 2017 Base Indenture, as supplemented in relation to the Existing Activision Blizzard 2030 Notes and the Existing Activision Blizzard 2050 Notes by that certain Second Supplemental Indenture, dated as of August 10, 2020, by and between Activision Blizzard, as issuer, and Computershare Trust Company, as trustee, governing the Existing Activision Blizzard 2030 Notes and the Existing Activision Blizzard 2050 Notes (as supplemented, the "*Existing Activision Blizzard Second Supplemental Indenture*").

The "*Existing Activision Blizzard 2017 Base Indenture*" refers to that certain Base Indenture, dated as of May 26, 2017, between Activision Blizzard, as issuer, and Computershare Trust Company, as trustee. The Existing Activision Blizzard 2016 Indenture, the Existing Activision Blizzard 2017 Base Indenture, the Existing Activision Blizzard First Supplemental Indenture and the Existing Activision Blizzard Second Supplemental Indenture are referred to herein each individually as an "*Existing Activision Blizzard Indenture*" and collectively as the "*Existing Activision Blizzard Indentures*."

Throughout this offering memorandum and consent solicitation statement and unless the context otherwise requires, when referring to the Exchange Offers or the New Microsoft Notes, references to "Microsoft," the "Company," "we," "us" or "our" include only Microsoft and not any of its subsidiaries.

Eligible Holders may not deliver a consent in a Consent Solicitation without tendering Existing Activision Blizzard Notes in the applicable Exchange Offer and may not tender Existing Activision Blizzard Notes without also having been deemed to deliver a consent. Therefore, if an Eligible Holder tenders Existing Activision Blizzard Notes in an Exchange Offer, such Eligible Holder will be deemed to deliver its consent, with respect to the principal amount of such tendered Existing Activision Blizzard Notes, to the amendments to the corresponding Existing Activision Blizzard Indenture and the related Existing Activision Blizzard Notes for that class, which includes eliminating certain of the covenants, restrictive provisions and events of default (with respect to the corresponding Existing Activision Blizzard Indenture for that class and, together, as the context requires, the "*Proposed Amendments*"). Microsoft may complete any Exchange Offer even if valid consents sufficient to effect the Proposed Amendments to the corresponding Existing Activision Blizzard

Indenture are not received. Each Exchange Offer and Consent Solicitation is conditioned upon the completion of the other Exchange Offers and Consent Solicitations, although Microsoft may waive such condition at any time with respect to an Exchange Offer. Any waiver of a condition by Microsoft with respect to an Exchange Offer will automatically waive such condition with respect to the corresponding Consent Solicitation. In addition, Microsoft may amend the terms of any Exchange Offer without amending the terms of any other Exchange Offer. Any amendment of the terms of an Exchange Offer by Microsoft will automatically amend such terms with respect to the corresponding Consent Solicitation. Each Exchange Offer and Consent Solicitation is subject to the satisfaction or waiver of certain other conditions, as described herein. The Proposed Amendments to the Existing Activision Blizzard Indentures are described in this offering memorandum and consent solicitation statement under "The Proposed Amendments" and the conditions to the Exchange Offers and Consent Solicitations are described in this offering memorandum and consent solicitation statement under "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Conditions to the Exchange Offers and Consent Solicitations."

Consideration

For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date and not validly withdrawn, Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive the applicable total exchange consideration set out in the table on the cover page of this offering memorandum and consent solicitation statement (the "*Total Exchange Consideration*"). For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered after the Early Tender Date but at or before the Expiration Date and not validly withdrawn, Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive only the applicable exchange consideration set out in such table (the "*Exchange Consideration*"). In addition, each series of New Microsoft Notes will accrue interest from (and including) the most recent date on which interest has been paid on the corresponding series of Existing Activision Blizzard Notes accepted in the Exchange Offers and Consent Solicitations; *provided* that interest will accrue only with respect to the aggregate principal amount of New Microsoft Notes an Eligible Holder receives, which will be less than the principal amount of Existing Activision Blizzard Notes tendered for exchange if such Eligible Holder tenders its Existing Activision Blizzard Notes after the Early Tender Date. If, pursuant to the Exchange Offers, a tendering Eligible Holder would otherwise be entitled to receive a principal amount of New Microsoft Notes of the applicable series that is not equal to \$2,000 or an integral multiple of \$1,000 in excess thereof, such principal amount will be rounded down to \$2,000 or the nearest integral multiple of \$1,000 in excess thereof, and such Eligible Holder will receive pursuant to the Exchange Offers this rounded principal amount of New Microsoft Notes of such series plus cash equal to the principal amount of New Microsoft Notes of such series not received as a result of rounding down plus accrued and unpaid interest with respect to such amount not received as a result of rounding down. Except as set forth above, no accrued but unpaid interest will be paid with respect to Existing Activision Blizzard Notes tendered for exchange, however, each series of New Microsoft Notes will accrue interest from (and including) the most recent date on which interest has been paid on the corresponding series of Existing Activision Blizzard Notes.

Microsoft or its affiliates may, to the extent permitted by applicable law, after the Expiration Date, acquire Existing Activision Blizzard Notes that are not tendered and accepted in the Exchange Offers through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemption or otherwise, upon such terms and at such prices as Microsoft may determine, which with respect to the Existing Activision Blizzard Notes may be more or less favorable to holders than the terms of the Exchange Offers.

Settlement Dates

Microsoft reserves the right, but is under no obligation, at any time following the Early Tender Date and before the Expiration Date to accept for exchange any Existing Activision Blizzard Notes validly tendered at or prior to the Early Tender Date (the time and date of such exchange, the *"Early Settlement Date"*). The Early Settlement Date will be determined at Microsoft's option and is currently expected to occur within six business days after the Early Tender Date. If, after the Early Tender Date, Microsoft chooses to exercise its option to have an Early Settlement Date and all conditions to the relevant Exchange Offers have been or are concurrently satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange all Existing Activision Blizzard Notes validly tendered in the Exchange Offers prior to the Early Tender Date, and the exchange for such Existing Activision Blizzard Notes will be made on the Early Settlement Date.

Whether or not Microsoft chooses to exercise its option to have an Early Settlement Date, if, at or prior to the Expiration Date, all conditions to the relevant Exchange Offer have been or concurrently are satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange all Existing Activision Blizzard Notes validly tendered in such Exchange Offer at or prior to the Expiration Date, and not validly withdrawn at or prior to the Withdrawal Deadline (the date of such exchange, the *"Final Settlement Date"*). The Final Settlement Date will be promptly after the Expiration Date and is currently expected to occur within two business days after the Expiration Date. Each of the Early Settlement Date and the Final Settlement Date is referred to as a *"Settlement Date."* See "Description of the Exchange Offers by Microsoft and Consent Solicitation by Activision Blizzard—Settlement Dates."

Registration Rights

Microsoft will agree to use commercially reasonable efforts to file a registration statement pursuant to which it will either offer to exchange the New Microsoft Notes for substantially similar new notes that are registered under the Securities Act or, in certain circumstances, register the resale of the New Microsoft Notes. See "Registration Rights."

The Merger

On October 13, 2023, Activision Blizzard completed the previously announced transaction with Microsoft, pursuant to the Agreement and Plan of Merger, dated as of January 18, 2022 (as amended, the *"Merger Agreement"*), by and among Activision Blizzard, Microsoft and Anchorage Merger Sub Inc., a wholly-owned subsidiary of Microsoft (*"Merger Sub"*). Pursuant to the Merger Agreement, Merger Sub merged with and into Activision Blizzard, with Activision Blizzard surviving as a wholly-owned subsidiary Microsoft (the *"Merger"*).

For more information on the Merger, please see (i) that certain Definitive Proxy Statement on Schedule 14A filed by Activision Blizzard with the SEC on March 21, 2022, as supplemented by the Current Report on Form 8-K filed by Activision Blizzard with the SEC on April 15, 2022 and other relevant materials in connection with the transaction with Microsoft that Activision Blizzard has filed with the SEC and (ii) the Current Report on Form 8-K filed by Microsoft with the SEC on October 13, 2023.

There is currently no market for the New Microsoft Notes, and we cannot assure you that any market will develop. All of the Existing Activision Blizzard Notes are held, and all of the New Microsoft Notes are expected to be delivered, in book-entry form through the facilities of The Depository Trust Company ("*DTC*") and its participants, including Clearstream Banking, société anonyme ("*Clearstream*"), and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("*Euroclear*"). To exchange your Existing Activision Blizzard Notes for (1) New Microsoft Notes and (2) cash, you must instruct your commercial bank, broker, dealer, trust company or other nominee to further instruct the DTC participant through which your Existing Activision Blizzard Notes are held to tender for exchange your Existing Activision Blizzard Notes to DTC through the DTC Automated Tender Offer Program ("*ATOP*") at or before the Early Tender Date to receive the Total Exchange Consideration and at or before the Expiration Date to receive the Exchange Consideration. See "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard."

NONE OF MICROSOFT, ACTIVISION BLIZZARD, ANY DEALER MANAGER (AS DEFINED HEREIN), THE TRUSTEE (WITH RESPECT TO THE EXISTING ACTIVISION BLIZZARD NOTES OR THE NEW MICROSOFT NOTES, AS APPLICABLE), THE EXCHANGE AGENT (AS DEFINED HEREIN) OR THE INFORMATION AGENT (AS DEFINED HEREIN), OR ANY AFFILIATE OF ANY OF THEM, MAKES ANY RECOMMENDATION AS TO WHETHER ELIGIBLE HOLDERS OF EXISTING ACTIVISION BLIZZARD NOTES SHOULD EXCHANGE EXISTING ACTIVISION BLIZZARD NOTES FOR (1) NEW MICROSOFT NOTES AND (2) CASH OR DELIVER CONSENTS IN RESPONSE TO THE EXCHANGE OFFERS AND CONSENT SOLICITATIONS AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION.

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Microsoft is solely responsible for the information contained in this offering memorandum and consent solicitation statement as it relates to Microsoft, the Exchange Offers and the Consent Solicitations and is relying on third party information obtained from public filings regarding Activision Blizzard and has not independently verified such information. BofA Securities, Inc. ("*BofA Securities*"), J.P. Morgan Securities LLC ("*J.P. Morgan*") and Wells Fargo Securities, LLC ("*Wells Fargo Securities*") are serving as lead Dealer Managers and solicitation agents in connection with the Exchange Offers and Consent Solicitations (collectively, the "*Lead Dealer Managers*"). Microsoft and Activision Blizzard may retain other financial institutions after the date of this offering memorandum and consent solicitation statement to act as co-dealer managers and solicitation agents on behalf of Microsoft and Activision Blizzard in connection with the Exchange Offers and Consent Solicitations (together with the Lead Dealer Managers, Academy Securities, Inc., CastleOak Securities, L.P., Drexel Hamilton, LLC, Loop Capital Markets LLC, MFR Securities, Inc., Mischler Financial Group, Inc., Samuel A Ramirez & Company, Inc., RBC Capital Markets, LLC and Siebert Williams Shank & Co., LLC, the "*Dealer Managers*").

You should rely only on the information contained and expressly incorporated by reference in this offering memorandum and consent solicitation statement. Microsoft has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Microsoft does not take any responsibility for any other information that others may give you. The information contained in this offering memorandum and consent solicitation statement speaks only as of the date of this offering memorandum and consent solicitation statement and the information in the documents incorporated by reference in this offering memorandum and consent solicitation statement speak only as of the respective dates of those documents or the dates on which they were filed with the SEC, as applicable. The business, financial condition, results of operations and prospects of Microsoft or Activision Blizzard, as applicable, may have changed since such dates. No reports or other documents of Activision Blizzard are incorporated by reference herein.

No Dealer Manager makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in or incorporated by reference into this offering memorandum and consent solicitation statement, and nothing contained in or incorporated by reference into this offering memorandum and consent solicitation statement is or shall be relied upon as a promise or representation by any Dealer Manager.

This offering memorandum and consent solicitation statement is confidential. This offering memorandum and consent solicitation statement has been prepared solely for use in connection with the Exchange Offers and Consent Solicitations described in this offering memorandum and consent solicitation statement and is only available to investors who have certified that they are Eligible Holders for the purposes of the Exchange Offers and Consent Solicitations. Eligible Holders are authorized to use this offering memorandum and consent solicitation statement solely for the purpose of considering the exchange of Existing Activision Blizzard Notes pursuant to the Exchange Offers and Consent to the amendments pursuant to the Consent Solicitations. This offering memorandum and consent solicitation statement is personal to each Eligible Holder and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this offering memorandum and consent solicitation statement to any person other than the Eligible Holder and any person retained to advise such Eligible Holder with respect to its investment decision is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each Eligible Holder, by accepting delivery of this offering memorandum and consent solicitation statement, agrees to the foregoing and to make no photocopies or distributions of this offering memorandum and consent solicitation statement.

THIS OFFERING MEMORANDUM AND CONSENT SOLICITATION STATEMENT HAS NOT BEEN FILED WITH, REVIEWED, APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE OR FOREIGN SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS OFFERING MEMORANDUM AND CONSENT SOLICITATION STATEMENT OR ANY RELATED DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this offering memorandum and consent solicitation statement and the offers to participate in the Exchange Offers and Consent Solicitations in certain jurisdictions may be restricted by law. Microsoft, Activision Blizzard and the Dealer Managers require persons who obtain a copy of this offering memorandum and consent solicitation statement to inform themselves about and to observe any such restrictions. For a description of certain restrictions, see "Transfer Restrictions" in the offering memorandum and consent solicitation. This offering memorandum and consent solicitation statement does not constitute an offer of, or an invitation to participate in, the Exchange Offers and Consent Solicitations in any jurisdiction in which such offer or invitation would be unlawful.

Each person receiving this offering memorandum and consent solicitation statement acknowledges that (1) it is an Eligible Holder, (2) it has been afforded an opportunity to request and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained in, or incorporated by reference into, this offering memorandum and consent solicitation statement, (3) it has not relied upon the Dealer Managers or any person affiliated with the Dealer Managers in connection with its investigation of the accuracy of such information or its investment decision, (4) this offering memorandum and consent solicitation statement relates to the Exchange Offers and Consent Solicitations, which are exempt from, or not subject to, registration under the Securities Act, and therefore may not comply in important respects with the rules that would apply to an offering document relating to a public offering of securities registered under the Securities Act and (5) no person has been authorized to give information or to make any representation concerning Microsoft, Activision Blizzard, the Exchange Offers, the Consent Solicitations or the New Microsoft Notes, other than as contained in, or incorporated by reference into, this offering memorandum and consent solicitation statement in connection with an investor's examination or consideration of Microsoft, Activision Blizzard and the terms of the Exchange Offers and Consent Solicitations.

NOTICE TO POTENTIAL INVESTORS IN CANADA

The New Microsoft Notes have not been qualified for distribution by prospectus in any province or territory of Canada, are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any person located in or a resident of Canada other than a person meeting all of the following conditions and requirements (a "*Canadian Eligible Holder*"): (i) it has completed and returned to the Information Agent a Canadian supplemental eligibility letter, in the form adopted and made available by Microsoft, containing certifications confirming its eligibility status to participate in the Exchange Offers in compliance with applicable Canadian securities laws, and the supplemental information regarding ownership of Existing Activision Blizzard Notes to permit Microsoft to report the exempt distributions of New Microsoft Notes to Canadian securities regulatory authorities; and (ii) it has submitted to the Information Agent an eligibility letter otherwise confirming its status as a non-U.S. qualified offeree.

A Canadian Eligible Holder must, among other things, provide representations and warranties in its Canadian supplemental eligibility letter to the effect that it: (i) is an “accredited investor” as such term is defined in Section 73.3 of the *Securities Act* (Ontario), or in Section 1.1 of National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators; (ii) is a “permitted client” as such term is defined Section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* of the Canadian Securities Administrators; (iii) is acquiring, or deemed to be acquiring, New Microsoft Notes as principal; and (iv) is not an individual.

If you are an investment manager neither located in nor a resident of Canada, a distribution of New Microsoft Notes to you for the account of a beneficial owner of Existing Activision Blizzard Notes that is located in or a resident of Canada is not considered to be a distribution of New Microsoft Notes in Canada, and you need not satisfy the conditions and requirements for a Canadian Eligible Holder, so long as you are acting on behalf of the Canadian beneficial owner on a fully-discretionary basis outside Canada, and no acts in furtherance of the exchange of such beneficial owner’s Existing Activision Blizzard Notes take place in Canada.

Any resale of the New Microsoft Notes originally distributed to a Canadian Eligible Holder must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum and Consent Solicitation Statement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”), any dealer participating in the Exchange Offers that may otherwise be subject to the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Exchange Offers is exempt from that requirement.

NOTICE TO POTENTIAL INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

The New Microsoft Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any Retail Investor in the European Economic Area (the “EEA”). For these purposes, a “Retail Investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 25(1) Regulation (EU) 2017/1129 (as amended or superseded, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the New Microsoft Notes or otherwise making them available to Retail Investors in the EEA has been prepared, and therefore offering or selling the New Microsoft Notes or otherwise making them available to Retail Investors in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum and consent solicitation statement is not a prospectus for purposes of the Prospectus Regulation. This offering memorandum and consent solicitation statement has been prepared on the basis that each Exchange Offer and Consent

Solicitation in any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus.

In the United Kingdom (the “UK”), this offering memorandum and consent solicitation statement and any other material in relation to the New Microsoft Notes are being distributed only to, and are directed only at, persons who are “qualified investors” (as defined in the UK Prospectus Regulation) who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as “*Relevant Persons*.” In the UK, the New Microsoft Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such New Microsoft Notes will be engaged in only with, Relevant Persons. This offering memorandum and consent solicitation statement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this offering memorandum and consent solicitation statement or its contents. The New Microsoft Notes are not being offered to the public in the UK.

The New Microsoft Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the New Microsoft Notes or otherwise making them available to retail investors in the UK has been prepared, and therefore, offering or selling the New Microsoft Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This offering memorandum and consent solicitation statement includes estimates, projections, statements relating to Microsoft’s business plans, objectives, and expected operating results that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this offering memorandum and consent solicitation statement. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially. Microsoft describes risks and uncertainties that could cause actual results and events to differ materially in “Risk Factors” of this offering memorandum and consent solicitation statement includes estimates and “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures about Market Risk” of Microsoft’s

Annual Report on Form 10-K for the fiscal year ended June 30, 2023. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. Microsoft undertakes no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise. These risks and uncertainties also include, without limitation:

- uncertainty as to the trading value of New Microsoft Notes;
- strategic and competitive risks, including risks related to intense competition across all markets for Microsoft's products and services, which may lead to lower revenue or operating margins;
- risks relating to the evolution of Microsoft's business, including developing new technologies;
- risks relating to cybersecurity, data privacy and platform abuse;
- operational and infrastructure risks;
- legal, regulatory and litigation risks;
- intellectual property risks;
- risks relating to Microsoft's reputation and brands;
- risks relating to adverse economic or market conditions;
- risks relating to catastrophic events or geopolitical conditions; and
- risks relating to attracting and retaining employees.

All of the forward-looking statements Microsoft makes in or in connection with this offering memorandum and consent solicitation statement are qualified by the information contained or incorporated by reference herein, including the information contained under this heading and the information detailed in Microsoft's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and other filings Microsoft makes with the SEC that are incorporated herein by reference. For additional information, see the sections entitled "Risk Factors" and "Where You Can Find More Information" elsewhere in this offering memorandum and consent solicitation statement.

Forward-looking statements are based on the estimates and opinions of management at the time the statements are made. Except to the extent required by applicable law, neither Microsoft nor Activision Blizzard undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

IMPORTANT TIMES AND DATES

Please take note of the following important times and dates in connection with the Exchange Offers and Consent Solicitations. These dates assume no extension of the Early Tender Date, the Withdrawal Deadline or the Expiration Date.

Date	Time and Calendar Date	Event
Launch Date.....	October 16, 2023.	The commencement of the Exchange Offers and Consent Solicitations.
Early Tender Date.....	5:00 p.m., New York City time, on October 27, 2023, unless extended with respect to an Exchange Offer.	<p>The deadline for Eligible Holders to tender Existing Activision Blizzard Notes in order to be eligible to receive the applicable Total Exchange Consideration for Existing Activision Blizzard Notes accepted for exchange in the Exchange Offers and Consent Solicitations.</p> <p>Microsoft reserves the right to extend the Early Tender Date with respect to an Exchange Offer without extending the Withdrawal Deadline for such Exchange Offer or the Early Tender Date for any other Exchange Offer.</p>
Withdrawal Deadline.....	The earlier of (1) 5:00 p.m., New York City time, on October 27, 2023, and (2) the effectiveness of the supplemental indenture to the corresponding Existing Activision Blizzard Indenture implementing the applicable Proposed Amendments, unless extended with respect to an Exchange Offer.	<p>The deadline for Eligible Holders who validly tendered Existing Activision Blizzard Notes to validly withdraw such Existing Activision Blizzard Notes and validly revoke their consent to the applicable Proposed Amendments, except in the limited circumstances where additional withdrawal rights are required by applicable law.</p> <p>At any time at or before the Expiration Date, if Activision Blizzard receives valid consents sufficient to effect the applicable Proposed Amendments, Activision Blizzard and the trustee under the corresponding Existing Activision Blizzard Indenture may execute and deliver a supplemental indenture relating to the applicable Proposed Amendments that will be effective upon execution but the Proposed</p>

Date	Time and Calendar Date	Event
		<p>Amendments contained therein will only become operative on the Early Settlement Date, or if there is no such Early Settlement Date, the Final Settlement Date. As a result, once the relevant supplemental indenture is executed, any subsequent withdrawal of a tender will not revoke the previously delivered consent.</p> <p>Existing Activision Blizzard Notes tendered in the Exchange Offers after the Withdrawal Deadline will be irrevocable, except where additional withdrawal rights are required by applicable law.</p>
Expiration Date.....	5:00 p.m., New York City time, on November 14, 2023, unless extended with respect to an Exchange Offer.	The deadline for Eligible Holders to tender Existing Activision Blizzard Notes in order to be eligible to receive the Exchange Consideration for Existing Activision Blizzard Notes accepted for exchange in the Exchange Offers and consent to the Proposed Amendments in the Consent Solicitations.
Early Settlement Date.....	Will be determined at Microsoft's option and is currently expected to be within six business days after the Early Tender Date or as soon as practicable thereafter, subject to the satisfaction or waiver of certain conditions described herein.	If, at any time following the Early Tender Date, Microsoft chooses to exercise its option to have an Early Settlement Date and all conditions to the relevant Exchange Offers have been or are concurrently satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange Existing Activision Blizzard Notes validly tendered at or prior to the Early Tender Date and not validly withdrawn pursuant to the Exchange Offers.
Final Settlement Date.....	Promptly after the Expiration Date and expected to be within two business days after the Expiration Date.	Whether or not Microsoft chooses to exercise its option to have an Early Settlement Date, if, at or prior to the Expiration Date, all conditions to the

Date	Time and Calendar Date	Event
		<p>relevant Exchange Offer have been or concurrently are satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange all Existing Activision Blizzard Notes validly tendered in such Exchange Offers at or prior to the Expiration Date, and not validly withdrawn at or prior to the Withdrawal Deadline, and the exchange for such Existing Activision Blizzard Notes will be made within two business days after the Expiration Date or as soon as practicable thereafter.</p>

SUMMARY

The following summary information is qualified in its entirety by the information contained elsewhere in this offering memorandum and consent solicitation statement, including the documents incorporated by reference, and as described under "Description of the New Microsoft Notes." Because this is a summary, it does not contain all the information that may be important to you. We urge you to read carefully this entire offering memorandum and consent solicitation statement, including the consolidated financial statements of Microsoft and Activision Blizzard, and the related notes, as well as the other documents incorporated by reference, including the "Risk Factors" section.

Microsoft

Microsoft is a technology company whose mission is to empower every person and every organization on the planet to achieve more. We strive to create local opportunity, growth, and impact in every country around the world. We are creating the platforms and tools, powered by artificial intelligence ("AI"), that deliver better, faster, and more effective solutions to support small and large business competitiveness, improve educational and health outcomes, grow public-sector efficiency, and empower human ingenuity. From infrastructure and data, to business applications and collaboration, we provide unique, differentiated value to customers.

In a world of increasing economic complexity, AI has the power to revolutionize many types of work. Microsoft is now innovating and expanding our portfolio with AI capabilities to help people and organizations overcome today's challenges and emerge stronger. Customers are looking to unlock value from their digital spend and innovate for this next generation of AI, while simplifying security and management. Those leveraging the Microsoft Cloud are best positioned to take advantage of technological advancements and drive innovation. Our investment in AI spans the entire company, from Microsoft Teams and Outlook, to Bing and Xbox, and we are infusing generative AI capability into our consumer and commercial offerings to deliver copilot capability for all services across the Microsoft Cloud.

We're committed to making the promise of AI real – and doing it responsibly. Our work is guided by a core set of principles: fairness, reliability and safety, privacy and security, inclusiveness, transparency, and accountability.

Founded in 1975, we develop and support software, services, devices, and solutions that deliver new value for customers and help people and businesses realize their full potential.

We offer an array of services, including cloud-based solutions that provide customers with software, services, platforms, and content, and we provide solution support and consulting services. We also deliver relevant online advertising to a global audience.

Our products include operating systems, cross-device productivity and collaboration applications, server applications, business solution applications, desktop and server management tools, software development tools, and video games. We also design and sell devices, including PCs, tablets, gaming and entertainment consoles, other intelligent devices, and related accessories.

Activision Blizzard

Activision Blizzard is a leading global developer and publisher of interactive entertainment content and services. Activision Blizzard develops and distributes content and services on video game consoles, personal computers, and mobile devices. Activision Blizzard also operates esports leagues and offer digital advertising within some of its content. Activision Blizzard was originally incorporated in California in 1979 and was reincorporated in Delaware in December 1992. On October 13, 2023, Activision Blizzard completed the previously announced transaction with Microsoft pursuant to the Merger Agreement. As a result of the

Merger, Activision Blizzard became a wholly-owned subsidiary of Microsoft and Activision Blizzard ceased to be a publicly traded company. For more information on the Merger, please see (i) that certain Definitive Proxy Statement on Schedule 14A filed by Activision Blizzard with the SEC on March 21, 2022, as supplemented by the Current Report on Form 8-K filed by Activision Blizzard with the SEC on April 15, 2022 and other relevant materials in connection with the transaction with Microsoft that Activision Blizzard has filed with the SEC and (ii) the Current Report on Form 8-K filed by Microsoft with the SEC on October 13, 2023.

The New Microsoft Notes

The New Microsoft Notes to be issued in the Exchange Offers and Consent Solicitations will have the same interest payment and maturity dates and interest rates and substantially similar redemption provisions as the corresponding series of Existing Activision Blizzard Notes. However, there are certain differences between other terms and covenants of the New Microsoft Notes and the Existing Activision Blizzard Notes. See “Comparison of Existing Activision Blizzard Notes and New Microsoft Notes” and “Description of the New Microsoft Notes.”

The New Microsoft 2026 Notes will mature on September 15, 2026 and bear interest at a rate per annum equal to 3.400%. The New Microsoft 2027 Notes will mature on June 15, 2027 and bear interest at a rate per annum equal to 3.400%. The New Microsoft 2030 Notes will mature on September 15, 2030 and bear interest at a rate per annum equal to 1.350%. The New Microsoft 2047 Notes will mature on June 15, 2047 and bear interest at a rate per annum equal to 4.500%. The New Microsoft 2050 Notes will mature on September 15, 2050 and bear interest at a rate per annum equal to 2.500%.

The New Microsoft Notes will be Microsoft’s senior unsecured obligations and will rank equally with Microsoft’s other unsecured and unsubordinated debt from time to time outstanding. There is currently no market for any series of the New Microsoft Notes offered hereby, and there is no assurance that any market will develop.

THE EXCHANGE OFFERS BY MICROSOFT AND CONSENT SOLICITATIONS BY ACTIVISION BLIZZARD

The following is a brief summary of certain terms of the Exchange Offers and Consent Solicitations. It may not contain all the information that is important to you. For additional information regarding the Exchange Offers, Consent Solicitations and the New Microsoft Notes, see "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard" and "Description of the New Microsoft Notes."

New Microsoft Notes Issuer.....	Microsoft Corporation, a Washington corporation.
Existing Activision Blizzard Notes Issuer.....	Activision Blizzard, Inc., a Delaware corporation. Activision Blizzard is a wholly-owned subsidiary of Microsoft.
Existing Activision Blizzard Notes Guarantees.....	The Existing Activision Blizzard Notes are not guaranteed by any of Activision Blizzard's subsidiaries.
New Microsoft Notes Guarantees.....	The New Microsoft Notes will not be guaranteed by any of Microsoft's subsidiaries.
New Microsoft Notes Offered.....	Up to \$3,650,000,000 aggregate principal amount of notes, consisting of (1) up to \$850,000,000 aggregate principal amount of the New Microsoft 2026 Notes, (2) up to \$400,000,000 aggregate principal amount of the New Microsoft 2027 Notes, (3) up to \$500,000,000 aggregate principal amount of the New Microsoft 2030 Notes, (4) up to \$400,000,000 aggregate principal amount of the New Microsoft 2047 Notes and (5) up to \$1,500,000,000 aggregate principal amount of the New Microsoft 2050 Notes.
Exchange Offers by Microsoft.....	Microsoft is offering Eligible Holders of each series of Existing Activision Blizzard Notes the opportunity to exchange any and all of their Existing Activision Blizzard Notes for the applicable (1) New Microsoft Notes and (2) cash as indicated in the table on the cover hereof, upon the terms and subject to the conditions set forth in this offering memorandum and consent solicitation statement. Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive the applicable Total Exchange Consideration set forth under "—Total Exchange Consideration" below for Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date and not validly withdrawn. For Existing Activision Blizzard Notes validly tendered after the Early Tender Date and at or before the Expiration Date and not validly withdrawn, Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive the Exchange Consideration set forth under "—Exchange Consideration" below. In addition, each series of New Microsoft Notes will accrue interest from (and including) the most recent date on which interest has been paid on the corresponding series of Existing Activision Blizzard Notes accepted in the Exchange Offers and Consent Solicitations; <i>provided</i> that interest will accrue only with respect to the aggregate principal

amount of New Microsoft Notes an Eligible Holder receives, which will be less than the principal amount of Existing Activision Blizzard Notes tendered for exchange if such Eligible Holder tenders its Existing Activision Blizzard Notes after the Early Tender Date. Except as set forth above and under “—Denomination” below, no accrued but unpaid interest will be paid with respect to Existing Activision Blizzard Notes tendered for exchange, however, each series of New Microsoft Notes will accrue interest from (and including) the most recent date on which interest has been paid on the corresponding series of Existing Activision Blizzard Notes.

Denomination.....

The New Microsoft Notes of any series will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. No tender of Existing Activision Blizzard Notes will be accepted if it results in the issuance of less than \$2,000 principal amount of New Microsoft Notes of the applicable series. If, pursuant to the Exchange Offers, a tendering Eligible Holder would otherwise be entitled to receive a principal amount of New Microsoft Notes of the applicable series that is not equal to \$2,000 or an integral multiple of \$1,000 in excess thereof, such principal amount will be rounded down to \$2,000 or the nearest integral multiple of \$1,000 in excess thereof, and such Eligible Holder will receive pursuant to the Exchange Offers this rounded principal amount of New Microsoft Notes of such series plus cash equal to the principal amount of New Microsoft Notes of such series not received as a result of rounding down plus accrued and unpaid interest with respect to such amount not received as a result of rounding down.

Holders Eligible to Participate in the Exchange Offers.....

The Exchange Offers are being made only to Eligible Holders that have properly completed and returned an executed eligibility letter to the Information Agent. Eligible Holders of Existing Activision Blizzard Notes are persons (1) in the United States, who are reasonably believed to be “qualified institutional buyers” as defined in Rule 144A under the Securities Act or (2) outside the United States, who are persons other than “U.S. persons” as defined in Rule 902 under the Securities Act that will receive New Microsoft Notes in offshore transactions in compliance with Regulation S under the Securities Act, who are “non-U.S. qualified offerees” (as defined in the eligibility letter). The ability of an Eligible Holder to participate in the Exchange Offers and the Consent Solicitations also may be limited as set forth under “Transfer Restrictions” with respect to Eligible Holders outside the United States.

Persons who are not Eligible Holders may not receive and review this offering memorandum and consent solicitation statement or participate in the Exchange Offers.

Only Eligible Holders who have properly completed and returned the eligibility letter, which is available from the Information Agent, are authorized to receive and review this offering memorandum and consent solicitation statement and to participate in the Exchange Offers and Consent Solicitations.

Eligible Holders of Existing Activision Blizzard Notes who are located in or a resident of Canada must also complete and return a Canadian supplemental eligibility letter to the Information Agent establishing its eligibility to participate in the Exchange Offers and providing supplemental information required for Canadian securities regulatory reporting purposes. For additional information regarding the Eligible Holders of Existing Activision Blizzard Notes who are located in or a resident of Canada, see “Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Holders Eligible to Participate in the Exchange Offers.”

Consent Solicitations by Activision
Blizzard.....

Concurrently with the Exchange Offers being made by Microsoft, Activision Blizzard is soliciting consents from Eligible Holders of Existing Activision Blizzard Notes to amend the Existing Activision Blizzard Indentures to adopt the Proposed Amendments. Eligible Holders of Existing Activision Blizzard Notes may deliver their consent to the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture for the applicable class only by tendering Existing Activision Blizzard Notes of the applicable series in the Exchange Offers and Consent Solicitations. Eligible Holders may not deliver a consent in a Consent Solicitation without tendering Existing Activision Blizzard Notes in the applicable Exchange Offer and may not tender Existing Activision Blizzard Notes without also having been deemed to deliver a consent. Therefore, if an Eligible Holder tenders Existing Activision Blizzard Notes in an Exchange Offer, such Eligible Holder will be deemed to deliver its consent, with respect to the principal amount of such tendered Existing Activision Blizzard Notes, to the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture.

Proposed Amendments.....

If consents sufficient to effect the applicable Proposed Amendments are received, the corresponding Existing Activision Blizzard Indenture will be amended to eliminate certain of the covenants, restrictive provisions and events of

default. The consent of the holders of a majority of the aggregate principal amount of the Existing Activision Blizzard Notes outstanding of a class will be required in order to effectuate the amendments to the corresponding Existing Activision Blizzard Indenture for that class.

Exchange Consideration..... The Exchange Consideration for each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered after the Early Tender Date and at or before the Expiration Date and not validly withdrawn will equal \$970 principal amount of New Microsoft Notes of the applicable series (and cash in lieu of, and not in addition to, the \$970 principal amount for any fractional portion of New Microsoft Notes not delivered, and accrued and unpaid interest with respect to that fractional portion). See "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Exchange Consideration."

Total Exchange Consideration..... The Total Exchange Consideration for each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date and not validly withdrawn will equal \$1,000 principal amount of New Microsoft Notes of the applicable series; plus \$1.00 in cash. See "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Total Exchange Consideration."

Early Tender Date..... 5:00 p.m., New York City time, on October 27, 2023, unless extended by Microsoft.

Expiration Date..... The Exchange Offers and Consent Solicitations will expire at 5:00 p.m., New York City time, on November 14, 2023, unless extended by Microsoft.

Early Settlement Date..... Will be determined at Microsoft's option and is currently expected to be within six business days after the Early Tender Date or as soon as practicable thereafter, subject to the satisfaction or waiver of certain conditions described herein.

If, at any time following the Early Tender Date, Microsoft chooses to exercise its option to have an Early Settlement Date and all conditions to the relevant Exchange Offers have been or are concurrently satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange Existing Activision Blizzard Notes validly tendered at or prior to the Early Tender Date and not validly withdrawn pursuant to the Exchange Offers.

Final Settlement Date..... Whether or not Microsoft chooses to exercise its option to have an Early Settlement Date, if, at or prior to the Expiration Date, all conditions to the relevant Exchange Offer have been or concurrently are satisfied or waived by Microsoft, Microsoft will,

	<p>subject to the terms of the Exchange Offers, accept for exchange all Existing Activision Blizzard Notes validly tendered in such Exchange Offers at or prior to the Expiration Date, and not validly withdrawn at or prior to the Withdrawal Deadline, and the exchange for such Existing Activision Blizzard Notes will be made within two business days after the Expiration Date or as soon as practicable thereafter.</p>
CUSIP Numbers.....	<p>Eligible Holders should be advised that New Microsoft Notes received by Eligible Holders who validly tender (and do not validly withdraw) Existing Activision Blizzard Notes are expected to receive different CUSIP numbers than Existing Activision Blizzard Notes.</p>
Withdrawal of Tenders and Revocation of Consents.....	<p>The Withdrawal Deadline for any particular series of Existing Activision Blizzard Notes is the earlier of (1) 5:00 p.m., New York City time, on October 27, 2023, and (2) the effectiveness of the supplemental indenture to the corresponding Existing Activision Blizzard Indenture implementing the applicable Proposed Amendments, unless extended.</p> <p>Tenders of Existing Activision Blizzard Notes in the Exchange Offers and Consent Solicitations may be validly withdrawn at any time before the Withdrawal Deadline except in the limited circumstances where additional withdrawal rights are required by applicable law.</p> <p>A valid withdrawal of tendered Existing Activision Blizzard Notes will also constitute the revocation of the related consent to the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture for the applicable class. Consents may only be revoked by validly withdrawing the tendered Existing Activision Blizzard Notes before the Withdrawal Deadline.</p> <p>Tenders submitted in the Exchange Offers and Consent Solicitations after the Withdrawal Deadline will be irrevocable except in the limited circumstances where additional withdrawal rights are required by applicable law. If the supplemental indenture with respect to a class of Existing Activision Blizzard Notes effecting the Proposed Amendments is executed, withdrawal of tenders of Existing Activision Blizzard Notes of such series thereafter does not constitute a withdrawal of the related consent. See "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Withdrawal of Tenders and Revocation of Consents."</p>
Conditions to the Exchange Offers and Consent Solicitations.....	<p>The Exchange Offers and Consent Solicitations are subject to certain conditions, although Microsoft may waive any of such conditions at any time with respect to an Exchange Offer. Each Exchange Offer and Consent Solicitation is conditioned upon</p>

the completion of the other Exchange Offers and receipt of the consent of Eligible Holders representing a majority of the aggregate principal amount of each other respective class of Existing Activision Blizzard Notes outstanding, although Microsoft may waive such conditions at any time with respect to an Exchange Offer. Any waiver of a condition by Microsoft with respect to an Exchange Offer will automatically waive such condition with respect to the corresponding Consent Solicitation. In addition, Microsoft may amend the terms of any Exchange Offer without amending the terms of any other Exchange Offer. Any amendment of the terms of an Exchange Offer by Microsoft will automatically amend such terms with respect to the corresponding Consent Solicitation. The Exchange Offers and Consent Solicitations are not subject to a financing condition. Microsoft may complete the Exchange Offers even if valid consents sufficient to effect the Proposed Amendments are not received because Microsoft may waive any such condition at any time with respect to the Exchange Offers. See "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Conditions to the Exchange Offers and Consent Solicitations."

Extension; Termination; Amendment...

Microsoft, in its sole discretion, may extend the Early Tender Date, the Withdrawal Deadline and/or the Expiration Date with respect to any and all of the Exchange Offers, subject to applicable law. Any extension of the Early Tender Date, the Withdrawal Deadline and/or the Expiration Date with respect to any and all of the Exchange Offers by Microsoft will automatically extend the Early Tender Date, the Withdrawal Deadline and/or the Expiration Date with respect to the corresponding Consent Solicitation, as applicable. Subject to applicable law, Microsoft expressly reserves the right, in its sole discretion and with respect to any or all of the Exchange Offers to: (1) delay accepting any Existing Activision Blizzard Notes; (2) extend an Exchange Offer or terminate an Exchange Offer and not accept any Existing Activision Blizzard Notes pursuant thereto; (3) extend the Early Tender Date without extending the Withdrawal Deadline and *vice versa*; (4) terminate an Exchange Offer and return all tendered Existing Activision Blizzard Notes to the respective tendering Eligible Holders; and (5) amend, modify or waive in part or whole, at any time, or from time to time, the terms of an Exchange Offer in any respect, including waiver of any of the conditions to the consummation of an Exchange Offer. Any such delay, extension, termination, amendment, modification or waiver with respect to any and all of the Exchange Offers by Microsoft will automatically delay, extend, terminate, amend, modify or waive conditions precedent to the corresponding Consent Solicitation, as

applicable. See "Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Early Tender Date; Expiration Date; Extension; Termination; Amendment."

Procedures for Tendering.....

If you are an Eligible Holder and wish to participate in the Exchange Offers and Consent Solicitations and your Existing Activision Blizzard Notes are held by a custodial entity, such as a commercial bank, broker, dealer, trust company or other nominee, you must instruct that custodial entity to tender your Existing Activision Blizzard Notes on your behalf pursuant to the procedures of that custodial entity. Please ensure that you contact your custodial entity as soon as possible to give them sufficient time to meet your requested deadline. **Beneficial owners are urged to appropriately instruct their commercial bank, broker, custodian or other nominee at least five business days prior to the Early Tender Date or the Expiration Date, as applicable, in order to allow adequate processing time for their instruction.**

If you are an Eligible Holder and wish to participate in the Exchange Offers and Consent Solicitations and your Existing Activision Blizzard Notes are held through DTC in the form of book-entry interests, you must cause the book-entry transfer of your Existing Activision Blizzard Notes to the Exchange Agent's account at DTC, and the Exchange Agent must receive a confirmation of book-entry transfer and any other required documentation.

Consequences of Failure to Exchange..

Existing Activision Blizzard Notes that are not validly tendered or that are validly tendered but validly withdrawn will remain outstanding and will continue to be subject to their existing terms despite the completion of the Exchange Offers and Consent Solicitations. However, if the Exchange Offers and Consent Solicitations are consummated and the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture become operative, such amendments will also apply to all related Existing Activision Blizzard Notes not exchanged in the Exchange Offers and Consent Solicitations and those unexchanged Existing Activision Blizzard Notes will no longer have the protection of the covenants, restrictive provisions and events of default eliminated by the applicable Proposed Amendments.

The trading market for outstanding Existing Activision Blizzard Notes of any series not exchanged in the Exchange Offers and Consent Solicitations may be more limited than it is at present. Therefore, if your Existing Activision Blizzard Notes are not tendered and exchanged in the Exchange Offers and Consent

	<p>Solicitations, it may become more difficult for you to sell or transfer your unexchanged Existing Activision Blizzard Notes. See "Risk Factors" for a more detailed description of this risk and other risks relating to the Exchange Offers and Consent Solicitations.</p>
Brokerage Fees and Commissions.....	<p>No brokerage fees or commissions are payable by the holders of the Existing Activision Blizzard Notes to any Dealer Manager, the Exchange Agent, Microsoft or Activision Blizzard in connection with the Exchange Offers and Consent Solicitations. If a tendering Eligible Holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, that Eligible Holder may be required to pay brokerage fees or commissions.</p>
Certain U.S. Federal Income Tax Consideration.....	<p>For a summary of certain U.S. federal income tax considerations of the Exchange Offers and Consent Solicitations and the ownership and disposition of any New Microsoft Notes acquired in the Exchange Offers, see "Certain U.S. Federal Income Tax Considerations."</p>
Use of Proceeds.....	<p>Neither Microsoft nor Activision Blizzard will receive any cash proceeds from the Exchange Offers and Consent Solicitations or the issuance of the New Microsoft Notes. See "Use of Proceeds."</p>
Exchange Agent and Information Agent.....	<p>D.F. King & Co., Inc. is serving as the exchange agent (the "<i>Exchange Agent</i>") and information agent (the "<i>Information Agent</i>") in connection with the Exchange Offers and Consent Solicitations. The address and telephone numbers of the Exchange Agent are listed on the back cover of this offering memorandum and consent solicitation statement.</p>
Lead Dealer Managers.....	<p>BofA Securities, J.P. Morgan and Wells Fargo Securities are the Lead Dealer Managers and solicitation agents for the Exchange Offers and Consent Solicitations. The address and telephone numbers of each Lead Dealer Manager is listed on the back cover of this offering memorandum and consent solicitation statement.</p>
Further Information.....	<p>Questions or requests for assistance related to the Exchange Offers and Consent Solicitations or for additional copies of this offering memorandum and consent solicitation statement may be directed to the Information Agent at its telephone numbers and address listed on the back cover of this offering memorandum and consent solicitation statement. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offers and Consent Solicitations. The contact information for each Lead Dealer Manager and the Exchange Agent is set forth on</p>

the back cover of this offering memorandum and consent solicitation statement. See also "Where You Can Find More Information."

THE NEW MICROSOFT NOTES

The following summary contains basic information about the New Microsoft Notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the New Microsoft Notes, please refer to "Description of the New Microsoft Notes."

Issuer.....	Microsoft Corporation, a Washington corporation.
Securities Offered.....	Up to \$3,650,000,000 aggregate principal amount of notes, consisting of (1) up to \$850,000,000 aggregate principal amount of the New Microsoft 2026 Notes, (2) up to \$400,000,000 aggregate principal amount of the New Microsoft 2027 Notes, (3) up to \$500,000,000 aggregate principal amount of the New Microsoft 2030 Notes, (4) up to \$400,000,000 aggregate principal amount of the New Microsoft 2047 Notes and (5) up to \$1,500,000,000 aggregate principal amount of the New Microsoft 2050 Notes.
Maturity Dates.....	The New Microsoft 2026 Notes will mature on September 15, 2026. The New Microsoft 2027 Notes will mature on June 15, 2027. The New Microsoft 2030 Notes will mature on September 15, 2030. The New Microsoft 2047 Notes will mature on June 15, 2047. The New Microsoft 2050 Notes will mature on September 15, 2050.
Interest Payment Dates.....	<p>We will pay interest on the New Microsoft 2026 Notes on March 15 and September 15 of each year. We will pay interest on the New Microsoft 2027 Notes on June 15 and December 15 of each year. We will pay interest on the New Microsoft 2030 Notes on March 15 and September 15 of each year. We will pay interest on the New Microsoft 2047 Notes on June 15 and December 15 of each year. We will pay interest on the New Microsoft 2050 Notes on March 15 and September 15 of each year.</p> <p>Interest on the New Microsoft Notes will accrue from the last interest payment date on which interest was paid on the Existing Activision Blizzard Notes surrendered in exchange therefor.</p>
Interest Rates.....	The New Microsoft 2026 Notes will bear interest at a rate per annum equal to 3.400%. The New Microsoft 2027 Notes will bear interest at a rate per annum equal to 3.400%. The New Microsoft 2030 Notes will bear interest at a rate per annum equal to 1.350%. The New Microsoft 2047 Notes will bear interest at a rate per annum equal to 4.500%. The New Microsoft 2050 Notes will bear interest at a rate per annum equal to 2.500%.
Optional Redemption.....	Prior to the applicable Par Call Date (as defined below), Microsoft may redeem New Microsoft Notes of any series of

New Microsoft Notes at Microsoft's option, in whole or in part, at any time and from time to time, at a redemption price as calculated by Microsoft (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(a) the sum of the present values of the remaining scheduled payments of principal and interest on the New Microsoft Notes being redeemed discounted to the redemption date (assuming that such New Microsoft Notes matured on their applicable Par Call Date), on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus: 30 basis points in the case of the New Microsoft 2026 Notes, 20 basis points in the case of the New Microsoft 2027 Notes, 15 basis points in the case of the New Microsoft 2030 Notes, 25 basis points in the case of the New Microsoft 2047 Notes and 20 basis points in the case of the New Microsoft 2050 Notes less (b) interest accrued to the date of redemption; and

100% of the principal amount of the New Microsoft Notes being redeemed;

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the applicable Par Call Date, Microsoft may redeem New Microsoft Notes of any series at Microsoft's option, in whole or in part, at any time and from time to time at a redemption price equal to 100% of the principal amount of the New Microsoft Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

"Par Call Date" means (i) with respect to the New Microsoft 2026 Notes, June 15, 2026, (ii) with respect to the New Microsoft 2027 Notes, March 15, 2027, (iii) with respect to the New Microsoft 2030 Notes, June 15, 2030, (iv) with respect to the New Microsoft 2047 Notes, December 15, 2046 and (v) with respect to the New Microsoft 2050 Notes, March 15, 2050.

See "Description of the New Notes—Optional Redemption."

Ranking.....	The New Microsoft Notes will be Microsoft's senior unsecured obligations and will rank equally with Microsoft's other unsecured and unsubordinated debt from time to time outstanding.
Form and Denomination.....	The New Microsoft Notes of each series will be issued in denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.
Further Issuances.....	Microsoft may from time to time issue further New Microsoft Notes of any series ranking equally and ratably with the New

	Microsoft Notes of such series in all respects, including the same terms as to status, redemption or otherwise.
DTC Eligibility.....	The New Microsoft Notes of each series will be represented by global certificates deposited with, or on behalf of, DTC or its nominee. See "Book Entry, Delivery and Form."
Registration Rights.....	<p>In connection with the Exchange Offers, Microsoft and the Dealer Managers will enter into a registration rights agreement, pursuant to which Microsoft will be obligated to use commercially reasonable efforts to file with the SEC and cause to become effective a registration statement with respect to an offer to exchange each series of New Microsoft Notes for new notes within 450 days of the Early Settlement Date, or if there is no such Early Settlement Date, the Final Settlement Date. In addition, Microsoft has agreed to use commercially reasonable efforts to file a shelf registration statement to cover resales of the New Microsoft Notes under the Securities Act in certain circumstances.</p> <p>If Microsoft does not comply with these obligations, Microsoft will be required to pay additional interest on the New Microsoft Notes under specified circumstances. See "Registration Rights."</p>
Transfer Restrictions.....	Microsoft has not registered the New Microsoft Notes under the Securities Act and the New Microsoft Notes will be subject to certain restrictions on transfer until registered. See "Transfer Restrictions" and "Registration Rights."
Use of Proceeds.....	Microsoft will not receive any proceeds from the Exchange Offers. See "Use of Proceeds."
Governing Law.....	New York law will govern the Microsoft Indenture and the New Microsoft Notes.
Trustee, Registrar and Paying Agent....	The Bank of New York Mellon Trust Company, N.A.
Risk Factors.....	See "Risk Factors" and other information in this offering memorandum and consent solicitation statement for a discussion of factors that should be carefully considered by Eligible Holders of Existing Activision Blizzard Notes before tendering their Existing Activision Blizzard Notes in the Exchange Offers in exchange for the New Microsoft Notes.
Original Issue Discount.....	The New Microsoft Notes of a series may be issued with original issue discount ("OID") for U.S. federal income tax purposes. In such case, a holder that is subject to U.S. federal income taxation will generally be required to include the OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) over the term of a New

Microsoft Note in advance of the receipt of cash payments attributable to that income and without regard to such holder's regular method of accounting for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."

COMPARISON OF EXISTING ACTIVISION BLIZZARD NOTES AND NEW MICROSOFT NOTES

The following is a brief comparison of the principal features of the Existing Activision Blizzard Notes and the New Microsoft Notes. The following descriptions are brief summaries, do not purport to include all of the information that may be important to you and are qualified in their entirety by reference, with respect to the New Microsoft Notes and the Existing Activision Blizzard Notes, to the "Description of the New Microsoft Notes" in this offering memorandum and consent solicitation statement, the New Microsoft Notes, the Existing Activision Blizzard Notes and the applicable indentures.

For further information regarding the New Microsoft Notes, see "Description of the New Microsoft Notes." The description below of the Existing Activision Blizzard Notes reflects those notes and the Existing Activision Blizzard Indentures.

Aggregate Principal, Maturity, Interest Rate and Payment Dates

Before giving effect to the Exchange Offers and Consent Solicitations, there are \$850,000,000 aggregate principal amount of Existing Activision Blizzard 2026 Notes outstanding, \$400,000,000 aggregate principal amount of Existing Activision Blizzard 2027 Notes outstanding, \$500,000,000 aggregate principal amount of Existing Activision Blizzard 2030 Notes outstanding, \$400,000,000 aggregate principal amount of Existing Activision Blizzard 2047 Notes outstanding and \$1,500,000,000 aggregate principal amount of Existing Activision Blizzard 2050 Notes outstanding. The Existing Activision Blizzard 2026 Notes mature on September 15, 2026 and accrue interest at 3.400% per annum, which is payable on March 15 and September 15 of each year. The Existing Activision Blizzard 2027 Notes mature on June 15, 2027 and accrue interest at 3.400% per annum, which is payable on June 15 and December 15 of each year. The Existing Activision Blizzard 2030 Notes mature on September 15, 2030 and accrue interest at 1.350% per annum, which is payable on March 15 and September 15 of each year. The Existing Activision Blizzard 2047 Notes mature on June 15, 2047 and accrue interest at 4.500% per annum, which is payable on June 15 and December 15 of each year. The Existing Activision Blizzard 2050 Notes mature on September 15, 2050 and accrue interest at 2.500% per annum, which is payable on March 15 and September 15 of each year.

After giving effect to the Exchange Offers and Consent Solicitations assuming all Existing Activision Blizzard Notes are tendered on or prior to the Early Tender Date pursuant to this offering memorandum and consent solicitation statement, there will be outstanding \$850,000,000 aggregate principal amount of New Microsoft 2026 Notes, \$400,000,000 aggregate principal amount of New Microsoft 2027 Notes, \$500,000,000 aggregate principal amount of New Microsoft 2030 Notes, \$400,000,000 aggregate principal amount of New Microsoft 2047 Notes and \$1,500,000,000 aggregate principal amount of New Microsoft 2050 Notes, which will have the same maturity, interest rate and payment dates as the Existing Activision Blizzard 2026 Notes, the Existing Activision Blizzard 2027 Notes, the Existing Activision Blizzard 2030 Notes, the Existing Activision Blizzard 2047 Notes and the Existing Activision Blizzard 2050 Notes, respectively.

Optional Redemption

Each series of New Microsoft Notes issued in exchange for a corresponding series of Existing Activision Blizzard Notes will have substantially the same optional redemption provisions as those applicable to such series of Existing Activision Blizzard Notes. However, notice of any redemption for the Existing Activision Blizzard Notes must be given not less than 30 days nor more than 60 days prior to the date of redemption, while notice of any redemption for the New Microsoft Notes must be given not less than 10 days nor more than 60 days prior to the date of redemption.

Change of Control

The Existing Activision Blizzard Notes are subject to a change of control repurchase provision under which Activision Blizzard is required to make an offer to purchase the Existing Activision Blizzard Notes of

the applicable series upon the occurrence of a change of control repurchase event (as defined in the Existing Activision Blizzard Indentures), which consists of a change of control accompanied by a ratings decline below investment grade rating (as defined in the Existing Activision Blizzard Indentures) of the Existing Activision Blizzard Notes of the applicable series on any date from the date of the public notice of an arrangement that could result in a change of control (as defined in the Existing Activision Blizzard Indentures) until the end of the 60-day period following the occurrence of the change of control. The purchase price upon the occurrence of a change of control repurchase event equals 101% of the principal amount of the Existing Activision Blizzard Notes of the applicable series, plus accrued and unpaid interest, if any, to the date of purchase. This requirement will be eliminated, however, in relation to the applicable series of Existing Activision Blizzard Notes if the related Proposed Amendments are adopted.

The New Microsoft Notes will not be subject to a change of control repurchase provision applicable to Microsoft under which Microsoft would be required to make an offer to purchase the New Microsoft Notes of the applicable series upon the occurrence of a change of control repurchase event or similar event.

Ranking

The Existing Activision Blizzard Notes are the senior unsecured obligations of Activision Blizzard, and none of the Existing Activision Blizzard Notes are guaranteed. As such, the Existing Activision Blizzard Notes rank equally in right of payment with all other unsubordinated debt of Activision Blizzard, and are structurally subordinated to the secured and unsecured debt of Activision Blizzard's subsidiaries.

The New Microsoft Notes will be Microsoft's senior unsecured obligations, will rank equally with Microsoft's other unsecured and unsubordinated debt from time to time outstanding, and will be (1) structurally subordinated to all indebtedness and obligations of Microsoft's subsidiaries, including any Existing Activision Blizzard Notes and any other indebtedness and liabilities of Microsoft's subsidiaries, including any indebtedness of Activision Blizzard that remains outstanding after the Final Settlement Date and (2) effectively subordinated to all existing and future senior indebtedness secured by liens up to the extent of the value of the collateral securing such indebtedness.

Reporting Covenants

The Existing Activision Blizzard Indentures contain a covenant providing that, notwithstanding whether Activision Blizzard may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, Activision Blizzard shall file with the SEC (and make available to holders, upon request, and to the trustee under the Existing Activision Blizzard Indentures, within 15 days after Activision Blizzard files the same with the SEC, in each case, to the extent not publicly available on the SEC's EDGAR system or Activision Blizzard's public website) annual reports on Form 10-K and reports on Form 10-Q containing the information required to be contained therein by such forms, subject to specified limitations. In addition, if Activision Blizzard is not subject to the requirements of Section 13 or 15(d) of the Exchange Act, to the extent not satisfied by the immediately preceding sentence, Activision Blizzard will furnish to the holders of the Existing Activision Blizzard Notes and prospective purchasers of the Existing Activision Blizzard Notes designated by the holders of the Existing Activision Blizzard Notes, promptly on their request, the information required to be delivered pursuant to Rule 144A(d)(4) promulgated under the Securities Act.

The Microsoft Indenture only requires Microsoft to comply with the applicable reporting requirements of the Trust Indenture Act of 1939, as amended.

If the Exchange Offers and Consent Solicitations are consummated, existing holders of the remaining Existing Activision Blizzard Notes, if any, will no longer receive the reports about Activision Blizzard described above.

Restrictive Covenants

The Existing Activision Blizzard Indentures governing the Existing Activision Blizzard Notes contain covenants that limit Activision Blizzard's and its subsidiaries' ability, with certain exceptions, to engage in sale and leaseback transactions, and to, directly or indirectly, create, incur, or suffer or permit to exist, any lien securing indebtedness (other than permitted liens) upon any of its property or assets. Additionally, pursuant to the Existing Activision Blizzard Indentures, Activision Blizzard shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to any person, subject to certain exceptions.

The Microsoft Indenture will set forth limited covenants, including the covenant described under the heading "Description of the New Microsoft Notes—Certain Covenants—Consolidation, Merger and Sale of Assets," that will apply to each series of New Microsoft Notes. However, these covenants do not, among other things:

- limit the amount of indebtedness or lease obligations that may be incurred by Microsoft and/or Microsoft's subsidiaries;
- limit Microsoft's ability or that of Microsoft's subsidiaries to issue, assume or guarantee debt secured by liens; or
- restrict Microsoft from (x) paying dividends or making distributions on Microsoft's capital stock or (y) purchasing or redeeming Microsoft's capital stock.

Voting, Modification and Waiver

Amendment to an Existing Activision Blizzard Indenture is effected by holders of each series affected thereby voting together as a single class, subject to certain customary exceptions and limitations.

Modification and amendments of the Microsoft Indenture and the New Microsoft Notes may be made by Microsoft and the trustee under the Microsoft Indenture with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding series of New Microsoft Notes affected thereby; subject to certain customary exceptions and limitations.

Transfer Restrictions; Registration Rights

The Existing Activision Blizzard Notes have been registered under the Securities Act and are therefore freely transferable by holders that are not affiliates of Activision Blizzard. The New Microsoft Notes have not been registered under the Securities Act and thus are subject to restrictions on transfer. Microsoft will agree to use commercially reasonable efforts to file a registration statement with the SEC relating to an offer to exchange the New Microsoft Notes for new exchange notes that have substantially identical terms or, in certain circumstances, to register the resale of the New Microsoft Notes. See "Registration Rights" and "Transfer Restrictions."

Indenture Trustees

Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association) serves as indenture trustee for the Existing Activision Blizzard Notes. The Bank of New York Mellon Trust Company, N.A. will serve as indenture trustee for the New Microsoft Notes.

RISK FACTORS

Before participating in the Exchange Offers, you should carefully consider the following risk factors and all other information set forth or incorporated by reference in this offering memorandum and consent solicitation, including the risks and uncertainties described under the heading “Risk Factors” included in Part I, Item 1A of Microsoft’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023. See “Where You Can Find More Information” in this offering memorandum and consent solicitation statement. The risks and uncertainties described below are not the only risks facing us and your investment in the New Microsoft Notes. Additional risks and uncertainties that we are unaware of, or those we currently deem less significant, also may become important factors that affect us. The following risks could materially and adversely affect our business, financial condition, results of operations or liquidity. The value of the New Microsoft Notes could decline due to any of these risks, and you may lose all or part of your investment.

Risks Relating to the Non-Exchanging Holders of the Existing Activision Blizzard Notes

The Exchange Offers and Consent Solicitations are expected to result in reduced liquidity for the Existing Activision Blizzard Notes that are not exchanged.

We expect that the trading market for each series of the Existing Activision Blizzard Notes that are not exchanged will become more limited than the existing trading market for the Existing Activision Blizzard Notes of that series and could cease to exist altogether due to the reduction in the principal amount of such Existing Activision Blizzard Notes outstanding upon consummation of the Exchange Offers and Consent Solicitations. A more limited trading market might adversely affect the liquidity, market price and price volatility of any series of the Existing Activision Blizzard Notes. If a market for any series of Existing Activision Blizzard Notes that are not exchanged exists or develops, such Existing Activision Blizzard Notes may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can be no assurance that an active market in any series of the Existing Activision Blizzard Notes will exist, develop or be maintained, or as to the prices at which the Existing Activision Blizzard Notes may trade, whether or not the Exchange Offers and Consent Solicitations are consummated.

The Proposed Amendments to the Existing Activision Blizzard Indentures will, if adopted, reduce protection to remaining holders of Existing Activision Blizzard Notes.

If the Proposed Amendments to the Existing Activision Blizzard Indentures are adopted, the covenants and some other terms of the Existing Activision Blizzard Notes will be less restrictive as to Activision Blizzard and will afford reduced protection to holders of those securities. The Proposed Amendments to the Existing Activision Blizzard Indentures would, among other things, eliminate certain of the covenants, restrictive provisions and events of default of Activision Blizzard. Furthermore, if the Proposed Amendments are adopted, Activision Blizzard will no longer be required to file periodic reports with the SEC under the Exchange Act or otherwise furnish such reports to holders of Existing Activision Blizzard Notes, so holders of Existing Activision Blizzard Notes will no longer have access to Activision Blizzard’s periodic reports and financial statements.

If the Proposed Amendments are adopted, each non-exchanging holder of the applicable class of Existing Activision Blizzard Notes will be bound by the Proposed Amendments even though that holder did not consent to them. The elimination or modification of the covenants and other provisions in the Existing Activision Blizzard Indentures contemplated by the Proposed Amendments would, among other things, permit us to take actions that could increase the credit risk associated with the Existing Activision Blizzard Notes, and might adversely affect the liquidity or market price of the Existing Activision Blizzard Notes or otherwise be adverse to the interests of the holders of the Existing Activision Blizzard Notes. See “The Proposed Amendments.”

The Existing Activision Blizzard Notes that are not tendered in the Exchange Offers and Consent Solicitations will be senior unsecured obligations that will rank equally in right of payment with all of Activision Blizzard's existing and future unsubordinated debt.

The Existing Activision Blizzard Notes are the senior unsecured obligations of Activision Blizzard. As such, the Existing Activision Blizzard Notes rank equally in right of payment with all other unsubordinated debt of Activision Blizzard. Existing Activision Blizzard Notes that are not tendered will be structurally subordinated to any secured and unsecured debt of Activision Blizzard's subsidiaries. Neither Microsoft nor its current subsidiaries will have any obligation, contingent or otherwise, to pay amounts due under the Existing Activision Blizzard Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments. However, such Existing Activision Blizzard Notes will be structurally senior with respect to any assets of Activision Blizzard to the New Microsoft Notes.

A downgrade, suspension or withdrawal of any rating assigned by a rating agency to the Existing Activision Blizzard Notes could cause the liquidity or trading price of the Existing Activision Blizzard Notes to decline significantly.

Real or anticipated changes in the credit ratings assigned to the Existing Activision Blizzard Notes could affect the trading price of the Existing Activision Blizzard Notes. Additionally, we may choose not to engage a credit rating agency to rate the Existing Activision Blizzard Notes and in the future may choose not to renew the services of any credit rating agency, in which case such credit rating agency may choose to withdraw any prior rating. Reduced liquidity and investor protections of the Existing Activision Blizzard Notes could also result in a ratings downgrade. A future downgrade, withdrawal, or the announcement of a possible downgrade or withdrawal in the ratings assigned to the Existing Activision Blizzard Notes or any perceived decrease in our creditworthiness could cause the trading price of the Existing Activision Blizzard Notes to decline significantly.

Risks Relating to the Exchange Offers and Consent Solicitations

The consideration to be received in the Exchange Offers and Consent Solicitations does not reflect any valuation of the Existing Activision Blizzard Notes or the New Microsoft Notes and is subject to market volatility, and none of Microsoft, Activision Blizzard, any Dealer Manager, the trustees, the Exchange Agent or the Information Agent makes any recommendation that any Eligible Holder participate in the Exchange Offers and Consent Solicitations.

Neither we nor Activision Blizzard have made a determination that the consideration to be received in the Exchange Offers and Consent Solicitations represents a fair valuation of either the Existing Activision Blizzard Notes or the New Microsoft Notes. Neither Microsoft nor Activision Blizzard has obtained a fairness opinion from any financial advisor about the fairness to Microsoft, Activision Blizzard or Eligible Holders of the consideration to be received by Eligible Holders who tender their Existing Activision Blizzard Notes.

None of Microsoft, Activision Blizzard, any Dealer Manager, the New Microsoft Notes trustee, the Existing Activision Blizzard Notes trustee, the Exchange Agent or the Information Agent or any affiliate of any of them, makes any recommendation as to whether Eligible Holders of the Existing Activision Blizzard Notes should exchange their Existing Activision Blizzard Notes for New Microsoft Notes and cash in response to the Exchange Offers and Consent Solicitations. Further, no Dealer Manager has been engaged to issue a fairness opinion. Eligible Holders of Existing Activision Blizzard Notes must make their own independent decisions regarding their participation in the Exchange Offers and Consent Solicitations.

There are substantial differences between the Existing Activision Blizzard Notes and the New Microsoft Notes.

New Microsoft Notes to be issued in the Exchange Offers and Consent Solicitations will have the same interest payment and maturity dates and interest rates and substantially similar redemption provisions as the corresponding series of Existing Activision Blizzard Notes. However, there are certain differences between other terms and covenants of the New Microsoft Notes and the Existing Activision Blizzard Notes. See “Comparison of Existing Activision Blizzard Notes and New Microsoft Notes.” Eligible Holders of the Existing Activision Blizzard Notes should review the terms of the New Microsoft Notes and the Existing Activision Blizzard Notes and consider the differences carefully. In the event the Consent Solicitations are successful, the covenants in the New Microsoft Notes will be substantially similar to Microsoft’s existing notes, see “Comparison of Existing Activision Blizzard Notes and New Microsoft Notes.”

The Exchange Offers and Consent Solicitations may be terminated, delayed or changed.

Subject to applicable law, Microsoft has the right to terminate, in its sole discretion, the Exchange Offers and Consent Solicitations if any of the applicable conditions described under “Description of The Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard—Conditions to the Exchange Offers and Consent Solicitations” are not satisfied or waived at or before the Expiration Date.

In addition, Microsoft may amend the Exchange Offers and Consent Solicitations, including the conditions thereto. Depending on the materiality of the change, Microsoft may not be required to extend the Early Tender Date, the Expiration Date or the Withdrawal Deadline with respect to any Exchange Offer following the announcement of such change. Even if the Exchange Offers and Consent Solicitations are completed, any or all of them may not be completed on the schedule described in this offering memorandum and consent solicitation statement. Accordingly, Eligible Holders participating in the Exchange Offers and Consent Solicitations may have to wait longer than expected to receive the Exchange Consideration or the Total Exchange Consideration, as the case may be, during which time those Eligible Holders will not be able to effect transfers of their Existing Activision Blizzard Notes tendered in the applicable Exchange Offer and Consent Solicitation.

If you tender your Existing Activision Blizzard Notes after the Early Tender Date, and your Existing Activision Blizzard Notes are accepted for exchange, you will only receive the Exchange Consideration.

Eligible Holders who validly tender their Existing Activision Blizzard Notes after the Early Tender Date but at or before the Expiration Date are eligible to receive only the Exchange Consideration, and not the Total Exchange Consideration. The Total Exchange Consideration consists of \$1,000 principal amount of the applicable series of New Microsoft Notes for each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered, plus \$1.00 in cash, while the Exchange Consideration consists of \$970 principal amount of the applicable series of New Microsoft Notes for each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered and no cash. The Withdrawal Deadline is currently scheduled to occur no later than the Early Tender Date. Consequently, if you validly tender your Existing Activision Blizzard Notes after the Early Tender Date but at or before the Expiration Date, you will not be eligible to receive the Total Exchange Consideration, and you also will not have the right to withdraw your tender of Existing Activision Blizzard Notes or revoke your related consent, except in the limited circumstances where additional withdrawal rights are required by applicable law.

Late deliveries of Existing Activision Blizzard Notes or any other failure to comply with the terms and conditions of the Exchange Offers and Consent Solicitations could prevent an Eligible Holder from exchanging its Existing Activision Blizzard Notes.

Holders of Existing Activision Blizzard Notes are responsible for complying with all the procedures of the Exchange Offers and Consent Solicitations. The issuance of New Microsoft Notes in exchange for Existing Activision Blizzard Notes will only occur upon proper completion of the procedures described in this offering memorandum and consent solicitation statement under “Description of the Exchange Offers by Microsoft and Consent Solicitations by Activision Blizzard.” Therefore, Eligible Holders of Existing Activision Blizzard Notes who wish to exchange them for New Microsoft Notes should allow sufficient time for timely completion of the exchange procedures. Neither Microsoft nor the Exchange Agent is obligated to extend any or all of the Exchange Offers and Consent Solicitations or notify an Eligible Holder of any failure to follow the proper procedures.

The Exchange Offers do not provide any guaranteed delivery procedures, so Eligible Holders must effect valid tenders of their Existing Activision Blizzard Notes at or before the Early Tender Date in order to be eligible to receive the Total Exchange Consideration, or at or before the Expiration Date in order to be eligible to receive the Exchange Consideration.

You should not tender any Existing Activision Blizzard Notes that you do not wish to have accepted for exchange by us.

Existing Activision Blizzard Notes tendered in the Exchange Offers may be validly withdrawn at any time before the Withdrawal Deadline (but not thereafter). Existing Activision Blizzard Notes tendered in the Exchange Offers after the Withdrawal Deadline will be irrevocable, except where additional withdrawal rights are required by applicable law. Accordingly, you should not tender any Existing Activision Blizzard Notes that you do not wish to have accepted for exchange by us. Relatedly, if the supplemental indenture with respect to a class of Existing Activision Blizzard Notes effecting the Proposed Amendments is executed, withdrawal of tenders of Existing Activision Blizzard Notes of such class thereafter does not constitute a withdrawal of the related consent.

We may repurchase any Existing Activision Blizzard Notes that are not tendered in the Exchange Offers on terms that are more or less favorable to the holders of the Existing Activision Blizzard Notes than the terms of the Exchange Offers.

We or our affiliates may, to the extent permitted by applicable law, after the Expiration Date of the Exchange Offers, acquire Existing Activision Blizzard Notes that are not tendered and accepted in the Exchange Offers through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemption or otherwise, upon such terms and at such prices as we may determine, which with respect to the Existing Activision Blizzard Notes may be more or less favorable to holders than the terms of the Exchange Offers. There can be no assurance as to which, if any, of these alternatives or combinations thereof we or our affiliates may choose to pursue in the future.

Risks Relating to the New Microsoft Notes

The Microsoft Indenture governing the New Microsoft Notes does not contain financial covenants or meaningful restrictions on us or our subsidiaries.

Neither Microsoft nor any of its subsidiaries are restricted from incurring additional debt or other liabilities, including debt secured by liens, under the Microsoft Indenture. Microsoft may from time to time incur additional debt and other liabilities. In addition, Microsoft is not restricted from paying dividends or making distributions on Microsoft’s capital stock or purchasing or redeeming capital stock under the Microsoft Indenture.

Active trading markets for the New Microsoft Notes may not develop.

The New Microsoft Notes are new issues of securities with no established trading markets and will not initially be registered under applicable federal and state securities laws. Microsoft does not intend to apply for listing of the New Microsoft Notes on any securities exchange. We cannot assure you trading markets for the New Microsoft Notes will develop or of the ability of holders of the New Microsoft Notes to sell their notes or of the prices at which holders may be able to sell their notes. The Dealer Managers are not obligated to make a market in any series of New Microsoft Notes, and any market-making with respect to the New Microsoft Notes may be discontinued, in their sole discretion, at any time without notice. If no active trading markets develop, you may be unable to resell the New Microsoft Notes at any price or at their fair market value.

If trading markets do develop, changes in Microsoft's ratings or the financial markets could adversely affect the market prices of the New Microsoft Notes.

The market prices of the New Microsoft Notes will depend on many factors, including, among others, the following:

- ratings on our debt securities assigned by rating agencies;
- the prevailing interest rates being paid by other companies similar to us;
- our results of operations, financial condition and prospects; and
- the condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the New Microsoft Notes.

Rating agencies continually review the ratings they have assigned to companies and debt securities. Negative changes in the ratings assigned to us or our debt securities could have an adverse effect on the market prices of the New Microsoft Notes.

The New Microsoft Notes have not been registered under applicable federal and state securities laws and accordingly will not be freely transferable.

The New Microsoft Notes have not been registered under the Securities Act or any state securities laws. Until the New Microsoft Notes are so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Microsoft and the Dealer Managers will enter into a registration rights agreement with respect to the New Microsoft Notes. However, there can be no assurance Microsoft and the Dealer Managers will enter into the registration rights agreement in a timely manner or Microsoft will complete the registration of the New Microsoft Notes. See "Registration Rights."

The New Microsoft Notes of a series may be issued with OID for U.S. federal income tax purposes.

The New Microsoft Notes of a series may be issued with OID for U.S. federal income tax purposes. In such case, a holder that is subject to U.S. federal income taxation will generally be required to include the OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) over the term of a New Microsoft Note in advance of the receipt of cash payments attributable to that income and without regard to such holder's regular method of accounting for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."

Risks Relating to Microsoft's Business

You should read and consider risk factors specific to Microsoft's businesses. These risks are described in Part I, Item 1A of Microsoft's Annual Report on Form 10-K for the fiscal year ended June 30, 2023, and in other documents that are incorporated by reference herein. For the location of information incorporated by reference in this offering memorandum and consent solicitation statement, see the section entitled "Where You Can Find More Information."

DESCRIPTION OF THE EXCHANGE OFFERS BY MICROSOFT AND CONSENT SOLICITATIONS BY ACTIVISION BLIZZARD

The Exchange Offers by Microsoft

Microsoft is offering to all Eligible Holders of each series of Existing Activision Blizzard Notes the opportunity to exchange any and all of their Existing Activision Blizzard Notes for (1) New Microsoft Notes and (2) cash, upon the terms and subject to the conditions set forth in this offering memorandum and consent solicitation statement. Only Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive the applicable Total Exchange Consideration set forth under “—Total Exchange Consideration” below for Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date and not validly withdrawn. For Existing Activision Blizzard Notes validly tendered after the Early Tender Date and at or before the Expiration Date and not validly withdrawn, Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive the Exchange Consideration set forth under “—Exchange Consideration” below. In addition, each series of New Microsoft Notes will accrue interest from (and including) the most recent date on which interest has been paid on the corresponding series of Existing Activision Blizzard Notes accepted in the Exchange Offers and Consent Solicitations; *provided* that interest will accrue only with respect to the aggregate principal amount of New Microsoft Notes an Eligible Holder receives, which will be less than the principal amount of Existing Activision Blizzard Notes tendered for exchange if such Eligible Holder tenders its Existing Activision Blizzard Notes after the Early Tender Date. The New Microsoft Notes of any series will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. No tender of Existing Activision Blizzard Notes will be accepted if it results in the issuance of less than \$2,000 principal amount of New Microsoft Notes of the applicable series. If, pursuant to the Exchange Offers, a tendering Eligible Holder would otherwise be entitled to receive a principal amount of New Microsoft Notes that is not equal to \$2,000 or an integral multiple of \$1,000 in excess thereof, such principal amount will be rounded down to \$2,000 or the nearest integral multiple of \$1,000 in excess thereof, and such Eligible Holder will receive pursuant to the Exchange Offers this rounded principal amount of New Microsoft Notes of such series plus cash equal to the principal amount of New Microsoft Notes of such series not received as a result of rounding down plus accrued and unpaid interest with respect to such amount not received as a result of rounding down. Except as set forth above, no accrued but unpaid interest will be paid with respect to Existing Activision Blizzard Notes tendered for exchange, however, each series of New Microsoft Notes will accrue interest from (and including) the most recent date on which interest has been paid on the corresponding series of Existing Activision Blizzard Notes.

Existing Activision Blizzard Notes may be tendered and consents may be delivered only in principal amounts equal to minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Eligible Holders who do not tender all of their Existing Activision Blizzard Notes should ensure that they retain a principal amount of Existing Activision Blizzard Notes amounting to at least the minimum denomination equal to \$2,000.

Activision Blizzard is not offering any Microsoft or other securities hereby.

The Consent Solicitations by Activision Blizzard

Concurrently with the Exchange Offers being made by Microsoft, upon the terms and subject to the conditions set forth in this offering memorandum and consent solicitation statement, Activision Blizzard is soliciting consents from the Eligible Holders of the Existing Activision Blizzard Notes to amend the Existing Activision Blizzard Indentures to remove certain of the covenants, restrictive provisions and events of default. The Proposed Amendments are described in more detail under “The Proposed Amendments.” The consent of the holders of a majority of the aggregate principal amount of the Existing Activision Blizzard 2026 Notes under the Existing Activision Blizzard 2016 Indenture, voting as a single class, the Existing

Activision Blizzard 2027 Notes and the Existing Activision Blizzard 2047 Notes collectively, voting together as a single class under the Existing Activision Blizzard First Supplemental Indenture, and the Existing Activision Blizzard 2030 Notes and the Existing Activision Blizzard 2050 Notes collectively, voting together as a single class under the Existing Activision Blizzard Second Supplemental Indenture will be required in order to effectuate the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture for that series or class. If the Proposed Amendments are approved with respect to an Existing Activision Blizzard Indenture and effected, they will be binding on all holders of the related class of Existing Activision Blizzard Notes, including those who do not deliver their consent to the Proposed Amendments and do not tender their Existing Activision Blizzard Notes in the Exchange Offers. If for any reason an Exchange Offer is not completed, the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture for that series may nevertheless become operative with respect to the related Existing Activision Blizzard Notes in the event the Exchange Offer relating to another series of the same class is completed and a majority of the Existing Activision Blizzard Notes of all such series acting together as a single class provide consents for the Proposed Amendments. You may not deliver a consent in a Consent Solicitation without tendering Existing Activision Blizzard Notes in the applicable Exchange Offer and may not tender Existing Activision Blizzard Notes without also having been deemed to deliver a consent. Therefore, if you tender Existing Activision Blizzard Notes in an Exchange Offer, you will be deemed to deliver your consent, with respect to the principal amount of such tendered Existing Activision Blizzard Notes, to the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture.

Tendered Existing Activision Blizzard Notes may be withdrawn and consents may be revoked before the Withdrawal Deadline. Tendered Existing Activision Blizzard Notes may not be withdrawn and consents may not be revoked after the Withdrawal Deadline, even if we otherwise extend the Exchange Offers and the Consent Solicitations beyond the Expiration Date, except in certain limited circumstances where additional withdrawal rights are required by applicable law. Consents given in connection with the tender of any Existing Activision Blizzard Notes cannot be revoked without withdrawing the Existing Activision Blizzard Notes, and tendered Existing Activision Blizzard Notes cannot be withdrawn without also revoking the consent related to those Existing Activision Blizzard Notes. Receipt of the requisite consents in advance of the Withdrawal Deadline of the Exchange Offers will not result in any change in the terms of such Exchange Offers, and Eligible Holders will continue to be able to withdraw their Existing Activision Blizzard Notes and thereby revoke their consents until the Withdrawal Deadline; however, if the supplemental indenture with respect to a series of Existing Activision Blizzard Notes effecting the Proposed Amendments is executed, withdrawal of tenders of Existing Activision Blizzard Notes of such series thereafter does not constitute a withdrawal of the related consent.

The Proposed Amendments to each Existing Activision Blizzard Indenture constitute a single proposal and a consenting and tendering holder must consent to the adoption of the Proposed Amendments in their entirety and may not consent selectively with respect to certain Proposed Amendments.

Consideration

For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date and not validly withdrawn, Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive the applicable Total Exchange Consideration set out in the table below. For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered after the Early Tender Date but at or before the Expiration Date and not validly withdrawn, Eligible Holders of Existing Activision Blizzard Notes will be eligible to receive only the Exchange Consideration set out in the table below.

The following table sets forth the Exchange Consideration and Total Exchange Consideration for Existing Activision Blizzard Notes for which the New Microsoft Notes are being offered:

Title of Series	CUSIP Number	ISIN	Maturity Date	Aggregate Principal Amount Outstanding	Exchange Consideration⁽¹⁾	Total Exchange Consideration⁽²⁾
3.400% Senior Notes due 2026	00507VAK5	US00507VAK52	September 15, 2026	\$850,000,000	\$970 principal amount of New Microsoft 3.400% Notes due 2026	\$1,000 principal amount of New Microsoft 3.400% Notes due 2026 and \$1.00 in cash
3.400% Senior Notes due 2027	00507VAM1	US00507VAM19	June 15, 2027	\$400,000,000	\$970 principal amount of New Microsoft 3.400% Notes due 2027	\$1,000 principal amount of New Microsoft 3.400% Notes due 2027 and \$1.00 in cash
1.350% Senior Notes due 2030	00507VAP4	US00507VAP40	September 15, 2030	\$500,000,000	\$970 principal amount of New Microsoft 1.350% Notes due 2030	\$1,000 principal amount of New Microsoft 1.350% Notes due 2030 and \$1.00 in cash
4.500% Senior Notes due 2047	00507VAN9	US00507VAN91	June 15, 2047	\$400,000,000	\$970 principal amount of New Microsoft 4.500% Notes due 2047	\$1,000 principal amount of New Microsoft 4.500% Notes due 2047 and \$1.00 in cash
2.500% Senior Notes due 2050	00507VAQ2	US00507VAQ23	September 15, 2050	\$1,500,000,000	\$970 principal amount of New Microsoft 2.500% Notes due 2050	\$1,000 principal amount of New Microsoft 2.500% Notes due 2050 and \$1.00 in cash

(1) For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered after the Early Tender Date but at or before the Expiration Date, not validly withdrawn and accepted for exchange.

(2) For each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date, not validly withdrawn and accepted for exchange.

Exchange Consideration

The Exchange Consideration for each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered after the Early Tender Date and at or before the Expiration Date and not validly withdrawn will equal:

- \$970 principal amount of New Microsoft Notes of the applicable series; plus
- cash in lieu of, and not in addition to the \$970 principal amount, for any fractional portion of New Microsoft Notes not delivered plus accrued and unpaid interest with respect to that fractional portion.

Total Exchange Consideration

The Total Exchange Consideration for each \$1,000 principal amount of Existing Activision Blizzard Notes validly tendered at or before the Early Tender Date and not validly withdrawn will equal:

- \$1,000 principal amount of New Microsoft Notes of the applicable series; plus
- \$1.00 in cash.

Early Tender Date; Expiration Date; Extension; Termination; Amendment

The Early Tender Date is 5:00 p.m., New York City time, on October 27, 2023, subject to Microsoft's right to extend that time and date in Microsoft's sole discretion (which right is subject to applicable law), in which case the Early Tender Date means the latest time and date to which the Early Tender Date is extended. The Expiration Date is 5:00 p.m., New York City time, on November 14, 2023, subject to Microsoft's right to extend that time and date in Microsoft's sole discretion (which right is subject to applicable law), in which case the Expiration Date means the latest time and date to which the Exchange Offers and Consent Solicitations are extended. To extend the Expiration Date, Microsoft will notify the Exchange Agent and will make a public announcement thereof before 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. During any extension of the Early Tender Date or the Expiration Date, all Existing Activision Blizzard Notes previously tendered in an extended Exchange Offer will remain subject to such Exchange Offer and may be accepted for exchange by Microsoft.

Subject to applicable law, Microsoft expressly reserves the right, in its sole discretion and with respect to any or all of the Exchange Offers, to:

- delay accepting any Existing Activision Blizzard Notes;
- extend an Exchange Offer or terminate an Exchange Offer and not accept any Existing Activision Blizzard Notes pursuant thereto;
- extend the Early Tender Date without extending the Withdrawal Deadline and *vice versa*;
- terminate an Exchange Offer and return all tendered Existing Activision Blizzard Notes to the respective tendering Eligible Holders; and
- amend, modify or waive in part or whole, at any time, or from time to time, the terms of an Exchange Offer in any respect, including waiver of any of the conditions to the consummation of an Exchange Offer.

Any such delay, extension, termination, amendment, modification or waiver with respect to any and all of the Exchange Offers by Microsoft will automatically delay, extend, terminate, amend, modify or waive conditions precedent to the corresponding Consent Solicitation, as applicable.

If Microsoft exercises any such right, it will give written notice thereof to the Exchange Agent and will make a public announcement thereof as promptly as practicable or as otherwise specified in this offering memorandum and consent solicitation statement. Without limiting the manner in which Microsoft may choose to make a public announcement of any delay, extension, termination, amendment, modification or waiver of any or all of the Exchange Offers and Consent Solicitations, Microsoft will not be obligated to publish, advertise or otherwise communicate any such public announcement, other than by making a timely press release. The minimum period during which any of the Exchange Offers and Consent Solicitations will remain open following material changes in the terms of such Exchange Offer and Consent Solicitation or in the information concerning such Exchange Offer and Consent Solicitation will depend upon the facts and circumstances of such change, including the relative materiality of the changes. In accordance with Rule 14e-1 under the Exchange Act, if Microsoft elects to change the consideration offered or the percentage of Existing Activision Blizzard Notes sought (subject to a two percent de minimis exception), the applicable Exchange Offer and Consent Solicitation will remain open for a minimum ten business-day period following the date that the notice of such change is first published or sent to Eligible Holders. If the terms of either or both of the Exchange Offers and Consent Solicitations are amended in a manner determined by Microsoft to constitute a material change adversely affecting any Eligible Holder, Microsoft will promptly disclose any such amendment in a manner reasonably calculated to inform Eligible Holders of such amendment, and Microsoft will extend such Exchange Offer and Consent Solicitation for a time period that it deems

appropriate, depending upon the significance of the amendment and the manner of disclosure to Eligible Holders, if such Exchange Offer and Consent Solicitation would otherwise expire during such time period.

Settlement Dates

Microsoft reserves the right, but is under no obligation, at any time following the Early Tender Date and before the Expiration Date to accept for exchange any Existing Activision Blizzard Notes validly tendered at or prior to the Early Tender Date (the time and date of such exchange, the "*Early Settlement Date*"). The Early Settlement Date will be determined at Microsoft's option and is currently expected to occur within six business days after the Early Tender Date. If, after the Early Tender Date, Microsoft chooses to exercise its option to have an Early Settlement Date and all conditions to the relevant Exchange Offers have been or are concurrently satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange all Existing Activision Blizzard Notes validly tendered in the Exchange Offers prior to the Early Tender Date, and the exchange for such Existing Activision Blizzard Notes will be made on the Early Settlement Date.

Whether or not Microsoft chooses to exercise its option to have an Early Settlement Date, if, at or prior to the Expiration Date, all conditions to the relevant Exchange Offer have been or concurrently are satisfied or waived by Microsoft, Microsoft will, subject to the terms of the Exchange Offers, accept for exchange all Existing Activision Blizzard Notes validly tendered in such Exchange Offer at or prior to the Expiration Date, and not validly withdrawn at or prior to the Withdrawal Deadline (the date of such exchange, the "*Final Settlement Date*"). The Final Settlement Date will be promptly after the Expiration Date and is currently expected to occur within two business days after the Expiration Date.

Holders Eligible to Participate in the Exchange Offers

Microsoft will conduct the Exchange Offers in accordance with the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC promulgated thereunder. Prior to the distribution of this offering memorandum and consent solicitation statement, Microsoft distributed to certain holders of Existing Activision Blizzard Notes a letter requesting a certification that each such holder is either a QIB as defined in Rule 144A under the Securities Act or a person that is not a "U.S. person" within the meaning of Regulation S, who is a "non-U.S. qualified offeree" (as defined in the eligibility letter).

Only Eligible Holders of Existing Activision Blizzard Notes who have properly completed and returned the eligibility letter, which is also available from the Information Agent, are authorized to receive and review this offering memorandum and consent solicitation statement and to participate in the Exchange Offers and Consent Solicitations.

Eligible Holders of Existing Activision Blizzard Notes who are located in or a resident of Canada must also complete and return a Canadian supplemental eligibility letter to the Information Agent establishing its eligibility to participate in the Exchange Offers and providing supplemental information required for Canadian securities regulatory reporting purposes. Each holder of Existing Activision Blizzard Notes will, by participating in any Exchange Offer, be deemed to represent and warrant that it is not located in or a resident of any province or territory of Canada, and that it is not tendering any Existing Activision Blizzard Notes on behalf of a beneficial owner that is located in or a resident of Canada, unless either: (i) such holder has completed and returned a Canadian supplemental eligibility letter to the Information Agent, or (ii) such holder is an account manager outside Canada acting on behalf of a Canadian beneficial owner on a fully-discretionary basis, and no acts in furtherance of the exchange of such beneficial owner's Existing Activision Blizzard Notes take place in Canada.

Conditions to the Exchange Offers and Consent Solicitations

Notwithstanding any other provisions of the Exchange Offers and Consent Solicitations, or any extension of the Exchange Offers and Consent Solicitations, Microsoft will not be required to accept any Existing Activision Blizzard Notes, issue New Microsoft Notes or pay any cash amounts and may, in its sole discretion and with respect to any or all of the Exchange Offers, terminate the Exchange Offers, or, at Microsoft's option, modify, extend or otherwise amend the Exchange Offers, if any of the following conditions have not been satisfied or waived at or before the Expiration Date:

- no action or event shall have occurred, been threatened, or may occur, and no statute, rule, regulation, judgment, order, stay, decree or injunction shall have been issued, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offers, the exchange of Existing Activision Blizzard Notes for New Microsoft Notes and cash under the Exchange Offers or the Consent Solicitations by or before any court or governmental regulatory or administrative agency, authority, instrumentality or tribunal, including, without limitation, taxing authorities, that either:
 - challenges the making of the Exchange Offers, the exchange of Existing Activision Blizzard Notes for New Microsoft Notes and cash under the Exchange Offers or the Consent Solicitations or might, directly or indirectly, be expected to prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any manner, the Exchange Offers, the exchange of Existing Activision Blizzard Notes for New Microsoft Notes and cash under the Exchange Offers or the Consent Solicitations; or
 - in Microsoft's reasonable judgment, could materially adversely affect Microsoft's, Activision Blizzard's or each of their respective subsidiaries' business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects or impair the contemplated benefits to Microsoft and Activision Blizzard of the Exchange Offers, the exchange of Existing Activision Blizzard Notes for New Microsoft Notes and cash under the Exchange Offers, the Consent Solicitations or the delivery of any cash amounts;
- there shall not have occurred (1) any general suspension of or limitation on trading in securities in the United States securities or financial markets, whether or not mandatory, (2) any material adverse change in the price of the Existing Activision Blizzard Notes, (3) a material impairment in the general trading market for debt securities in the United States, (4) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States, whether or not mandatory, (5) a material escalation or commencement of a war, armed hostilities, a terrorist act or other national or international calamity directly or indirectly relating to the United States, if the effect of any such event, in Microsoft's reasonable judgment, makes it impracticable or inadvisable to proceed with the Exchange Offers or Consent Solicitations, (6) any limitation, whether or not mandatory, by any governmental authority on, or other event in Microsoft's reasonable judgment, having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the United States, (7) any material adverse change in the securities or financial markets in the United States generally, (8) any calamity or crisis (including health pandemics, such as the COVID-19 pandemic) or any change in political, financial or economic conditions, if the effect of any such event, in Microsoft's reasonable judgment, makes it impracticable or inadvisable to proceed with the Exchange Offers or Consent Solicitations or (9) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offers or Consent Solicitations, a material acceleration or worsening thereof;
- the Existing Activision Blizzard Notes trustee, with respect to the Existing Activision Blizzard Indentures, shall not have been directed by any holders of Existing Activision Blizzard Notes to object in any respect

to, or take any action that could, in Microsoft's reasonable judgment, adversely affect the consummation of the Exchange Offers or the exchange of Existing Activision Blizzard Notes for New Microsoft Notes and cash under the Exchange Offers or the ability to effect the Proposed Amendments, nor shall the Existing Activision Blizzard Notes trustee have taken any action that challenges the validity or effectiveness of the procedures used by Microsoft in making the Exchange Offers, the exchange of Existing Activision Blizzard Notes for New Microsoft Notes and cash under the Exchange Offers or the delivery of any cash amounts;

- Activision Blizzard shall have received the required consents for the Proposed Amendments, as described above under "—The Consent Solicitations by Activision Blizzard"; or
- the Existing Activision Blizzard Notes trustee shall have executed and delivered one or more supplemental indentures relating to the Proposed Amendments and not objected in any respect to, or taken any action that could, in Activision Blizzard's reasonable judgment, adversely affect the Consent Solicitations or Activision Blizzard's ability to effect the Proposed Amendments, nor shall such trustee have taken any action that challenges the validity or effectiveness of the procedures used to solicit consents (including the form thereof).

In addition, if Microsoft chooses to exercise its option to have an Early Settlement Date and at or prior to the Expiration Date, Microsoft shall have determined that any New Microsoft Notes to be issued on the Final Settlement Date in exchange for Existing Activision Blizzard Notes of the applicable series will not be fungible for U.S. federal income tax purposes with the New Microsoft Notes of the same series issued on the Early Settlement Date in exchange for Existing Activision Blizzard Notes of the applicable series, such New Microsoft Notes issued on the Final Settlement Date will have a separate CUSIP number from such New Microsoft Notes issued on the Early Settlement Date.

Additionally, each Exchange Offer and Consent Solicitation is conditioned upon the completion of the other Exchange Offers and Consent Solicitations, although Microsoft may waive such condition at any time with respect to an Exchange Offer. Any waiver of a condition by Microsoft with respect to an Exchange Offer will automatically waive such condition with respect to the corresponding Consent Solicitation.

The foregoing conditions are for the sole benefit of Microsoft and Microsoft may waive any of such conditions, in whole or in part, in its sole discretion, subject to applicable law, at or before the Expiration Date. Any determination made by Microsoft concerning an event, development or circumstance described or referred to above will be conclusive and binding.

If any of the foregoing conditions are not satisfied, Microsoft may, in its sole discretion and with respect to any or all of the Exchange Offers, at any time prior to, or on, as applicable, the Expiration Date:

- terminate the Exchange Offers and return all tendered Existing Activision Blizzard Notes to the respective tendering Eligible Holders;
- modify, extend or otherwise amend the Exchange Offers and retain all tendered Existing Activision Blizzard Notes until the Expiration Date, as extended, subject, however, to any withdrawal rights of Eligible Holders;
- accept all Existing Activision Blizzard Notes tendered and not previously validly withdrawn, but not waive the unsatisfied conditions with respect to the Exchange Offers, which would automatically waive such conditions with respect to the Consent Solicitations, or adopt the Proposed Amendments; or
- waive the unsatisfied conditions with respect to the Exchange Offers and accept all Existing Activision Blizzard Notes validly tendered and not previously validly withdrawn.

In addition, Microsoft may amend the terms of any Exchange Offer without amending the terms of any other Exchange Offer. Microsoft may complete any Exchange Offer even if valid consents sufficient to effect the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture are not

received. Any such amendment, termination, modification, extension or waiver with respect to any and all of the Exchange Offers by Microsoft will automatically amend, terminate, modify, extend or waive conditions precedent to the corresponding Consent Solicitation, as applicable.

In addition, subject to applicable law, Microsoft may in its absolute discretion terminate any or all of the Exchange Offers for any other reason or for no reason.

Treatment of Existing Activision Blizzard Notes Not Tendered in the Exchange Offers and Consent Solicitations

Existing Activision Blizzard Notes of any series that are not tendered or that are tendered but not accepted will remain outstanding and will continue to be subject to their existing terms immediately following the completion of the corresponding Exchange Offer. However, if the Consent Solicitation with respect to a series of Existing Activision Blizzard Notes is consummated and the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture are adopted, the amendments will also apply to all Existing Activision Blizzard Notes of such series not exchanged in the applicable Exchange Offer and Consent Solicitation, and those unexchanged Existing Activision Blizzard Notes will no longer have the protection of the covenants, restrictive provisions and events of default eliminated by the Proposed Amendments. From time to time before or after the Expiration Date, Microsoft or its affiliates may acquire any Existing Activision Blizzard Notes of any series that are not tendered and accepted in the corresponding Exchange Offer and Consent Solicitation through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemption or otherwise, upon such terms and at such prices as Microsoft may determine (or as may be provided for in the Existing Activision Blizzard Indentures governing the applicable series of Existing Activision Blizzard Notes), which with respect to the applicable series of Existing Activision Blizzard Notes may be more or less than the consideration to be received by participating Eligible Holders in the Exchange Offers and Consent Solicitations and, in any case, could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives or combinations thereof Microsoft or its affiliates may choose to pursue in the future. See "Risk Factors."

Effect of Tender

Any tender by an Eligible Holder, and Microsoft's subsequent acceptance of that tender, of Existing Activision Blizzard Notes will constitute a binding agreement between that Eligible Holder and Microsoft upon the terms and subject to the conditions of the Exchange Offers and Consent Solicitations described in this offering memorandum and consent solicitation statement. The participation in the Exchange Offers and Consent Solicitations by a tendering Eligible Holder will constitute the agreement by that Eligible Holder to deliver good and marketable title to the tendered Existing Activision Blizzard Notes, free and clear of any and all liens, restrictions, charges, pledges, security interests, encumbrances or rights of any kind of third parties and an automatic consent to the Proposed Amendments to the Existing Activision Blizzard Indentures, as described under "The Proposed Amendments."

Representations, Warranties and Covenants of Holders of Existing Activision Blizzard Notes

Upon the submission of an agent's message (as described under "—Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC"), an Eligible Holder, or the beneficial holder of Existing Activision Blizzard Notes on behalf of which the holder has tendered, will, subject to that holder's ability to withdraw its tender, and subject to the terms and conditions of the Exchange Offers and Consent Solicitations generally, be deemed, among other things, to:

- irrevocably sell, assign and transfer to or upon Microsoft's order or the order of Microsoft's nominee all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the holder's status as a holder of, all Existing Activision Blizzard Notes tendered thereby, such that thereafter the holder shall have no contractual or other rights or claims in law or equity against

Activision Blizzard or any fiduciary, trustee, fiscal agent or other person connected with the Existing Activision Blizzard Notes arising under, from or in connection with those Existing Activision Blizzard Notes;

- consent to the adoption of the Proposed Amendments to the applicable Existing Activision Blizzard Indenture, as described under “The Proposed Amendments”;
- waive any and all rights with respect to the Existing Activision Blizzard Notes tendered thereby, including, without limitation, any existing or past defaults and their consequences in respect of those Existing Activision Blizzard Notes; and
- release and discharge Activision Blizzard and the trustee with respect to the Existing Activision Blizzard Indentures from any and all claims that the holder may have, now or in the future, arising out of or related to the Existing Activision Blizzard Notes tendered thereby, including, without limitation, any claims that the holder is entitled to receive additional principal or interest payments with respect to the Existing Activision Blizzard Notes tendered thereby, other than accrued and unpaid interest on the Existing Activision Blizzard Notes or as otherwise expressly provided in this offering memorandum and consent solicitation statement, or to participate in any redemption or defeasance of the Existing Activision Blizzard Notes tendered thereby.

In addition, each holder of Existing Activision Blizzard Notes tendered in the Exchange Offers and Consent Solicitations upon the submission of an agent’s message (as described under “—Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC”), will be deemed to represent, warrant and agree that:

- it has received this offering memorandum and consent solicitation statement;
- it is the beneficial owner (as defined herein) of, or a duly authorized representative of one or more beneficial owners of, the Existing Activision Blizzard Notes tendered thereby, and it has full power and authority to tender, exchange, sell, assign and transfer the Existing Activision Blizzard Notes tendered and deliver consents pursuant to the Consent Solicitations and to acquire the New Microsoft Notes issuable upon the exchange of such tendered Existing Activision Blizzard Notes;
- the Existing Activision Blizzard Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and Microsoft will acquire good, indefeasible and unencumbered title to those Existing Activision Blizzard Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when Microsoft accepts the same;
- it will not sell, pledge, hypothecate or otherwise encumber or transfer Existing Activision Blizzard Notes tendered thereby from the date of the delivery of an agent’s message, and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- it has observed (and will observe) the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities including, without limitation, any verifications and registration and paid (or will pay) any issue, transfer or other taxes or requisite payments due from it (and not otherwise required to be paid by Microsoft) in each respect in connection with any offer or acceptance in any jurisdiction, and that it has not taken or omitted to take any action in breach of the terms of the Exchange Offers or which will or may result in us or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Exchange Offers and the Consent Solicitations;
- in the event it is the beneficial owner of the Existing Activision Blizzard Notes tendered thereby, it is an Eligible Holder, or, in the event that it is acting on behalf of a beneficial owner of the Existing Activision Blizzard Notes tendered thereby, it has received a written certification from that beneficial owner, dated as of a specific date on or since the close of that beneficial owner’s most recent fiscal year, to the effect

that such beneficial owner is a an Eligible Holder and has the authority to make the representations and warranties contained in this offering memorandum and consent solicitation statement;

- it is otherwise a person to whom it is lawful to make available this offering memorandum and consent solicitation statement or to make the Exchange Offers and Consent Solicitations in accordance with applicable laws (including the transfer restrictions set out in this offering memorandum and consent solicitation statement);
- it is either (a) a QIB (as defined under "Transfer Restrictions") and is acquiring New Microsoft Notes for its own account or for a discretionary account or accounts on behalf of one or more QIBs as to which it has been instructed and has the authority to make the statements contained in this offering memorandum and consent solicitation statement, or (b) outside the United States and not a "U.S. person" (as defined in Rule 902 under the Securities Act) and is (i) not acquiring New Microsoft Notes for the account or benefit of a U.S. person, (ii) acquiring New Microsoft Notes in offshore transactions in compliance with Regulation S under the Securities Act and (iii) a non-U.S. qualified offeree;
- it is not resident of and/or located in the United Kingdom or, if resident of and/or located in the United Kingdom, it is a "qualified investor" (as defined in the UK Prospectus Regulation) who is (i) a person who has professional experience in matters relating to investments falling within Article 19(5) of the Order, (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) a person to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act may otherwise be lawfully communicated or caused to be communicated;
- it is not located in or a resident of any province or territory of Canada, and that it is not tendering any Existing Activision Blizzard Notes on behalf of a beneficial owner that is located or a resident in Canada, unless either: (i) such holder has completed and returned a Canadian supplemental eligibility letter to the Information Agent, or (ii) such holder is an account manager outside Canada acting on behalf of a Canadian beneficial owner on a fully-discretionary basis, and no acts in furtherance of the exchange of such beneficial owner's Existing Activision Blizzard Notes take place in Canada;
- it has had access to such financial and other information and has been afforded the opportunity to ask such questions of representatives of Microsoft and receive answers thereto, as it deems necessary in connection with its decision to participate in the Exchange Offers and Consent Solicitations;
- it has undertaken all the appropriate analyses of the implications of the Exchange Offers and Consent Solicitations without reliance on any of Microsoft, Activision Blizzard, the Dealer Managers, the Exchange Agent, the Information Agent, the trustee with respect to the Existing Activision Blizzard Notes or the New Microsoft Notes, as applicable, or any of their respective affiliates;
- it acknowledges that none of Microsoft, Activision Blizzard, the Dealer Managers, the trustee with respect to the Existing Activision Blizzard Notes or the New Microsoft Notes, as applicable, the Exchange Agent or the Information Agent, or any of their respective affiliates, has made any recommendation or given any advice, legal, financial or otherwise, in connection with the Exchange Offers or Consent Solicitations or given any assurance, guarantee or representation as to projected success, profitability, return, performance, result, effect, consequence or benefit of the Exchange Offers and Consent Solicitations, and represents that it has made its own decision with regard to the Exchange Offers and Consent Solicitations;
- in evaluating the applicable Exchange Offer and Consent Solicitation and in making its decision whether to participate in the applicable Exchange Offer and Consent Solicitation by the tender of Existing Activision Blizzard Notes, it has made its own independent appraisal of the matters referred to in this offering memorandum and consent solicitation statement and in any related communications;

- the tender of Existing Activision Blizzard Notes shall constitute an undertaking by it to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions described or referred to in this offering memorandum and consent solicitation statement;
- the tender of Existing Activision Blizzard Notes pursuant to an Exchange Offer and Consent Solicitation shall, subject to a holder's ability to withdraw its tender before the Withdrawal Deadline, and subject to the terms and conditions of the Exchange Offers and Consent Solicitations, constitute the irrevocable appointment of the Exchange Agent as its attorney and agent and an irrevocable instruction to that attorney and agent to complete and execute all or any forms of transfer and other documents at the discretion of that attorney and agent in relation to the Existing Activision Blizzard Notes tendered thereby in favor of Microsoft or any other person or persons as Microsoft may direct and to deliver those forms of transfer and other documents in the attorney's and agent's discretion and any documents of title relating to the registration of Existing Activision Blizzard Notes and to execute all other documents and to do all other acts and things as may be in the opinion of that attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the applicable Exchange Offer and Consent Solicitation, and to vest in Microsoft or its nominees those Existing Activision Blizzard Notes;
- either (1) no portion of the assets used by such holder or transferee to acquire or hold the New Microsoft Notes or any interest therein constitutes assets of any (a) "employee benefit plan" within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") that is subject to Title I of ERISA, (b) plan, individual retirement account or other arrangement that is described in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*") or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "*Similar Laws*"), or (c) entity whose underlying assets are considered to include any of the foregoing described in clauses (a) and (b) above, or (2) the acquisition and holding of the New Microsoft Notes or any interest therein by such holder or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws; and
- it acknowledges that Microsoft, Activision Blizzard, the Dealer Managers, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements made pursuant to an agent's message (as described under "—Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC"), are, at any time prior to the consummation of the Exchange Offers and Consent Solicitations, no longer accurate, it shall promptly notify Microsoft, Activision Blizzard and the Dealer Managers; and if it is acquiring the New Microsoft Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of such account.

Each holder of Existing Activision Blizzard Notes that submits an agent's message (as described under "—Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC"), will also be deemed to represent, warrant and agree to the terms described under "Transfer Restrictions."

The representations, warranties and agreements of a holder tendering Existing Activision Blizzard Notes will be deemed to be repeated and reconfirmed on and as of the Expiration Date and the applicable Settlement Date. For purposes of this offering memorandum and consent solicitation statement, the "beneficial owner" of any Existing Activision Blizzard Notes means any holder that exercises investment discretion with respect to those Existing Activision Blizzard Notes.

Absence of Appraisal and Dissenters' Rights

Holders of the Existing Activision Blizzard Notes do not have any appraisal or dissenters' rights in connection with the Exchange Offers and Consent Solicitations.

Acceptance of Existing Activision Blizzard Notes for Exchange and Delivery of New Microsoft Notes

On the applicable Settlement Date, the New Microsoft Notes to be issued in exchange for the Existing Activision Blizzard Notes tendered and accepted in the Exchange Offers and Consent Solicitations will be delivered in book-entry form, and payment of any cash amounts will be made by deposit of funds with DTC, Clearstream or Euroclear, as applicable, which will transmit those payments to tendering holders.

Microsoft will be deemed to accept Existing Activision Blizzard Notes that have been validly tendered by Eligible Holders and that have not been validly withdrawn as provided in this offering memorandum and consent solicitation statement when, and if, Microsoft gives oral or written notice of acceptance to the Exchange Agent. Following receipt of that notice by the Exchange Agent and subject to the terms and conditions of the Exchange Offers and Consent Solicitations, delivery of the New Microsoft Notes and any cash amounts will be made by the Exchange Agent on the applicable Settlement Date. The Exchange Agent will act as agent for tendering holders of Existing Activision Blizzard Notes for the purpose of receiving Existing Activision Blizzard Notes and transmitting New Microsoft Notes and cash as of the applicable Settlement Date. If any tendered Existing Activision Blizzard Notes are not accepted for any reason described in the terms and conditions of the Exchange Offers and Consent Solicitations, such unaccepted Existing Activision Blizzard Notes will be returned without expense to the tendering holders promptly after the expiration or termination of the Exchange Offers and Consent Solicitations, and no consent to the Proposed Amendments will be deemed to be given with respect to such unaccepted Existing Activision Blizzard Notes.

If, for any reason, acceptance for exchange of tendered Existing Activision Blizzard Notes or issuance of New Microsoft Notes in exchange for validly tendered Existing Activision Blizzard Notes that have not been validly withdrawn pursuant to the applicable Exchange Offer is delayed, or Microsoft is unable to accept tendered Existing Activision Blizzard Notes for exchange or to issue New Microsoft Notes in exchange for validly tendered Existing Activision Blizzard Notes that have not been validly withdrawn pursuant to the Exchange Offers, then the Exchange Agent may, nevertheless, on behalf of Microsoft, retain the tendered Existing Activision Blizzard Notes, without prejudice to the rights of Microsoft described under "—Early Tender Date; Expiration Date; Extension; Termination; Amendment," and "—Conditions to the Exchange Offers and Consent Solicitations" above and "—Withdrawal of Tenders and Revocation of Consents" below, but subject to Rule 14e-1 under the Exchange Act, which requires that Microsoft pay the consideration offered or return the Existing Activision Blizzard Notes tendered promptly after the termination or withdrawal of any Exchange Offer, and the tendered Existing Activision Blizzard Notes may not be withdrawn.

Under no circumstances will any interest be payable because of any delay by the Exchange Agent or DTC, Clearstream or Euroclear in the transmission of funds to the holders of accepted Existing Activision Blizzard Notes or otherwise.

Procedures for Tendering

If you wish to participate in the Exchange Offers and Consent Solicitations and your Existing Activision Blizzard Notes are held by a custodial entity such as a commercial bank, broker, dealer, trust company or other nominee, you must instruct that custodial entity to tender your Existing Activision Blizzard Notes on your behalf pursuant to the procedures of that custodial entity. Please ensure you contact your custodial entity as soon as possible to give them sufficient time to meet your requested deadline. Beneficial owners are urged to appropriately instruct their commercial bank, broker, dealer, trust company or other

nominee at least five business days prior to the Early Tender Date or the Expiration Date, as applicable, in order to allow adequate processing time for their instruction.

To participate in the Exchange Offers and Consent Solicitations, you must comply with the ATOP procedures for book-entry transfer described below at or before the Expiration Date or, in order to receive the Total Exchange Consideration, at or before the Early Tender Date. There will be no letter of transmittal accompanying this offering memorandum and consent solicitation statement.

The Exchange Agent and DTC have confirmed that the Exchange Offers and Consent Solicitations are eligible for ATOP with respect to book-entry notes held through DTC. An agent's message (as described under "— Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC"), and any other required documents, must be transmitted to and received by the Exchange Agent at or before the Expiration Date or, in order to receive the Total Exchange Consideration, at or before the Early Tender Date, at its address listed on the back cover of this offering memorandum and consent solicitation statement. Existing Activision Blizzard Notes will not be deemed to have been tendered until the agent's message (as described under "—Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC"), is received by the Exchange Agent. There are not any guaranteed delivery procedures applicable to the Exchange Offers and Consent Solicitations under the terms of this offering memorandum and consent solicitation statement or other materials provided herewith.

The method of delivery of Existing Activision Blizzard Notes and all other required documents to the Exchange Agent is at the election and risk of the Eligible Holder. Eligible Holders should use an overnight or hand delivery service, properly insured. In all cases, sufficient time should be allowed to ensure delivery to and receipt by the Exchange Agent at or before the Expiration Date or, in order to receive the Total Exchange Consideration, at or before the Early Tender Date. **Do not send any Existing Activision Blizzard Notes to anyone other than the Exchange Agent.**

If you are tendering your Existing Activision Blizzard Notes in exchange for New Microsoft Notes and anticipate delivering your documents other than through DTC, Microsoft urges you to contact promptly a bank, broker or other intermediary that has the capability to hold notes custodially through DTC to arrange for receipt of any New Microsoft Notes to be delivered pursuant to the Exchange Offers and Consent Solicitations and to obtain the information necessary to provide the required DTC participant with account information.

Book-Entry Delivery Procedures for Tendering Existing Activision Blizzard Notes Held with DTC

If you wish to tender Existing Activision Blizzard Notes held on your behalf by a nominee with DTC, you must:

- inform your nominee of your interest in tendering your Existing Activision Blizzard Notes pursuant to the Exchange Offers and Consent Solicitations; and
- instruct your nominee to tender all Existing Activision Blizzard Notes you wish to be tendered in the Exchange Offers and Consent Solicitations into the Exchange Agent's account at DTC at or before the Expiration Date or, in order to receive the Total Exchange Consideration, at or before the Early Tender Date.

Any financial institution that is a nominee of DTC, including Euroclear and Clearstream, must tender Existing Activision Blizzard Notes by effecting a book-entry transfer of Existing Activision Blizzard Notes to be tendered in the Exchange Offers and Consent Solicitations into the account of the Exchange Agent at DTC by electronically transmitting its acceptance of the Exchange Offers and Consent Solicitations through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the Exchange Agent's account at DTC and send an agent's message to the Exchange Agent. An "agent's message" is a message, transmitted by DTC to, and received by, the Exchange Agent and forming part of a

book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC (a “*participant*”), tendering Existing Activision Blizzard Notes that the participant has received and agrees to be bound by the representations, warranties and covenants as described in “—Representations, Warranties and Covenants of Holders of Existing Activision Blizzard Notes.”

Withdrawal of Tenders and Revocation of Consents

Tenders of Existing Activision Blizzard Notes in the Exchange Offers and Consent Solicitations may be validly withdrawn at any time before the applicable Withdrawal Deadline, but will thereafter be irrevocable, even if Microsoft otherwise extends the Early Tender Date or extends the Exchange Offers and the Consent Solicitations beyond the Expiration Date, except in certain limited circumstances where additional withdrawal rights are required by applicable law. A valid withdrawal of tendered Existing Activision Blizzard Notes will also constitute the revocation of the related consent to the Proposed Amendments to the applicable Existing Activision Blizzard Indenture. Consents may only be revoked by validly withdrawing the tendered Existing Activision Blizzard Notes before the Withdrawal Deadline. If the supplemental indenture with respect to a series of Existing Activision Blizzard Notes effecting the Proposed Amendments is executed, withdrawal of tenders of Existing Activision Blizzard Notes of such series thereafter does not constitute a withdrawal of the related consent. Tenders submitted in the Exchange Offers and Consent Solicitations after the Withdrawal Deadline will be irrevocable except in the limited circumstances where additional withdrawal rights are required by applicable law.

For a withdrawal of a tender to be effective, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent before the Withdrawal Deadline at its address listed on the back cover of this offering memorandum and consent solicitation statement. The withdrawal notice must specify the name and number of the account at DTC to be credited with the withdrawn Existing Activision Blizzard Notes and otherwise comply with the procedures of DTC.

All questions as to the validity, form, eligibility, including time of receipt, and acceptance and withdrawal of tendered Existing Activision Blizzard Notes will be determined by Microsoft in its absolute discretion, which determination will be final and binding. Microsoft reserves the absolute right to reject any and all tendered Existing Activision Blizzard Notes determined by Microsoft not to be in proper form or not to be tendered properly or any tendered Existing Activision Blizzard Notes Microsoft’s acceptance of which would, in the opinion of Microsoft’s counsel, be unlawful. Microsoft also reserves the right to waive, in its absolute discretion, any defects, irregularities or conditions of tender as to particular Existing Activision Blizzard Notes, whether or not waived in the case of other Existing Activision Blizzard Notes. Microsoft’s interpretation of the terms and conditions of the Exchange Offers and Consent Solicitations will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Existing Activision Blizzard Notes must be cured within the time Microsoft determines. Although Microsoft intends to notify holders of defects or irregularities with respect to tenders of Existing Activision Blizzard Notes, none of Microsoft, Activision Blizzard, the Exchange Agent, the Information Agent, any Dealer Manager, the trustee or any other person will be under any duty to give that notification or shall incur any liability for failure to give that notification. Tenders of Existing Activision Blizzard Notes and consent to the Proposed Amendments with respect to such Existing Activision Blizzard Notes will not be deemed to have been made until any defects or irregularities therein have been cured or waived.

The signature on any notice of withdrawal must be guaranteed by an eligible guarantor institution, unless the Existing Activision Blizzard Notes have been tendered for the account of an eligible guarantor institution.

Holders may contact the Information Agent for assistance with these matters.

Withdrawal of tenders of Existing Activision Blizzard Notes may not be rescinded, and any Existing Activision Blizzard Notes validly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Exchange Offers and Consent Solicitations. Validly withdrawn Existing Activision Blizzard Notes may, however, be re-tendered by again following one of the procedures described in “—Procedures for Tendering” above at or before the Expiration Date or, in order to receive the Total Exchange Consideration, at or before the Early Tender Date.

Exchange Agent; Information Agent

D.F. King & Co., Inc. has been appointed as the Exchange Agent and the Information Agent for the Exchange Offers and Consent Solicitations. All correspondence in connection with the Exchange Offers and Consent Solicitations should be sent or delivered by each Eligible Holder of Existing Activision Blizzard Notes, or a beneficial owner’s commercial bank, broker, dealer, trust company or other nominee, to the Exchange Agent at the address listed on the back cover of this offering memorandum and consent solicitation statement. Questions concerning tender procedures and requests for additional copies of this offering memorandum and consent solicitation statement should be directed to the Information Agent at the address and telephone numbers listed on the back cover of this offering memorandum and consent solicitation statement. Eligible Holders of Existing Activision Blizzard Notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the Exchange Offers and Consent Solicitations. Microsoft will pay the Exchange Agent and the Information Agent reasonable and customary fees for its services and will reimburse it for its reasonable and documented out-of-pocket expenses.

Dealer Managers

In connection with the Exchange Offers and Consent Solicitations, each of Microsoft and Activision Blizzard has retained each of BofA Securities, J.P. Morgan and Wells Fargo Securities as the Lead Dealer Managers and solicitation agents, and Microsoft and Activision Blizzard may retain other financial institutions after the date of this offering memorandum and consent solicitation statement to act as co-dealer managers and solicitation agents on behalf of Microsoft and Activision Blizzard in connection with the Exchange Offers and Consent Solicitations. Microsoft will pay a customary fee to the Dealer Managers for soliciting acceptances of the Exchange Offers and Consent Solicitations. That fee will be payable promptly following completion of the Exchange Offers and Consent Solicitations.

The obligations of each Dealer Manager to perform its functions are several and are subject to various conditions. Microsoft has agreed to indemnify each Dealer Manager against various liabilities, including various liabilities under the federal securities laws. Each Dealer Manager may contact Eligible Holders of Existing Activision Blizzard Notes by mail, telephone, facsimile transmission, personal interviews and otherwise may request broker dealers and other nominee holders to forward materials relating to the Exchange Offers and Consent Solicitations to beneficial holders. Questions regarding the terms of the Exchange Offers and Consent Solicitations may be directed to any Lead Dealer Manager at its address and telephone number listed on the back cover of this offering memorandum and consent solicitation statement. At any given time, the Dealer Managers may trade the Existing Activision Blizzard Notes or other of Microsoft’s and its subsidiaries’ securities for its own accounts or for the accounts of its customers and, accordingly, may hold a long or short position in the Existing Activision Blizzard Notes.

Each Dealer Manager has, from time to time, provided and/or is currently providing investment banking and financial advisory services to each of Microsoft, Activision Blizzard and their respective affiliates. Each Dealer Manager may in the future provide various investment banking and other services to us, and our affiliates, for which it would receive customary compensation from Microsoft, Activision Blizzard and their respective affiliates.

In the ordinary course of their businesses, any Dealer Manager or its affiliates may at any time hold long or short positions, and may trade for their own accounts or the accounts of customers, in debt or equity securities issued by Microsoft, Activision Blizzard and their respective affiliates, including any of the Existing Activision Blizzard Notes or the New Microsoft Notes. To the extent that any Dealer Manager or its affiliates own Existing Activision Blizzard Notes during the Exchange Offers and Consent Solicitations, they may tender such Existing Activision Blizzard Notes pursuant to the terms of the Exchange Offers and Consent Solicitations. Each Dealer Manager and its affiliates may from time to time in the future engage in transactions with Microsoft, Activision Blizzard and their respective subsidiaries and affiliates and provide services to them in the ordinary course of their respective businesses.

In connection with the Exchange Offers and Consent Solicitations or otherwise, any Dealer Manager or its affiliates may purchase and sell Existing Activision Blizzard Notes or New Microsoft Notes in the open market. These transactions may include covering transactions and stabilizing transactions. Any of these transactions may have the effect of preventing or retarding a decline in the market prices of the Existing Activision Blizzard Notes and/or the New Microsoft Notes. They may also cause the prices of the Existing Activision Blizzard Notes and/or the New Microsoft Notes to be higher than the prices that otherwise would exist in the open market in the absence of these transactions. Any Dealer Manager or its affiliates may conduct these transactions in the over-the-counter market or otherwise. If any Dealer Manager or its affiliates commence any of these transactions, they may discontinue them at any time.

Other Fees and Expenses

Microsoft will bear the expenses of soliciting tenders of the Existing Activision Blizzard Notes. Solicitations of Eligible Holders may be made by mail, e-mail, facsimile transmission, telephone or in person by any Dealer Manager, Information Agent or Exchange Agent as well as by Microsoft or Activision Blizzard officers and other employees and those of Microsoft or Activision Blizzard affiliates. No additional compensation will be paid to any officers or employees of Microsoft, Activision Blizzard or their affiliates who engage in soliciting exchanges and consents.

Tendering Eligible Holders of Existing Activision Blizzard Notes accepted in the Exchange Offers and Consent Solicitations will not be obligated to pay brokerage commissions or fees to Microsoft, any Dealer Manager, the Exchange Agent or the Information Agent. If, however, a tendering Eligible Holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, that Eligible Holder may be required to pay brokerage fees or commissions.

Transfer Taxes

Eligible Holders who tender their Existing Activision Blizzard Notes for exchange in the Exchange Offers and Consent Solicitations will not be required to pay any transfer taxes in connection with the tender of their Existing Activision Blizzard Notes in the Exchange Offers and Consent Solicitations, except that such Eligible Holders who instruct us to register New Microsoft Notes in the name of, or request that Existing Activision Blizzard Notes not tendered or not accepted in the Exchange Offers and Consent Solicitations be returned to, a person other than the registered tendering Eligible Holders of Existing Activision Blizzard Notes, will be responsible for paying any applicable transfer taxes. If, however, a tendering Eligible Holder handles the transaction through its broker, dealer, commercial bank, trust company or other institution, that Eligible Holder may be required to pay the brokerage fees or commissions of that institution.

NONE OF MICROSOFT, ACTIVISION BLIZZARD, ANY DEALER MANAGER, THE TRUSTEE WITH RESPECT TO THE EXISTING ACTIVISION BLIZZARD NOTES OR THE NEW MICROSOFT NOTES, AS APPLICABLE, THE EXCHANGE AGENT OR THE INFORMATION AGENT, OR ANY AFFILIATE OF ANY OF THEM, MAKES ANY RECOMMENDATION AS TO WHETHER ELIGIBLE HOLDERS OF EXISTING ACTIVISION BLIZZARD NOTES SHOULD EXCHANGE EXISTING ACTIVISION BLIZZARD NOTES FOR (1)

NEW MICROSOFT NOTES AND (2) CASH OR DELIVER CONSENTS IN RESPONSE TO THE EXCHANGE OFFERS AND CONSENT SOLICITATIONS AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION.

THE PROPOSED AMENDMENTS

Activision Blizzard is soliciting the consent of Eligible Holders of the Existing Activision Blizzard Notes, upon the terms and subject to the conditions set forth in this offering memorandum and consent solicitation statement, to eliminate certain of the covenants, restrictive provisions and events of default. The descriptions of the amendments to the Existing Activision Blizzard Indentures set forth below do not purport to be complete.

Eligible Holders of Existing Activision Blizzard Notes may give their consent to the Proposed Amendments to the corresponding Existing Activision Blizzard Indenture for the applicable class only by tendering Existing Activision Blizzard Notes of the applicable series in the Exchange Offers and Consent Solicitations. The consent of Eligible Holders representing a majority of the aggregate principal amount of the applicable class of Existing Activision Blizzard Notes outstanding that were issued under each Existing Activision Blizzard Indenture will be required in order to adopt the Proposed Amendments to such Existing Activision Blizzard Indenture. For these purposes, the holders of the Existing Activision Blizzard 2026 Notes vote together as a single class, the holders of the Existing Activision Blizzard 2027 Notes and the Existing Activision Blizzard 2047 Notes vote together as a single class, and the holders of the Existing Activision Blizzard 2030 Notes and the Existing Activision Blizzard 2050 Notes vote together as a single class. Eligible Holders may not deliver a consent in a Consent Solicitation without tendering Existing Activision Blizzard Notes in the applicable Exchange Offer and may not tender Existing Activision Blizzard Notes for any series without also having been deemed to deliver a consent. Eligible Holders of Existing Activision Blizzard Notes of a particular series who do not consent to the Proposed Amendments will nonetheless be subject to the amended Existing Activision Blizzard Indentures for such series if the required consents for the class of which that series is part are received and the Existing Activision Blizzard Indenture for that class is accordingly amended. Eligible Holders of Existing Activision Blizzard Notes should therefore consider the effect the Proposed Amendments will have on their positions if they do not tender their Existing Activision Blizzard Notes in the Exchange Offers and Consent Solicitations.

At any time at or before the Expiration Date, if Activision Blizzard receives valid consents sufficient to effect the applicable Proposed Amendments, Activision Blizzard and the trustee under the corresponding Existing Activision Blizzard Indenture may execute and deliver a supplemental indenture to such Existing Activision Blizzard Indenture relating to the applicable Proposed Amendments that will be effective upon execution, but the Proposed Amendments contained therein will only become operative on the Early Settlement Date, or if there is no such Early Settlement Date, the Final Settlement Date. If a supplemental indenture with respect to a series of Existing Activision Blizzard Notes effecting the Proposed Amendments is executed, withdrawal of tenders of Existing Activision Blizzard Notes of such series thereafter does not constitute a withdrawal of the related consent.

The Proposed Amendments would delete in their entirety (unless otherwise noted) the following sections or provisions from the applicable Existing Activision Blizzard Indentures with respect to the applicable series of Existing Activision Blizzard Notes (the Section and Article references below being to the relevant Existing Activision Blizzard Indenture establishing the relevant series of Existing Activision Blizzard Notes):

Existing Activision Blizzard 2026 Notes (with reference to the section numbers of the Existing Activision Blizzard 2016 Indenture)

- Section 4.03 (Reports and Other Information);
- Section 4.04 (Compliance Certificate);
- Section 4.05 (Taxes);
- Section 4.06 (Stay, Extension and Usury Laws);

- Section 4.07 (Limitation on Sale and Lease-Back Transactions);
- Section 4.08 (Liens);
- Section 4.09 (Corporate Existence);
- Section 4.10 (Offer to Repurchase Upon Change of Control);
- Article 5 is hereby deleted in its entirety and replaced with the following:

ARTICLE 5

SUCCESSORS

Section 5.01. [Intentionally Omitted].

Section 5.02. Successor Corporation Substituted. Upon any consolidation or merger of the Issuer, the successor corporation formed by such consolidation or into or with which the Issuer is merged shall succeed to, and be substituted for (so that from and after the date of such consolidation or merger, the provisions of this Indenture referring to the Issuer shall refer instead to the successor corporation and not to the Issuer), and may exercise every right and power of the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; and thereafter, the predecessor Person shall be released from all obligations and covenants under this Indenture and the Notes.

- Section 6.01(a)(3), (4), (5) and (8) and Section 6.01(b) (Events of Default);
- Within Section 6.01(a)(6), "or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary" is deleted in its entirety; and
- Section 6.01(a)(7) is amended in its entirety as follows: "a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (i) is for relief against the Issuer in a proceeding in which the Issuer is to be adjudicated bankrupt or insolvent;
 - (ii) appoints a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or for all or substantially all of the property of the Issuer; or
 - (iii) orders the liquidation of the Issuer;
 and the order or decree remains unstayed and in effect for 60 consecutive days;"
- Article 10. (Guarantees)

Existing Activision Blizzard 2027 Notes and Existing Activision Blizzard 2047 Notes (with reference to the section numbers of the Existing Activision Blizzard First Supplemental Indenture)

- Section 4.03 (Reports and Other Information);
- Section 4.04 (Compliance Certificate);
- Section 4.05 (Taxes);
- Section 4.07 (Limitation on Sale and Lease-Back Transactions);
- Section 4.08 (Liens);
- Section 4.09 (Corporate Existence);
- Section 4.10 (Offer to Repurchase Upon Change of Control);
- Article 5 is hereby deleted in its entirety and replaced with the following:

ARTICLE 5

SUCCESSORS

Section 6.04 of the Base Indenture is hereby modified, amended, supplemented and deleted as it relates to the Notes except as described in, and to the extent of, this Article 5.

Section 5.01. [Intentionally Omitted].

Section 5.02. Successor Corporation Substituted. Upon any consolidation or merger of the Issuer, the successor corporation formed by such consolidation or into or with which the Issuer is merged shall succeed to, and be substituted for (so that from and after the date of such consolidation or merger, the provisions of this Indenture referring to the Issuer shall refer instead to the successor corporation and not to the Issuer), and may exercise every right and power of the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; and thereafter, the predecessor Person shall be released from all obligations and covenants under this Indenture and the Notes.

- Section 6.01(a)(3), (4) and (5) and Section 6.01(b) (Events of Default);
- Within Section 6.01(a)(6), "or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary" is deleted in its entirety; and
- Section 6.01(a)(7) is amended in its entirety as follows: "a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (i) is for relief against the Issuer in a proceeding in which the Issuer is to be adjudicated bankrupt or insolvent;
 - (ii) appoints a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or for all or substantially all of the property of the Issuer; or
 - (iii) orders the liquidation of the Issuer;and the order or decree remains unstayed and in effect for 60 consecutive days;"

Existing Activision Blizzard 2030 Notes and Existing Activision Blizzard 2050 Notes (with reference to the section numbers of the Existing Activision Blizzard Second Supplemental Indenture)

- Section 4.03 (Reports and Other Information);
- Section 4.04 (Compliance Certificate);
- Section 4.05 (Taxes);
- Section 4.07 (Limitation on Sale and Lease-Back Transactions);
- Section 4.08 (Liens);
- Section 4.09 (Corporate Existence);
- Section 4.10 (Offer to Repurchase Upon Change of Control);
- Article 5 is hereby deleted in its entirety and replaced with the following:

ARTICLE 5

SUCCESSORS

Section 6.04 of the Base Indenture is hereby modified, amended, supplemented and deleted as it relates to the Notes except as described in, and to the extent of, this Article 5.

Section 5.01. [Intentionally Omitted].

Section 5.02. Successor Corporation Substituted. Upon any consolidation or merger of the Issuer, the successor corporation formed by such consolidation or into or with which the Issuer is merged shall succeed to, and be substituted for (so that from and after the date of such consolidation or merger, the provisions of this Indenture referring to the Issuer shall refer instead to the successor corporation and not to the Issuer), and may exercise every right and

power of the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; and thereafter, the predecessor Person shall be released from all obligations and covenants under this Indenture and the Notes.

- Section 6.01(a)(3), (4) and (5) and Section 6.01(b) (Events of Default);
- Within Section 6.01(a)(6), "or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary" is deleted in its entirety; and
- Section 6.01(a)(7) is amended in its entirety as follows: "a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (i) is for relief against the Issuer in a proceeding in which the Issuer is to be adjudicated bankrupt or insolvent;
 - (ii) appoints a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or for all or substantially all of the property of the Issuer; or
 - (iii) orders the liquidation of the Issuer;and the order or decree remains unstayed and in effect for 60 consecutive days;"

The Proposed Amendments also would amend the Existing Activision Blizzard Indentures and the Existing Activision Blizzard Notes to make certain conforming or other changes to the Existing Activision Blizzard Indentures and the Existing Activision Blizzard Notes, including modification or deletion of certain definitions and cross references.

By consenting to the Proposed Amendments to the corresponding Existing Activision Blizzard Indentures, you will be deemed to have waived any default, event of default or other consequence under such indenture for failure to comply with the terms of the provisions identified above (whether before or after the date of the supplemental indentures effecting the Proposed Amendments to the applicable Existing Activision Blizzard Indenture).

USE OF PROCEEDS

Neither Microsoft nor Activision Blizzard will receive any cash proceeds from the Exchange Offers and Consent Solicitations or the issuance of the New Microsoft Notes. Microsoft expects to retire or cancel the Existing Activision Blizzard Notes exchanged in connection with the Exchange Offers and Consent Solicitations and the Existing Activision Blizzard Notes will not be reissued.

DESCRIPTION OF THE NEW MICROSOFT NOTES

For purposes of this section “Description of the New Microsoft Notes,” the terms “we,” “us” and “our” refer to Microsoft Corporation (parent company only) and not to any of its subsidiaries. The terms of the New Microsoft Notes will include those stated in the Microsoft Indenture and those made part of the Microsoft Indenture by reference to the Trust Indenture Act of 1939, as amended. The following is a summary of the material provisions of the Microsoft Indenture. Because this is a summary, it may not contain all the information that is important to you. You should read the Microsoft Indenture in its entirety. See “Where You Can Find More Information.” Capitalized terms used but not defined in this prospectus have the meanings assigned in the Microsoft Indenture.

General

The New Microsoft Notes will be issued in five series of debt securities under the indenture, dated as of May 18, 2009, between us and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented by a supplemental indenture between us and The Bank of New York Mellon Trust Company, N.A., as trustee for the New Microsoft Notes offered hereby (the “*Microsoft Indenture*”). The New Microsoft Notes will be our senior unsecured obligations and will rank equally with our other unsecured and unsubordinated debt from time to time outstanding.

The New Microsoft 2026 Notes initially will be limited to up to \$850,000,000 aggregate principal amount and have a maturity date of September 15, 2026. The New Microsoft 2027 Notes initially will be limited to up to \$400,000,000 aggregate principal amount and have a maturity date of June 15, 2027. The New Microsoft 2030 Notes initially will be limited to up to \$500,000,000 aggregate principal amount and have a maturity date of September 15, 2030. The New Microsoft 2047 Notes initially will be limited to up to \$400,000,000 aggregate principal amount and have a maturity date of June 15, 2047. The New Microsoft 2050 Notes initially will be limited to up to \$1,500,000,000 aggregate principal amount and have a maturity date of September 15, 2050. We may, at any time and from time to time issue additional New Microsoft Notes of each series of New Microsoft Notes offered hereby without the consent of the holders of that series of New Microsoft Notes, but we will not issue such additional New Microsoft Notes unless (i) they are fungible for U.S. federal income tax purposes with the relevant series of New Microsoft Notes offered hereby or (ii) they are issued with a separate CUSIP number.

The New Microsoft Notes will be subject to legal defeasance and covenant defeasance as provided below under “—Discharge, Defeasance and Covenant Defeasance.”

The New Microsoft Notes of each series will be issued in a form of one or more fully registered global securities, without coupons, in denominations of \$2,000 in principal amount and integral multiples of \$1,000 in excess thereof.

The New Microsoft Notes will not benefit from any sinking fund.

Interest and Principal

Interest on each series of New Microsoft Notes will accrue from the most recent interest payment date of the applicable series of Existing Activision Blizzard Notes that occurs prior to the date such series of New Microsoft Notes are issued (as applicable to each such series of New Microsoft Notes, the “*Initial Interest Accrual Date*”), at a rate per annum equal to (a) in the case of the New Microsoft 2026 Notes, 3.400%, payable semi-annually in arrears on March 15 and September 15 of each year, (b) in the case of the New Microsoft 2027 Notes, 3.400%, payable semi-annually in arrears on June 15 and December 15 of each year, (c) in the case of the New Microsoft 2030 Notes, 1.350%, payable semi-annually in arrears on March 15 and September 15 of each year, (d) in the case of the New Microsoft 2047 Notes, 4.500%, payable semi-annually

in arrears on June 15 and December 15 of each year and (e) in the case of the New Microsoft 2050 Notes, 2.500%, payable semi-annually in arrears on March 15 and September 15 of each year.

The interest rate on each series of the New Microsoft Notes is subject to increase in certain circumstances described in the section entitled "Registration Rights," and all references to interest in this description include any additional interest that may be payable on any New Microsoft Notes pursuant to the registration rights agreement.

General

We will pay the principal of and interest on each New Microsoft Note to the registered holder in U.S. dollars in immediately available funds. Payment will be made upon presentation of the New Microsoft Notes at the office or agency we maintain for this purpose currently at the trustee's office located at 2 North LaSalle Street, Chicago, Illinois 60602, Attention: Corporate Trust Administration – Microsoft Corporation; *provided*, however, that payment of interest may be made at our option by check mailed to the registered holder on the record date at such address as shall appear in the security register or by wire transfer of immediately available funds to an account specified in writing by such holder to us and the trustee prior to the relevant record date. Notwithstanding anything to the contrary in this offering memorandum and consent solicitation statement, so long as the New Microsoft Notes are in book-entry form, we will make payments of principal and interest through the trustee to DTC.

Interest payable on any interest payment date for a series of New Microsoft Notes or the maturity date for that series of New Microsoft Notes will be the amount of interest accrued from, and including, the next preceding interest payment date for that series of New Microsoft Notes in respect of which interest has been paid or duly provided for (or from and including the applicable Initial Interest Accrual Date, if no interest has been paid or duly provided for with respect to the New Microsoft Notes of that series) to, but excluding, such interest payment date or maturity date, as the case may be. If any interest payment date falls on a day that is not a business day, the interest payment will be made on the next succeeding business day, and we will not be liable for any additional interest as a result of the delay in payment. If a maturity date falls on a day that is not a business day, the related payment of principal and interest will be made on the next succeeding business day, and no interest will accrue on the amounts so payable for the period from and after such date to the next succeeding business day. The term "business day" means any day, other than a Saturday or a Sunday, that is not a day on which banking institutions are authorized or obligated by law or executive order to close in New York City.

Ranking

The New Microsoft Notes will be Microsoft's senior unsecured obligations and will rank equally with Microsoft's other unsecured and unsubordinated debt from time to time outstanding.

Optional Redemption

Prior to the applicable Par Call Date, Microsoft may redeem New Microsoft Notes of any series of New Microsoft Notes at Microsoft's option, in whole or in part, at any time and from time to time, at a redemption price as calculated by Microsoft (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest on the New Microsoft Notes being redeemed discounted to the redemption date (assuming that such New Microsoft Notes matured on their applicable Par Call Date), on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus: 30 basis points in the case of the New Microsoft 2026 Notes, 20 basis points in the case of the New Microsoft 2027 Notes, 15 basis points in the case of the New Microsoft 2030 Notes, 25 basis points in the

case of the New Microsoft 2047 Notes and 20 basis points in the case of the New Microsoft 2050 Notes less (b) interest accrued to the date of redemption; and

- 100% of the principal amount of the New Microsoft Notes being redeemed;
plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the applicable Par Call Date, Microsoft may redeem New Microsoft Notes of any series at Microsoft's option, in whole or in part, at any time and from time to time at a redemption price equal to 100% of the principal amount of the New Microsoft Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

Installments of interest on New Microsoft Notes being redeemed that are due and payable on interest payment dates falling on or prior to a redemption date shall be payable on the interest payment date to the holders as of the close of business on the relevant regular record date according to the applicable New Microsoft Notes and the Microsoft Indenture.

"Par Call Date" means (i) with respect to the New Microsoft 2026 Notes, June 15, 2026, (ii) with respect to the New Microsoft 2027 Notes, March 15, 2027, (iii) with respect to the New Microsoft 2030 Notes, June 15, 2030, (iv) with respect to the New Microsoft 2047 Notes, December 15, 2046 and (v) with respect to the New Microsoft 2050 Notes, March 15, 2050.

"Treasury Rate" means, with respect to any redemption date, the yield determined by Microsoft in accordance with the following two paragraphs:

The Treasury Rate shall be determined by Microsoft after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("*H.15*") under the caption "U.S. government securities-Treasury constant maturities-Nominal" (or any successor caption or heading). In determining the Treasury Rate, Microsoft shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the applicable Par Call Date (the "*Remaining Life*"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and Microsoft shall interpolate to the applicable Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, Microsoft shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the applicable Par Call Date, as applicable. If there is no United States Treasury security maturing on the applicable Par Call Date but there are two or

more United States Treasury securities with a maturity date equally distant from the applicable Par Call Date, one with a maturity date preceding the applicable Par Call Date and one with a maturity date following the applicable Par Call Date, Microsoft shall select the United States Treasury security with a maturity date preceding the applicable Par Call Date. If there are two or more United States Treasury securities maturing on the applicable Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, Microsoft shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time on the applicable date. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time on the applicable date, of such United States Treasury security, and rounded to three decimal places.

Microsoft's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of redemption will be mailed or electronically delivered at least 10 but not more than 60 days before the redemption date to each holder of record of the New Microsoft Notes to be redeemed at its registered address.

The notice of redemption for the New Microsoft Notes will state, among other things, the amount of New Microsoft Notes to be redeemed, the redemption date, conditions to such redemption (if any), the manner in which the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of notes to be redeemed.

Unless Microsoft defaults in the payment of the redemption price, interest will cease to accrue on any New Microsoft Notes that have been called for redemption at the redemption date. If less than all of the New Microsoft Notes of a series are to be redeemed, the New Microsoft Notes of such series to be redeemed will be selected according to DTC procedures, in the case of New Microsoft Notes represented by a global note, or by lot, in the case of New Microsoft Notes that are not represented by a global note.

Certain Covenants

The Microsoft Indenture sets forth limited covenants, including the covenant described below, that will apply to each series of New Microsoft Notes. However, these covenants do not, among other things:

- limit the amount of indebtedness or lease obligations that may be incurred by us and our subsidiaries;
- limit our ability or that of our subsidiaries to issue, assume or guarantee debt secured by liens; or
- restrict us from paying dividends or making distributions on our capital stock or purchasing or redeeming our capital stock.

Consolidation, Merger and Sale of Assets

The Microsoft Indenture provides that we may consolidate with or merge with or into any other person, and may sell, transfer, lease or convey all or substantially all of our properties and assets to another person; *provided* that the following conditions are satisfied:

- we are the continuing entity, or the resulting, surviving or transferee person (the "*Successor*") is a person organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and the Successor (if not us) will expressly assume, by supplemental indenture, all of our obligations under the New Microsoft Notes and the Microsoft Indenture;

- immediately after giving effect to such transaction, no default or event of default under the Microsoft Indenture has occurred and is continuing; and
- if requested, the trustee receives from us an officers' certificate and an opinion of counsel that the merger, consolidation or transfer and such supplemental indenture, as the case may be, complies with the applicable provisions of the Microsoft Indenture.

If we consolidate or merge with or into any other person or sell, transfer, lease or convey all or substantially all of our properties and assets in accordance with the Microsoft Indenture, the Successor will be substituted for us in the Microsoft Indenture, with the same effect as if it had been an original party to the Microsoft Indenture. As a result, the Successor may exercise our rights and powers under the Microsoft Indenture, and we will be released from all our liabilities and obligations under the Microsoft Indenture and under the New Microsoft Notes.

Any substitution of the Successor for us might be deemed for federal income tax purposes to be an exchange of the New Microsoft Notes for "new" New Microsoft Notes, resulting in recognition of gain or loss for such purposes and possibly certain other adverse tax consequences to beneficial owners of the New Microsoft Notes. Holders should consult their own tax advisors regarding the tax consequences of any such substitution.

For purposes of this covenant, "person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

Events of Default

Each of the following events are defined in the Microsoft Indenture as an "event of default" (whatever the reason for such event of default and whether or not it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) with respect to the New Microsoft Notes:

(1) default in the payment of any installment of interest on the New Microsoft Notes for 30 days after becoming due;

(2) default in the payment of principal of or premium, if any, on the New Microsoft Notes when it becomes due and payable at its stated maturity, upon optional redemption, upon declaration or otherwise;

(3) default in the deposit of any sinking fund payment, when and as due by the terms of the New Microsoft Notes;

(4) default in the performance, or breach, of any covenant or agreement of ours in the Microsoft Indenture with respect to the New Microsoft Notes (other than as referred to in clause (1), (2) or (3) above), which continues for a period of 90 days after written notice to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of the outstanding New Microsoft Notes;

(5) we pursuant to or within the meaning of the Bankruptcy Law:

- commence a voluntary case or proceeding;
- consent to the entry of an order for relief against us in an involuntary case or proceeding;
- consent to the appointment of a Custodian of us or for all or substantially all of our property;
- make a general assignment for the benefit of our creditors;
- file a petition in bankruptcy or answer or consent seeking reorganization or relief;

- consent to the filing of such petition or the appointment of or taking possession by a Custodian; or
 - take any comparable action under any foreign laws relating to insolvency; or
- (6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
- is for relief against us in an involuntary case, or adjudicates us insolvent or bankrupt;
 - appoints a Custodian of us or for all or substantially all of our property; or
 - orders the winding-up or liquidation of us (or any similar relief is granted under any foreign laws);
 - and the order or decree remains unstayed and in effect for 90 days.

"Bankruptcy Law" means Title 11, United States Code or any similar federal or state or foreign law for the relief of debtors.

"Custodian" means any custodian, receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy Law.

If an event of default with respect to the New Microsoft Notes of any series (other than an event of default relating to certain events of bankruptcy, insolvency, or reorganization of us) occurs and is continuing, the trustee by notice to us, or the holders of at least 25% in aggregate principal amount of the outstanding New Microsoft Notes of such series by notice to us and the trustee, may, and the trustee at the request of these holders will, declare the principal of and premium, if any, and accrued and unpaid interest on all the New Microsoft Notes of such series to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. If an event of default relating to certain events of bankruptcy, insolvency, or reorganization of us occurs and is continuing, the principal of and premium, if any, and accrued and unpaid interest on the New Microsoft Notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holders.

The holders of not less than a majority in aggregate principal amount of the outstanding New Microsoft Notes of any series may rescind a declaration of acceleration and its consequences if we have deposited certain sums with the trustee and all events of default with respect to the New Microsoft Notes of such series, other than the non-payment of the principal or interest which have become due solely by such acceleration, have been cured or waived, as provided in the Microsoft Indenture.

An event of default for a particular series of debt securities does not necessarily constitute an event of default for any other series of debt securities issued under the Microsoft Indenture.

We are required to furnish the trustee annually a statement by certain of our officers to the effect that, to the best of their knowledge, we are not in default in the fulfillment of any of our obligations under the Microsoft Indenture or, if there has been a default in the fulfillment of any such obligation, specifying each such default.

No holder of any debt securities of any series will have any right to institute any judicial or other proceeding with respect to the Microsoft Indenture, or for the appointment of a receiver or trustee, or for any other remedy unless:

(1) an event of default has occurred and is continuing and such holder has given the trustee prior written notice of such continuing event of default with respect to the New Microsoft Notes;

(2) the holders of not less than 25% of the aggregate principal amount of the outstanding New Microsoft Notes of such series have requested the trustee to institute proceedings in respect of such event of default;

(3) the trustee has been offered indemnity reasonably satisfactory to it against its costs, expenses and liabilities in complying with such request;

(4) the trustee has failed to institute proceedings 60 days after the receipt of such notice, request and offer of indemnity; and

(5) no direction inconsistent with such written request has been given for 60 days by the holders of a majority in aggregate principal amount of the outstanding New Microsoft Notes of such series.

The holders of a majority in aggregate principal amount of outstanding New Microsoft Notes of a particular series will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee with respect to the debt securities of that series or exercising any trust or power conferred to the trustee, and to waive certain defaults. The Microsoft Indenture provides that if an event of default occurs and is continuing, the trustee will exercise such of its rights and powers under the Microsoft Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the Microsoft Indenture at the request of any of the holders of the debt securities of a series unless they will have offered to the trustee security or indemnity satisfactory to the trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

Notwithstanding the foregoing, the holder of the New Microsoft Notes will have an absolute and unconditional right to receive payment of the principal of and premium, if any, and interest on the New Microsoft Notes and to institute suit for the enforcement of payment.

Modification and Waivers

Modification and amendments of the Microsoft Indenture and the New Microsoft Notes may be made by us and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the New Microsoft Notes of each series affected thereby; *provided*, however, that no such modification or amendment may, without the consent of the holder of each outstanding New Microsoft Note affected thereby:

- change the stated maturity of the principal of, or installment of interest on, the New Microsoft Notes;
- reduce the principal amount of the New Microsoft Notes or reduce the amount of the principal of the New Microsoft Notes which would be due and payable upon a declaration of acceleration of the maturity thereof or reduce the rate of interest on the New Microsoft Notes;
- reduce any premium payable on the redemption of the New Microsoft Notes or change the date on which the New Microsoft Notes may or must be redeemed;
- change the coin or currency in which the principal of, premium, if any, or interest on the New Microsoft Notes is payable;
- impair the right of any holder to institute suit for the enforcement of any payment on or after the stated maturity of the New Microsoft Notes (or, in the case of redemption, on or after the redemption date);
- reduce the percentage in principal amount of the outstanding New Microsoft Notes, the consent of whose holders is required in order to take certain actions;
- reduce the requirements for voting by holders of the New Microsoft Notes in the Microsoft Indenture or the New Microsoft Notes;
- modify any of the provisions in the Microsoft Indenture regarding the waiver of past defaults and the waiver of certain covenants by the holders of the New Microsoft Notes except to increase any percentage vote required or to provide that certain other provisions of the Microsoft Indenture

cannot be modified or waived without the consent of the holder of the New Microsoft Notes affected thereby;

- make any change that adversely affects the right to convert or exchange the New Microsoft Notes or decreases the conversion or exchange rate or increases the conversion price of the New Microsoft Notes, unless such decrease or increase is permitted by the terms of the New Microsoft Notes; or
- modify any of the above provisions.

Microsoft and the trustee under the Microsoft Indenture may, without the consent of any holders, modify or amend the terms of the Microsoft Indenture and any series of New Microsoft Notes with respect to the following:

- to add to our covenants for the benefit of holders of the New Microsoft Notes of all or any series or to surrender any right or power conferred upon us;
- to evidence the succession of another person to, and the assumption by the successor of our covenants, agreements and obligations under, the Microsoft Indenture pursuant to the covenant described under “—Certain Covenants—Consolidation, Merger and Sale of Assets”;
- to add any additional events of default for the benefit of holders of the New Microsoft Notes of all or any series;
- to add one or more guarantees for the benefit of holders of the New Microsoft Notes;
- to secure the New Microsoft Notes pursuant to the covenants of the Microsoft Indenture;
- to add or appoint a successor or separate trustee or other agent;
- to provide for the issuance of additional New Microsoft Notes of any series;
- to establish the form or terms of any series of New Microsoft Notes as permitted by the Microsoft Indenture;
- to comply with the rules of any applicable securities depository;
- to provide for uncertificated New Microsoft Notes in addition to or in place of certificated New Microsoft Notes;
- to add to, change or eliminate any of the provisions of the Microsoft Indenture in respect of one or more newly issued series of notes;
- to cure any ambiguity, omission, defect or inconsistency; or
- to change any other provision; *provided* that the change does not adversely affect the interests of the holders of any series of New Microsoft Notes in any material respect.

The holders of at least a majority in aggregate principal amount of any series of the outstanding New Microsoft Notes may, on behalf of the holders of all New Microsoft Notes of that series, waive compliance by us with certain restrictive provisions of the Microsoft Indenture. The holders of not less than a majority in aggregate principal amount of the outstanding New Microsoft Notes of a series may, on behalf of the holders of all New Microsoft Notes of that series, waive any past default and its consequences under the Microsoft Indenture with respect to that series of New Microsoft Notes, except a default (1) in the payment of principal or premium, if any, or interest on that series of New Microsoft Notes or (2) in respect of a covenant or provision of the Microsoft Indenture that cannot be modified or amended without the consent of the holder of each New Microsoft Note of that series. Upon any such waiver, such default will cease to exist, and any event of default arising therefrom will be deemed to have been cured, for every purpose of the Microsoft Indenture; however, no such waiver will extend to any subsequent or other default or event of default or impair any rights consequent thereon.

Book-Entry; Delivery and Form; Global Securities

Each series of New Microsoft Notes will be issued in the form of one or more global securities, in definitive, fully registered form without interest coupons, each of which we refer to as a “global security.”

Each such global security will be deposited with the trustee as custodian for DTC and registered in the name of a nominee of DTC in New York, New York for the accounts of participants in DTC.

We will not issue certificated securities to you for the New Microsoft Notes you purchase, except in the limited circumstances described below. Each global security will be issued to DTC, which will keep a computerized record of its participants whose clients have purchased and beneficially own New Microsoft Notes of a particular series. Each participant will then keep a record of its clients who have purchased and beneficially own New Microsoft Notes of a particular series. Unless it is exchanged in whole or in part for a certificated security, a global security may not be transferred. DTC, its nominee and their successors may, however, transfer a global security as a whole to one another, and these transfers are required to be recorded on our records or a register to be maintained by the trustee.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of institutions that have accounts with DTC ("participants") and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book-entry system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

Ownership of Beneficial Interests

Upon the issuance of each global security, DTC will credit, on its book-entry registration and transfer system, the respective principal amount of the individual beneficial interests represented by the global security to the accounts of participants. Ownership of beneficial interests in each global security will be limited to participants or persons that may hold interests through participants. Beneficial interests in a global security will be shown on, and transfers of beneficial interests in the global securities will be made only through, records maintained by DTC and its participants. When you purchase notes through the DTC system, the purchases must be made by or through a direct participant, which will receive credit for the notes on DTC's records. When you actually purchase the New Microsoft Notes, you will become its beneficial owner. Your ownership interest will be recorded only on the direct or indirect participants' records. DTC will have no knowledge of your individual ownership of New Microsoft Notes. DTC's records will show only the identity of the direct participants and the amount of New Microsoft Notes held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You should instead receive these from your direct or indirect participant. As a result, the direct or indirect participants are responsible for keeping accurate account of the holdings of their customers.

So long as DTC or its nominee is the registered holder and owner of a global security, DTC or such nominee, as the case may be, will be considered the sole legal owner of the New Microsoft Notes represented by the global security for all purposes under the Microsoft Indenture, the New Microsoft Notes and applicable law. Except as set forth below, owners of beneficial interests in a global security will not be entitled to receive certificated New Microsoft Notes and will not be considered to be the owners or holders of any New Microsoft Notes represented by the global security. We understand that under existing industry practice, in the event an owner of a beneficial interest in a global security desires to take any actions that DTC, as the holder of the global security, is entitled to take, DTC would authorize the participants to take such action, and that participants would authorize beneficial owners owning through such participants to

take such action or would otherwise act upon the instructions of beneficial owners owning through them. No beneficial owner of an interest in a global security will be able to transfer such interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Microsoft Indenture. Because DTC can only act on behalf of participants, who in turn act on behalf of others, the ability of a person having a beneficial interest in a global security to pledge that interest to persons that do not participate in the DTC system, or otherwise to take actions in respect of that interest, may be impaired by the lack of a physical certificate representing that interest.

All payments on the New Microsoft Notes represented by a global security registered in the name of and held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner and holder of the global security.

The trustee will wire payments on the New Microsoft Notes to DTC's nominee. The trustee and we will treat DTC's nominee as the owner of each global security for all purposes. Accordingly, the trustee, any paying agent and we will have no direct responsibility or liability to pay amounts due on a global security to you or any other beneficial owners in that global security. Any redemption notices will be sent by us directly to DTC, which will, in turn, inform the direct participants (or the indirect participants), which will then contact you as a beneficial holder.

It is DTC's current practice, upon receipt of any payment of principal, interest, redemption prices, distributions or liquidation amounts, to credit direct participants' accounts proportionately on the payment date based on their holdings. In addition, it is DTC's current practice to pass through any consenting or voting rights to such participants by using an omnibus proxy. Those participants will, in turn, make payments to and solicit votes from you, the beneficial owner of notes, based on their customary practices. Payments to you will be the responsibility of the participants and not of DTC, the trustee or our company.

Unless and until it is exchanged in whole or in part for certificated New Microsoft Notes, each global security may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

We expect that DTC will take any action permitted to be taken by a holder of New Microsoft Notes only at the direction of one or more participants to whose account the DTC interests in a global security are credited and only in respect of such portion of the aggregate principal amount of the New Microsoft Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the New Microsoft Notes, DTC will exchange each global security for certificated New Microsoft Notes, which it will distribute to its participants.

Although we expect that DTC will agree to the foregoing procedures in order to facilitate transfers of interests in each global security among participants of DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us, the Dealer Managers or the trustee will have any responsibility for the performance or nonperformance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The Microsoft Indenture provides that the global securities will be exchanged for New Microsoft Notes in certificated form of like tenor and of an equal principal amount, in authorized denominations in the following limited circumstances:

- (i) DTC notifies us that it is unwilling or unable to continue as depository or if DTC ceases to be eligible under the Microsoft Indenture and we do not appoint a successor depository within 90 days;

- (ii) we determine that the New Microsoft Notes will no longer be represented by global securities and execute and deliver to the trustee an order to such effect; or
- (iii) an event of default with respect to the New Microsoft Notes will have occurred and be continuing.

These certificated New Microsoft Notes will be registered in such name or names as DTC will instruct the trustee. It is expected that such instructions may be based upon directions received by DTC from participants with respect to ownership of beneficial interests in global securities.

The information in this section of this offering memorandum and consent solicitation statement concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we do not take responsibility for this information.

Euroclear and Clearstream

If the depositary for a global security is DTC, you may hold interests in the global security through Clearstream Banking, société anonyme, which we refer to as "Clearstream," or Euroclear Bank S.A./ N.V., as operator of the Euroclear System, which we refer to as "Euroclear," in each case, as a participant in DTC. Euroclear and Clearstream will hold interests, in each case, on behalf of their participants through customers' securities accounts in the names of Euroclear and Clearstream on the books of their respective depositaries, which in turn will hold such interests in customers' securities in the depositaries' names on DTC's books.

Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the New Microsoft Notes sold outside of the United States and cross-market transfers of the notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures described below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream and Euroclear, as participants in DTC. When New Microsoft Notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream or Euroclear through a participant at least one day prior to settlement. Clearstream or Euroclear, as the case may be, will instruct its U.S. agent to receive New Microsoft Notes against payment. After settlement, Clearstream or Euroclear will credit its participant's account. Credit for the New Microsoft Notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending New Microsoft Notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the applicable Settlement Date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer New Microsoft Notes to a DTC participant, the seller will be required to send instructions to Clearstream or Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct its U.S. agent to transfer these New Microsoft Notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back-valued to the value date, which would be the preceding day, when settlement occurs in New York. If settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the New Microsoft Notes through Clearstream and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time zone differences there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the New Microsoft Notes of a series that have not already been delivered to the trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by depositing with the trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including the principal and premium, if any, and interest to the date of such deposit (if the New Microsoft Notes have become due and payable) or to the maturity thereof or the redemption date of the New Microsoft Notes of that series, as the case may be. We may direct the trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Microsoft Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the New Microsoft Notes of a series (except for, among other things, obligations to register the transfer or exchange of the New Microsoft Notes, to replace temporary or mutilated, destroyed, lost or stolen New Microsoft Notes, to maintain an office or agency with respect to the New Microsoft Notes and to hold moneys for payment in trust) ("*legal defeasance*") or (2) to be released from our obligations to comply with the restrictive covenants under the Microsoft Indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the New Microsoft Notes of a series and clauses (4) and (7) under the heading "Events of Default" in the Microsoft Indenture will no longer be applied ("*covenant defeasance*"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the New Microsoft Notes of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the New Microsoft Notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the New Microsoft Notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the New Microsoft Notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the New Microsoft Notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance will not cause the holders of the New Microsoft Notes of that series to recognize gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Trustee, Paying Agent and Security Registrar

The Bank of New York Mellon Trust Company, N.A. is the trustee, paying agent and security registrar for the New Microsoft Notes offered hereby. The Bank of New York Mellon Trust Company, N.A. is a national

banking association organized under and governed by the laws of the United States of America, and provides trust services and acts as indenture trustee for numerous corporate securities issuances, including for other series of debt securities of which we are the issuer.

Governing Law

The Microsoft Indenture and the New Microsoft Notes will be governed by and construed in accordance with the laws of the State of New York.

REGISTRATION RIGHTS

The following description of the material provisions of the registration rights agreement relating to the New Microsoft Notes is a summary only. Because this section is a summary, it does not describe every aspect of the registration rights agreement. This summary is subject to, and qualified in its entirety by, reference to all the provisions of the registration rights agreement. A copy of the form of the registration rights agreement is available upon request to Microsoft at the address as set forth under "Information We Incorporate By Reference." In addition, the information below concerning specific interpretations of and positions taken by the staff of the SEC is not intended to constitute legal advice, and prospective investors should consult their own legal advisors with respect to those matters.

Microsoft and the Dealer Managers will enter into the registration rights agreement with respect to the New Microsoft Notes on the Early Settlement Date, or if there is no such Early Settlement Date, the Final Settlement Date. In the registration rights agreement, Microsoft will agree for the benefit of the holders of the New Microsoft Notes to use commercially reasonable efforts to (1) file a registration statement on an appropriate registration form with respect to a registered offer to exchange the New Microsoft Notes for registered notes with terms substantially identical in all material respects to the New Microsoft Notes (except that the registered notes will not contain terms with respect to transfer restrictions or any increase in annual interest rate) (the "*Registered Notes*") and (2) cause the registration statement to become effective under the Securities Act.

After the exchange offer registration statement related to the Registered Notes becomes effective, Microsoft will offer the Registered Notes in exchange for the New Microsoft Notes (the "*Subsequent Exchange Offer*"). The Subsequent Exchange Offer will remain open for at least 20 business days (or longer if required by applicable law) after the date we send or make available notice of the Subsequent Exchange Offer to the holders of the New Microsoft Notes. For each New Microsoft Note surrendered to Microsoft under the Subsequent Exchange Offer, the holders of such New Microsoft Note will receive a Registered Note of equal principal amount. Interest on each Registered Note will accrue (1) from the last interest payment date on which interest was paid on the New Microsoft Note surrendered in exchange therefor or (2) if no interest has been paid on the New Microsoft Note, from the last interest payment date on which interest was paid on the Existing Activision Blizzard Note surrendered in exchange for the New Microsoft Note in the Exchange Offers. A holder of the New Microsoft Notes that participates in the Subsequent Exchange Offer will be required to make certain representations to Microsoft (as described in the registration rights agreement). Microsoft will use commercially reasonable efforts to complete the Subsequent Exchange Offer not later than 60 days after the exchange offer registration statement becomes effective. Under existing SEC interpretations contained in several no-action letters to third parties, the Registered Notes will generally be freely transferable after the Subsequent Exchange Offer without further registration under the Securities Act, except that any broker-dealer that participates in the exchange must deliver a prospectus meeting the requirements of the Securities Act when it resells the Registered Notes. In addition, under applicable interpretations of the staff of the SEC, Microsoft's affiliates will not be permitted to exchange their New Microsoft Notes for Registered Notes in the Subsequent Exchange Offer.

Microsoft will agree to make available, during the period required by the Securities Act, a prospectus meeting the requirements of the Securities Act for use by participating broker-dealers and other persons, if any, with similar prospectus delivery requirements for use in connection with any resale of Registered Notes. New Microsoft Notes not tendered in the Subsequent Exchange Offer will bear interest at the rate set forth on the cover page of this offering memorandum and consent solicitation statement and be subject to all the terms and conditions specified in the Microsoft Indenture, including transfer restrictions, but will not retain any rights under the registration rights agreement (including with respect to increases in annual interest rate described below) after the completion of the exchange offer. If (1) for any

reason the exchange offer is not completed within 450 days after the Early Settlement Date, or if there is no such Early Settlement Date, the Final Settlement Date, or (2), in certain circumstances, any Dealer Manager so requests in connection with any offer or sale of New Microsoft Notes (a "*Shelf Request*"), in each case unless Microsoft has previously done so, Microsoft will use commercially reasonable efforts to file and to have become effective a shelf registration statement relating to resales of such New Microsoft Notes and to keep that shelf registration statement continuously effective until all such notes cease to be "registrable securities" for purposes of the registration rights agreement, including when all notes covered by the shelf registration statement have been sold pursuant to the shelf registration statement. Microsoft will, in the event of such a shelf registration, use commercially reasonable efforts to provide to each participating holder of New Microsoft Notes copies of a prospectus, notify each participating holder of the New Microsoft Notes when the shelf registration statement has become effective and take certain other actions to permit resales of the New Microsoft Notes. A holder of registrable securities that sells notes under the shelf registration statement generally will be (1) required to make certain representations to us (as described more fully in the registration rights agreement), (2) required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, (3) subject to certain of the civil liability provisions under the Securities Act in connection with those sales and (4) bound by the provisions of the registration rights agreement that are applicable to such a holder of registrable securities (including certain indemnification obligations). Holders of registrable securities will also be required to suspend their use of the prospectus included in the shelf registration statement under specified circumstances upon receipt of notice from Microsoft.

If a "registration default" occurs with respect to New Microsoft Notes that are registrable securities, then additional interest shall accrue on the principal amount of such registrable securities at a rate of 0.25% per annum for the first 90-day period beginning on the day immediately following such registration default (which rate will be increased by an additional 0.25% per annum for each subsequent 90-day period that such additional interest continues to accrue, *provided* that the rate at which such additional interest accrues may in no event exceed 1.00% per annum). The additional interest will cease to accrue when the registration default is cured. The foregoing amounts shall not increase, even if more than one registration default has occurred and is continuing. Notwithstanding the foregoing, a holder of New Microsoft Notes who is not entitled to the benefits of the shelf registration statement shall not be entitled to any increase in the interest rate borne by the New Microsoft Notes as a result of a registration default that relates to a shelf registration statement.

A "registration default" occurs with respect to the New Microsoft Notes if (1) we have not exchanged Registered Notes for all New Microsoft Notes validly tendered in accordance with the terms of the Subsequent Exchange Offer on or prior to the 450th day after the Early Settlement Date, or if there is no such Early Settlement Date, the Final Settlement Date, if a shelf registration statement is required and has not become effective, on or prior to the 60th day after the later of (i) the 450th day after the issuance of the New Microsoft Notes and (ii) the date on which Microsoft received a duly executed Shelf Request or (2) if applicable, a shelf registration statement covering resales of the New Microsoft Notes has become effective and such shelf registration statement ceases to be effective or the prospectus contained therein ceases to be usable for resales of registrable securities (a) on more than two occasions of at least 30 consecutive days during the required effectiveness period or (b) at any time in any 12-month period during the required effectiveness period and such failure to remain effective or be usable exists for more than 90 days (whether or not consecutive) in any 12-month period. A registration default is cured with respect to the New Microsoft Notes, and additional interest ceases to accrue on any of the New Microsoft Notes which are registrable securities, when the Subsequent Exchange Offer is completed or the shelf registration statement becomes effective, or when the shelf registration statement again becomes effective or the prospectus again becomes usable, as applicable, or when the notes of such series cease to be "registrable securities."

The registration rights agreement defines “registrable securities” initially to mean the New Microsoft Notes. The New Microsoft Notes will cease to be registrable securities upon the earliest to occur of (1) when a registration statement with respect to such notes has become effective under the Securities Act and such notes have been exchanged or disposed of pursuant to such registration statement; (2) when such notes cease to be outstanding; or (3) when such New Microsoft Notes have been resold pursuant to Rule 144 under the Securities Act (but not Rule 144A) without regard to volume restrictions, *provided* that Microsoft shall have removed or caused to be removed any restrictive legend on such New Microsoft Notes.

Any amounts of additional interest due will be payable in cash on the same original interest payment dates as interest on the New Microsoft Notes is payable.

TRANSFER RESTRICTIONS

Eligible Holders are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the New Microsoft Notes.

The New Microsoft Notes are subject to restrictions on transfer as summarized below. Each holder of Existing Activision Blizzard Notes that tenders Existing Activision Blizzard Notes and any other purchaser of New Microsoft Notes will be deemed to have represented and agreed as follows:

1. You acknowledge that:
 - the New Microsoft Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
 - unless so registered, the New Microsoft Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 5 below.
2. You acknowledge that this offering memorandum and consent solicitation statement relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.
3. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of Microsoft, that you are not acting on Microsoft's behalf and that either:
 - you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are acquiring New Microsoft Notes for your own account or for the account of another qualified institutional buyer; or
 - you are not a U.S. person (as defined in Regulation S under the Securities Act) or acquiring for the account or benefit of a U.S. person, other than a distributor, and you are acquiring New Microsoft Notes in an offshore transaction in accordance with Regulation S.
4. You acknowledge that none of Microsoft, Activision Blizzard, the Dealer Managers or the trustee (with respect to the Existing Activision Blizzard Notes or the New Microsoft Notes, as applicable), nor any of their representatives, nor any person acting on behalf of any of the foregoing have made any statement, representation to you with respect to Microsoft, Activision Blizzard or the offering of the New Microsoft Notes, other than, in the case of Microsoft, the information contained in this offering memorandum and consent solicitation statement. Accordingly, you acknowledge that no representation or warranty is made by the Dealer Managers as to the accuracy or completeness of such materials. You agree that you have had access to such financial and other information concerning Microsoft and the New Microsoft Notes as you have deemed necessary in connection with your decision to invest in any of the New Microsoft Notes, including an opportunity to ask questions of and request information from Microsoft and such information has been made available to you.
5. You represent that you are acquiring New Microsoft Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the New Microsoft

Notes in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell New Microsoft Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are acquiring New Microsoft Notes, and each subsequent holder of the notes by its acceptance of the New Microsoft Notes will agree, that until the end of the Resale Restriction Period (as defined herein), the New Microsoft Notes may be offered, sold or otherwise transferred only:

- (a) to Microsoft or any of its subsidiaries;
- (b) under a registration statement that has been declared effective under the Securities Act;
- (c) for so long as the New Microsoft Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;
- (d) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act;
- (e) to an institutional accredited investor (within the meaning of Rule 501(a) under the Securities Act) that is not a qualified institutional buyer and that is acquiring for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of notes of \$250,000; or
- (f) under any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable state securities laws.

6. You also acknowledge that to the extent that you hold the New Microsoft Notes through an interest in a global note, the Resale Restriction Period (as defined herein) may continue until one year after the issuer, or any affiliate of the issuer, was the owner of such note or an interest in such global note, and so may continue indefinitely.

7. You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A notes) after the later of the closing date, the closing date of the issuance of any additional notes and the last date that Microsoft or any of its affiliates was the owner of the New Microsoft Notes or any predecessor of the notes or 40 days (in the case of Regulation S notes) after the later of the closing date, the closing date of the issuance of any additional notes and when the New Microsoft Notes or any predecessor of the New Microsoft Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "*Resale Restriction Period*"), and will not apply after the applicable Resale Restriction Period ends;

- if a holder of New Microsoft Notes proposes to resell or transfer notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to Microsoft and the trustee a letter from the purchaser in the form set forth in the Microsoft Indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring New Microsoft Notes not for distribution in violation of the Securities Act;
- Microsoft and the trustee reserve the right to require in connection with any offer, sale or other transfer of New Microsoft Notes under clauses (d), (e) and (f) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to Microsoft and the trustee; and
- each New Microsoft Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY),] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF \$250,000 OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER THEREOF OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF (A) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (B) OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR (C) OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE THE ASSETS OF ANY OF THE FOREGOING DESCRIBED IN CLAUSES (A) OR (B) ABOVE, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

8. You represent and warrant that either (i) no portion of the assets used by you to acquire or hold the New Microsoft Notes or any interest therein constitutes assets of any (a) "employee benefit plan" within the meaning of Section 3(3) of ERISA that is subject to Title I of ERISA, (b) plan, account or other arrangement that is described in and subject to Section 4975 of the Code, or provisions under any other Similar Laws, or (c) entity whose underlying assets are considered to include the assets of any of the foregoing described in clauses (a) or (b) or (ii) the acquisition and holding of the New Microsoft Notes or any interest therein by you will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

9. You acknowledge that Microsoft, the Dealer Managers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of New Microsoft Notes is no longer accurate, you will promptly notify Microsoft and the Dealer Managers. If you are acquiring any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax consequences to U.S. Holders and Non-U.S. Holders (each term as defined below) of the Exchange Offers and Consent Solicitations and the ownership and disposition of any New Microsoft Notes acquired in the Exchange Offers. This summary does not address any New Microsoft Notes that are not acquired in the Exchange Offers. This summary is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), proposed, temporary and final Treasury regulations promulgated under the Code, and administrative rulings and judicial decisions, in each case as of the date of this offering memorandum and consent solicitation statement. These authorities are subject to differing interpretations and may be changed, perhaps retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not obtained, nor do we intend to obtain, a ruling from the U.S. Internal Revenue Service (the "*IRS*") with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary assumes that the Existing Activision Blizzard Notes are, and any New Microsoft Notes will be, held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address other U.S. federal tax laws (such as Medicare contribution tax laws and estate and gift tax laws) or the tax considerations arising under the laws of any state, local or non-U.S. jurisdiction. In addition, this summary does not address all tax considerations that may be applicable to a particular holder's circumstances or to holders that may be subject to special tax rules, including, without limitation, holders subject to the alternative minimum tax, insurance companies, banks or other financial institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, dealers or brokers in securities or currencies, traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings, U.S. Holders whose "functional currency" is not the U.S. dollar, controlled foreign corporations, passive foreign investment companies, U.S. expatriates, certain former citizens or residents of the United States, partnerships, S corporations or other pass-through entities (or investors therein), holders holding the Existing Activision Blizzard Notes or the New Microsoft Notes as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction, holders deemed to sell the Existing Activision Blizzard Notes or the New Microsoft Notes under the constructive sale provisions of the Code, holders required to accelerate the recognition of any item of gross income with respect to the Existing Activision Blizzard Notes or the New Microsoft Notes as a result of such income being recognized on an applicable financial statement, or subsequent purchasers of the New Microsoft Notes.

For purposes of this discussion, a "*U.S. Holder*" is a beneficial owner of the Existing Activision Blizzard Notes or the New Microsoft Notes that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or a resident of the United States, (ii) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, if its administration is subject to the primary supervision of a U.S. court and one or more United States persons have the authority to control all substantial decisions of the trust, or if it has made a valid election under applicable Treasury regulations to be treated as a United States person.

For purposes of this discussion, a "*Non-U.S. Holder*" is a beneficial owner of the Existing Activision Blizzard Notes or the New Microsoft Notes that is neither a U.S. Holder nor a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Existing Activision Blizzard Notes or the New Microsoft Notes, the tax treatment of a

partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership holding the Existing Activision Blizzard Notes or the New Microsoft Notes, you should consult your tax advisor regarding the tax consequences of the Exchange Offers and Consent Solicitations and the ownership and disposition of any New Microsoft Notes acquired in the Exchange Offers.

We believe, and the following discussion assumes, that the Existing Activision Blizzard Notes are, and the New Microsoft Notes will be, treated as debt for U.S. federal income tax purposes.

This summary is for general information purposes only, and is not intended to be, and should not be construed to be, legal or tax advice to any particular holder. You are urged to consult your tax advisor with regard to the application of the U.S. federal income tax laws, as well as the application of non-income tax laws and the laws of any state, local or non-U.S. taxing jurisdiction, to your particular situation.

Tax Consequences to Exchanging U.S. Holders

The following discussion is a summary of certain U.S. federal income tax consequences that will apply to you if you are a U.S. Holder who exchanges Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers.

Tax Consequences of the Exchange

Under general principles of U.S. federal income tax law, the modification of a debt instrument can give rise to an exchange under Section 1001 of the Code upon which gain or loss is realized if the modified debt instrument differs materially either in kind or in extent from the original debt instrument. In this regard, governing Treasury regulations (the "*Modification Regulations*") provide that, as a general rule, an exchange occurs when, based on all the facts and circumstances and taking into account all changes in the terms of the debt instrument collectively (other than certain specified changes), the legal rights or obligations that are altered, and the degree to which they are altered, are economically significant (a "*significant modification*"). The Modification Regulations can apply to any modification of a debt instrument, regardless of the form of the modification, including an exchange of a new debt instrument for an existing debt instrument. Therefore, the Modification Regulations are relevant in determining the consequences of an exchange of Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers.

Under the Modification Regulations, a substitution of a new obligor on a recourse debt instrument is a significant modification unless certain exceptions apply, none of which we believe applies to the exchange of Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers. Therefore, we intend to take the position, and the following discussion assumes, that the exchange of Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers will, in each case, constitute a significant modification under the Modification Regulations.

Subject to the discussion below under "—Early Tender Premium," upon the exchange of Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers, you will recognize gain or loss equal to the difference, if any, between (i) the sum of the "issue price" of the New Microsoft Notes received (as described below under "—Issue Price of the New Microsoft Notes") and any cash received, reduced by an amount equal to any accrued but unpaid interest on the Existing Activision Blizzard Notes (as discussed below), and (ii) your adjusted tax basis in the Existing Activision Blizzard Notes surrendered. Your adjusted tax basis in an Existing Activision Blizzard Note will generally equal the amount paid therefor, increased by any market discount previously included in income with respect to the Existing Activision Blizzard Note and reduced (but not below zero) by any bond premium previously amortized with respect to the Existing Activision Blizzard Note. Subject to the discussions below under "—Market Discount" and "—Early Tender Premium," any gain or loss recognized in the exchange will generally be capital gain or loss and will generally be long-term capital gain or loss if you held the Existing Activision Blizzard Notes for

more than one year prior to the date of the exchange. Long-term capital gains of non-corporate U.S. Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. You will generally have an initial tax basis in the New Microsoft Notes received in the Exchange Offers equal to the “issue price” of the New Microsoft Notes received (as described below under “—Issue Price of the New Microsoft Notes”). In addition, you will begin a new holding period for the New Microsoft Notes that will begin on the day after the exchange and will not include your holding period for the Existing Activision Blizzard Notes surrendered in the Exchange Offers.

If you hold Existing Activision Blizzard Notes with differing tax bases and/or holding periods, the preceding rules must be applied separately to each identifiable block of Existing Activision Blizzard Notes.

Issue Price of the New Microsoft Notes. The determination of the issue price of a series of New Microsoft Notes will depend on whether such New Microsoft Notes and/or the Existing Activision Blizzard Notes exchanged therefor are “publicly traded” for U.S. federal income tax purposes. If the New Microsoft Notes of a series are publicly traded, they generally will have an issue price equal to their fair market value on the issue date of such New Microsoft Notes. If the New Microsoft Notes of a series are not publicly traded, but the Existing Activision Blizzard Notes exchanged therefor are publicly traded (as we believe will be the case for all series of Existing Activision Blizzard Notes), the issue price of the New Microsoft Notes of such series will generally be determined by reference to the fair market value of the Existing Activision Blizzard Notes exchanged therefor on the issue date of such New Microsoft Notes. For these purposes, if there is an Early Settlement Date, we expect the Early Settlement Date to be deemed the “issue date” for all New Microsoft Notes acquired in the Exchange Offers, including any New Microsoft Notes issued on the Final Settlement Date. Thus, in such case, all New Microsoft Notes of a series, whether issued on the Early Settlement Date or the Final Settlement Date, should have the same issue price determined by reference to the applicable fair market value on the Early Settlement Date.

If the outstanding principal amount of the New Microsoft Notes of a series exceeds \$100 million, we expect that such New Microsoft Notes will be publicly traded, and, thus, that such New Microsoft Notes will have an issue price equal to their fair market value on the issue date of such New Microsoft Notes. In accordance with applicable U.S. Treasury regulations, we may determine the issue price of the New Microsoft Notes of any or all series by subtracting from the issue price the amount of stated interest on such New Microsoft Notes that is attributable to the period from the last interest payment date on which interest was paid on the Existing Activision Blizzard Notes surrendered in exchange therefor to the issue date of such New Microsoft Notes (“*pre-issuance accrued interest*”). If we determine that the New Microsoft Notes of a series are publicly traded for U.S. federal income tax purposes, we will make that determination as well as our determination of the fair market value of such New Microsoft Notes available to holders in a commercially reasonable fashion, including by electronic publication, within 90 days of the issue date of such New Microsoft Notes. In such case, our determination of the issue price of the New Microsoft Notes will be binding upon you unless you explicitly disclose to the IRS, on a timely filed U.S. federal income tax return for the taxable year that includes the date of your acquisition of the New Microsoft Notes, that your determination is different from ours, the reasons for the different determination, and how you determined the issue price.

Market Discount. You will be considered to have acquired an Existing Activision Blizzard Note with “market discount” if the stated principal amount of such Existing Activision Blizzard Note exceeded your initial tax basis for such Existing Activision Blizzard Note by an amount equal to or greater than a specified *de minimis* amount. If your Existing Activision Blizzard Notes were acquired with market discount, any gain recognized on the exchange of Existing Activision Blizzard Notes for New Microsoft Notes will be treated as ordinary income (and will not receive capital gain treatment) to the extent of the market discount accrued during your period of ownership (on a straight line basis or, if elected, on a constant yield basis), unless you

previously had elected to include market discount in income as it accrued for U.S. federal income tax purposes. If you acquired your Existing Activision Blizzard Notes (other than at original issuance) for a price less than their stated principal amount, you should consult your tax advisor regarding the possible application of the market discount rules.

Early Tender Premium. Holders that tender their Existing Activision Blizzard Notes at or before the Early Tender Date will be eligible to receive the Total Exchange Consideration, which, as compared to the Exchange Consideration, consists of a greater principal amount of New Microsoft Notes and an additional cash payment (collectively, the “*Early Tender Premium*”). Although the U.S. federal income tax treatment of the receipt of the Early Tender Premium is uncertain, we intend to take the position, and this discussion assumes, that the Early Tender Premium should be treated as additional consideration received in exchange for the Existing Activision Blizzard Notes. Therefore, the Early Tender Premium should be taken into account in determining the amount of gain or loss recognized on the exchange, as described above. However, the IRS could take the position that the Early Tender Premium instead should be treated as a separate fee or other payment that would be subject to tax as ordinary income. You are urged to consult your tax advisor with respect to the U.S. federal income tax treatment of the Early Tender Premium.

Accrued and Unpaid Interest. If you exchange Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers, you will, for U.S. federal income tax purposes, be deemed to have received an amount attributable to accrued but unpaid interest on the Existing Activision Blizzard Notes at the time of the exchange, even though such amount will not be received in cash. Any such accrued interest will generally be includible in your gross income as ordinary interest income if such accrued interest had not been included previously in your gross income for U.S. federal income tax purposes.

Tax Consequences of the Ownership and Disposition of the New Microsoft Notes

Payments of Interest. Payments of stated interest on the New Microsoft Notes will be taxed to you as ordinary income at the time the interest is paid or received in accordance with your method of accounting for U.S. federal income tax purposes. However, you generally will not be required to include in income the portion of the first payment of interest on a New Microsoft Note that is attributable to pre-issuance accrued interest (which, for these purposes, if there is an Early Settlement Date and any New Microsoft Notes are issued to you on the Final Settlement Date, includes the portion of the first payment of interest that is attributable to the period between the Early Settlement Date and the Final Settlement Date). Instead, you should treat such portion as a non-taxable return of the pre-issuance accrued interest. In addition, your initial tax basis in a New Microsoft Note should be reduced by any such pre-issuance accrued interest if such pre-issuance accrued interest was not already taken into account as a subtraction in determining the issue price of such New Microsoft Note (as described above under “—Tax Consequences of the Exchange—Issue Price of the New Microsoft Notes”).

Original Issue Discount. If the issue price of the New Microsoft Notes of a series (as described above under “—Tax Consequences of the Exchange—Issue Price of the New Microsoft Notes”) is less than their stated principal amount by an amount equal to or greater than a specified *de minimis* amount (i.e., 0.25% of their stated principal amount multiplied by the number of complete years to maturity from their issue date), such New Microsoft Notes will be treated as issued with OID in an amount equal to the difference between their issue price and their stated principal amount. You must generally include OID in your gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) over the term of a New Microsoft Note in advance of the receipt of cash payments attributable to that income and without regard to your regular method of accounting for U.S. federal income tax purposes.

The amount of OID, if any, that you must include in income with respect to a New Microsoft Note will generally equal the sum of the “daily portions” of OID with respect to the New Microsoft Note for each

day during the taxable year or portion of the taxable year in which you held such New Microsoft Note (“*accrued OID*”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. The “accrual period” for a New Microsoft Note may be of any length and may vary in length over the term of the New Microsoft Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of (i) the product of the New Microsoft Note’s “adjusted issue price” at the beginning of such accrual period and its “yield to maturity” (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (ii) the aggregate of all stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of stated interest) and the adjusted issue price of the New Microsoft Note at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of a New Microsoft Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID, if any, for all prior accrual periods. The “yield to maturity” of a New Microsoft Note is the discount rate that causes the present value of all payments on the New Microsoft Note, as of the date of issuance, to equal the issue price of such New Microsoft Note. Under these rules, you generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

You may elect to treat all interest (including stated interest, OID or *de minimis* OID, as adjusted by any amortizable bond premium, as discussed below under “—Amortizable Bond Premium”) on a New Microsoft Note as OID and calculate the amount includible in gross income under the constant yield method described above. The election must be made for the taxable year in which you acquire the New Microsoft Note, and may not be revoked without the consent of the IRS. You should consult your tax advisor about this election. This discussion assumes this election is not made.

Amortizable Bond Premium. If your initial tax basis in a New Microsoft Note is greater than its stated principal amount, you will be considered to have acquired the New Microsoft Note with “amortizable bond premium” equal to such excess. You generally may elect to amortize the premium over the remaining term of the New Microsoft Note on a constant yield method as an offset to interest that is otherwise includible in income under your regular accounting method with respect to the New Microsoft Note. However, because the New Microsoft Notes may be redeemed by us prior to maturity at a premium, special rules apply that may reduce, eliminate or defer the amount of premium that you may amortize with respect to a New Microsoft Note. You should consult your tax advisor about these special rules. If you do not elect to amortize the premium, that premium will decrease the gain or increase the loss you would otherwise recognize on maturity or disposition of the New Microsoft Note. An election to amortize premium on a constant yield method will also apply to all other taxable debt instruments held or subsequently acquired by you on or after the first day of the first taxable year for which the election is made. Such an election may not be revoked without the consent of the IRS. You should consult your tax advisor about this election.

Sale, Exchange or Retirement of the New Microsoft Notes. You will generally recognize taxable gain or loss upon a sale, exchange, retirement or other taxable disposition of a New Microsoft Note in an amount equal to the difference, if any, between (i) the amount of cash and the fair market value of any property received (less an amount equal to any accrued but unpaid stated interest, which will be taxed in the manner described above under “—Payments of Interest”) and (ii) your adjusted tax basis in the New Microsoft Note. Your adjusted tax basis in a New Microsoft Note will be your initial tax basis in the New Microsoft Note (as described above under “—Tax Consequences of the Exchange”), increased by any OID previously included in income with respect to the New Microsoft Note and reduced by any amortized bond premium.

Any gain or loss on the sale, exchange, retirement or other taxable disposition of a New Microsoft Note will generally be capital gain or loss and will generally be long-term capital gain or loss if the New Microsoft Note has a holding period of more than one year at the time of the sale, exchange, retirement or other taxable disposition. Long-term capital gains of non-corporate U.S. Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Tax Consequences to Exchanging Non-U.S. Holders

The following discussion is a summary of certain U.S. federal income tax consequences that will apply to you if you are a Non-U.S. Holder who exchanges Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers.

For purposes of the discussion below, any income or gain will be considered to be "U.S. trade or business income" if such income or gain is:

- effectively connected with your conduct of a U.S. trade or business; and
- if required by an applicable income tax treaty with the United States, attributable to a U.S. permanent establishment (or a fixed base) maintained by you in the United States.

Tax Consequences of the Exchange

Subject to the discussions below under "—Early Tender Premium" and "—Backup Withholding and Information Reporting—Non-U.S. Holders," you will generally not be subject to U.S. federal income or withholding tax on any gain realized on the exchange of Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers (which gain would be determined as described above under "—Tax Consequences to Exchanging U.S. Holders—Tax Consequences of the Exchange") unless:

- such gain is U.S. trade or business income; or
- you are an individual who is present in the United States for 183 days or more in the taxable year of the exchange and certain other conditions are met.

Regarding the first bullet above, a Non-U.S. Holder who realizes U.S. trade or business income with respect to the exchange generally will be subject to U.S. federal income tax on that income in the same manner as a U.S. Holder (see "—Tax Consequences to Exchanging U.S. Holders—Tax Consequences of the Exchange" above). In addition, if you are a foreign corporation, you may be subject to an additional branch profits tax equal to 30% (or lower applicable income tax treaty rate) of your effectively connected earnings and profits, subject to adjustments. If you are an individual Non-U.S. Holder described in the second bullet above, unless an applicable income tax treaty provides otherwise, you will generally be subject to a flat 30% U.S. federal income tax on any gain realized, which may be offset by certain U.S. source losses.

Accrued and Unpaid Interest. Subject to the discussions below under "—Backup Withholding and Information Reporting—Non-U.S. Holders" and "—Additional Withholding Requirements," the portion of the amount paid pursuant to the Exchange Offers that is deemed allocable to accrued but unpaid interest on the Existing Activision Blizzard Notes (as described above under "—Tax Consequences to Exchanging U.S. Holders—Tax Consequences of the Exchange—Accrued and Unpaid Interest") will not be subject to U.S. federal income or withholding tax under the "portfolio interest rule," provided that:

- the accrued interest is not U.S. trade or business income;
- you do not actually or constructively own stock possessing 10% or more of the total combined voting power of all classes of the voting stock of Activision Blizzard within the meaning of the Code and applicable U.S. Treasury regulations;

- you are not a controlled foreign corporation that is related to Activision Blizzard through stock ownership;
- you are not a bank whose receipt of interest on the Existing Activision Blizzard Notes is described in Section 881(c)(3)(A) of the Code; and
- either (a) you provide your name and address on an applicable IRS Form W-8, and certify, under penalties of perjury, that you are not a United States person as defined under the Code or (b) you hold your Existing Activision Blizzard Notes through certain foreign intermediaries and satisfy the certification requirements of applicable U.S. Treasury regulations. Special certification rules apply to Non-U.S. Holders that are pass-through entities rather than corporations or individuals.

If you cannot satisfy the requirements described above, the portion of the amount paid pursuant to the Exchange Offers that is deemed allocable to accrued but unpaid interest on the Existing Activision Blizzard Notes will generally be subject to a 30% U.S. federal withholding tax, unless you provide the applicable withholding agent with a properly executed:

- IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or
- IRS Form W-8ECI (or other applicable form) certifying that interest paid on the Existing Activision Blizzard Notes is not subject to withholding tax because it is U.S. trade or business income (as discussed in further detail below).

If the portion of the proceeds received by you that is deemed allocable to accrued but unpaid interest on the Existing Activision Blizzard Notes is U.S. trade or business income, you will not be subject to the 30% U.S. federal withholding tax on such interest if you provide the applicable withholding agent with a properly executed IRS Form W-8ECI, as discussed above. Instead, you generally will be taxed on such interest in the same manner as a U.S. Holder (see “—Tax Consequences to Exchanging U.S. Holders—Tax Consequences of the Exchange—Accrued and Unpaid Interest” above). In addition, if you are a foreign corporation, you may be subject to an additional branch profits tax equal to 30% (or lower applicable income tax treaty rate) of your effectively connected earnings and profits, subject to adjustments.

Early Tender Premium. As discussed above under “—Tax Consequences to Exchanging U.S. Holders—Tax Consequences of the Exchange—Early Tender Premium,” although the U.S. federal income tax treatment of the receipt of the Early Tender Premium is uncertain, we intend to take the position that the Early Tender Premium should be treated as additional consideration received in exchange for the Existing Activision Blizzard Notes. However, if the Early Tender Premium were to be treated as a separate fee or other payment, the Early Tender Premium could be subject to U.S. federal withholding tax. You are urged to consult your tax advisor with respect to the U.S. federal income tax treatment of the Early Tender Premium.

Tax Consequences of the Ownership and Disposition of the New Microsoft Notes

Payments of Interest. Subject to the discussions below under “—Backup Withholding and Information Reporting—Non-U.S. Holders” and “—Additional Withholding Requirements,” U.S. federal withholding tax will not apply to any payment of interest (including any OID) on the New Microsoft Notes, provided that you meet the requirements of the portfolio interest rule described above in “—Tax Consequences of the Exchange—Accrued and Unpaid Interest” (substituting Microsoft and the New Microsoft Notes for any references to Activision Blizzard and the Existing Activision Blizzard Notes, respectively).

If you cannot satisfy the requirements of the portfolio interest rule, payments of interest (including any OID) on the New Microsoft Notes made to you will generally be subject to a 30% U.S. federal withholding tax, unless you provide the applicable withholding agent with a properly executed:

- IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or
- IRS Form W-8ECI (or other applicable form) certifying that interest paid on the New Microsoft Notes is not subject to withholding tax because it is U.S. trade or business income (as discussed in further detail below under “—Effectively Connected Interest and Gain”).

Sale, Exchange or Retirement of the New Microsoft Notes. Subject to the discussion below under “—Backup Withholding and Information Reporting—Non-U.S. Holders,” you will generally not be subject to U.S. federal income or withholding tax on any gain realized upon the sale, exchange, retirement or other taxable disposition of a New Microsoft Note unless:

- the gain is U.S. trade or business income (in which case the gain will generally be subject to tax as described below under “—Effectively Connected Interest and Gain”); or
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met, in which case, unless an applicable income tax treaty provides otherwise, you will generally be subject to a flat 30% U.S. federal income tax on the gain, which may be offset by certain U.S. source losses.

To the extent proceeds from the sale, exchange, retirement or other taxable disposition of a New Microsoft Note represent accrued and unpaid stated interest, you will generally be subject to U.S. federal income tax with respect to such accrued and unpaid stated interest in the same manner as described above under “—Payments of Interest.”

Effectively Connected Interest and Gain. If any interest (including any OID) on, or gain realized upon the disposition of, the New Microsoft Notes is U.S. trade or business income, you will generally be subject to U.S. federal income tax on that interest or gain in the same manner as if you were a U.S. Holder (although you will be exempt from the 30% U.S. federal withholding tax on interest, provided the certification requirements discussed above are satisfied). In addition, if you are a foreign corporation, you may be subject to an additional branch profits tax equal to 30% (or lower applicable income tax treaty rate) of your effectively connected earnings and profits, subject to adjustments.

Backup Withholding and Information Reporting

U.S. Holders

Information reporting requirements may apply to the exchange of Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers, payments of interest and any OID accruals on the New Microsoft Notes, and proceeds from a sale or other disposition (including a retirement or redemption) of the New Microsoft Notes (unless, in each case, you establish that you are an exempt recipient such as a corporation). Backup withholding may apply to any payments described in the preceding sentence if you fail to provide a taxpayer identification number and a certification that you are not subject to backup withholding. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

Information returns generally will be filed in connection with the amount of interest (including any OID) paid to you (or deemed paid to you) with respect to the Existing Activision Blizzard Notes or the New Microsoft Notes and the amount of tax, if any, withheld with respect to such payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty or agreement.

In general, you will not be subject to backup withholding with respect to interest (including any OID) paid to you (or deemed paid to you) with respect to the Existing Activision Blizzard Notes or the New Microsoft Notes, provided in each case that the applicable withholding agent does not have actual knowledge or reason to know that you are a United States person as defined under the Code, and you have provided a validly completed applicable IRS Form W-8 establishing that you are not a United States person (or you satisfy certain documentary evidence requirements for establishing that you are not a United States person).

Information reporting and, depending on the circumstances, backup withholding may apply to the proceeds of a sale or other disposition (including a retirement or redemption) of the Existing Activision Blizzard Notes or the New Microsoft Notes made within the United States or conducted through certain United States-related financial intermediaries, unless you certify to the payor under penalties of perjury that you are not a United States person as defined under the Code (and the payor does not have actual knowledge or reason to know that you are a United States person), or you otherwise establish an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as “FATCA”), a 30% U.S. federal withholding tax may apply to any interest (including any OID) paid on the Existing Activision Blizzard Notes or the New Microsoft Notes to (i) a “foreign financial institution” (as specifically defined in the Code and whether such foreign financial institution is the beneficial owner or an intermediary) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a “non-financial foreign entity” (as specifically defined in the Code and whether such non-financial foreign entity is the beneficial owner or an intermediary) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If an interest payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under “—Tax Consequences to Exchanging Non-U.S. Holders—Tax Consequences of the Exchange—Accrued and Unpaid Interest” and “—Tax Consequences to Exchanging Non-U.S. Holders—Tax Consequences of the Ownership and Disposition of the New Microsoft Notes—Payments of Interest,” an applicable withholding agent may credit the withholding under FATCA against, and therefore reduce, such other withholding tax.

While withholding under FATCA would also have applied to payments of gross proceeds from a sale or other taxable disposition of the Existing Activision Blizzard Notes or the New Microsoft Notes, proposed U.S. Treasury regulations (the preamble to which indicates that taxpayers may rely on the regulations pending their finalization) eliminate FATCA withholding on payments of gross proceeds entirely.

You should consult your tax advisor regarding these rules and whether they may be relevant to the exchange of the Existing Activision Blizzard Notes for New Microsoft Notes pursuant to the Exchange Offers and your ownership and disposition of the New Microsoft Notes.

Non-Exchanging Holders

If you are a holder of Existing Activision Blizzard Notes that does not participate in the Exchange Offers, the U.S. federal income tax treatment to you of the adoption of the Proposed Amendments to the applicable Existing Activision Blizzard Indenture will generally depend upon whether the adoption of such Proposed Amendments constitutes a significant modification pursuant to the Modification Regulations (as described above under “—Tax Consequences to Exchanging U.S. Holders—Tax Consequences of the Exchange”). The Modification Regulations provide that the addition, deletion or alteration of customary accounting or financial covenants relating to a debt instrument does not result in a significant modification of the debt instrument. Although the matter is not free from doubt, Activision Blizzard intends to take the position that the adoption of the Proposed Amendments will not constitute a significant modification of any of the Existing Activision Blizzard Notes pursuant to the Modification Regulations, and therefore will not result in a deemed exchange of any Existing Activision Blizzard Notes that are not exchanged pursuant to the Exchange Offers. If that position is respected for U.S. federal income tax purposes, you will not recognize any gain or loss for U.S. federal income tax purposes as a result of the adoption of the Proposed Amendments or the completion of the Exchange Offers, and your adjusted tax basis, holding period, and market discount (if any) for your Existing Activision Blizzard Notes will be similarly unaffected by the adoption of the Proposed Amendments or the completion of the Exchange Offers. There can be no assurance, however, that the IRS will not take a different position or that any such position, if taken, would not be sustained by a court. If the IRS successfully asserted that the adoption of the Proposed Amendments resulted in a deemed exchange of your Existing Activision Blizzard Notes, the tax consequences of such adoption may differ materially from the tax consequences described above, and could include the recognition of taxable gain or loss on the deemed exchange of the Existing Activision Blizzard Notes. In addition, any “new” Existing Activision Blizzard Notes that are treated as received in the deemed exchange may be issued with OID for U.S. federal income tax purposes. Non-exchanging holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the adoption of the Proposed Amendments.

CERTAIN ERISA CONSIDERATIONS

The following summary of certain considerations associated with the purchase and holding of the notes by (i) "employee benefit plans" within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other Similar Laws, and (iii) entities whose underlying assets are considered to constitute the assets of any of the foregoing described in clauses (i) and (ii), pursuant to ERISA or otherwise (each of the foregoing described in clauses (i), (ii) and (iii) referred to herein as a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on Plans that are subject to Title I of ERISA and/or Section 4975 of the Code (each such a "Covered Plan"), and on those persons who are "fiduciaries" as defined in Section 3(21) of ERISA and Section 4975 of the Code with respect to Covered Plans and prohibit certain transaction involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and Section 4975 of the Code, any person who exercises any discretionary authority or control over the administration of a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan is generally considered to be a fiduciary of the Covered Plan.

In considering an investment of the assets of a Plan in the New Microsoft Notes, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation, the indicia of ownership, prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, Section 4975 of the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

An investor who is considering acquiring the New Microsoft Notes with the assets of a Covered Plan must consider whether the holding of the New Microsoft Notes will constitute or result in a non-exempt prohibited transaction. ERISA and Section 4975 of the Code prohibit certain transactions that involve a Covered Plan and a "party in interest" as defined in Section 3(14) of ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Code with respect to such Covered Plan. Examples of such prohibited transactions include, but are not limited to, sales or exchanges of property (such as the New Microsoft Notes) or extensions of credit between a Covered Plan and a party in interest or disqualified person. In addition, ERISA and Section 4975 of the Code generally prohibit a fiduciary with respect to a Covered Plan from dealing with the assets of the Covered Plan for its own benefit (for example when a fiduciary of a Covered Plan uses its position to cause the Covered Plan to make investments in connection with which the fiduciary (or a party related to the fiduciary) receives a fee or other consideration).

ERISA and the Code contain certain exemptions from the prohibited transactions described above, and the U.S. Department of Labor has issued several exemptions, although certain exemptions do not provide relief from the prohibitions on fiduciary self-dealing discussed above. Exemptions include Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code pertaining to certain transactions with non-fiduciary service providers; Department of Labor Prohibited Transaction Class Exemption ("PTCE") 95-60, applicable to transactions involving insurance company general accounts; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 84-14, regarding investments effected by a qualified professional asset manager; and PTCE 96-23, regarding investments effected by an in-house asset manager. Fiduciaries of Covered Plans considering acquiring and/or holding the New Microsoft Notes in reliance on these or any other exemption

should carefully review the exemption to assure it is applicable. There can be no assurance that any of these exemptions will be available with respect to the acquisition or holding of New Microsoft Notes.

Governmental, Certain Church and Non-U.S. Plans

As a general rule, Plans that are governmental plans, as defined in Section 3(32) of ERISA, church plans, as defined in Section 3(33) of ERISA, that have not made an election under Section 410(d) of the Code and Plans maintained outside the United States primarily for the benefit of persons substantially all of whom are nonresident aliens, are not subject to Title I of ERISA or Section 4975 of the Code. However, such Plans may be subject to Similar Laws. A fiduciary of any such Plan should consider whether investing in the New Microsoft Notes satisfies the requirements, if any, under any applicable Similar Laws.

Representation

Because of the foregoing, the New Microsoft Notes should not be acquired or held by a Plan unless the holding of the New Microsoft Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation of Similar Laws. Therefore, each acquirer of the New Microsoft Notes will be deemed to represent and warrant to us and the trustee either that (1) no portion of the assets used by such acquirer to acquire the New Microsoft Notes or any interest therein constitutes assets of any Plan or (2) the acquisition and holding of the New Microsoft Notes or any interest therein by such holder will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws. **The Exchange Offers are not a representation by us or any Dealer Manager that an acquisition of the New Microsoft Notes meets any or all legal requirements applicable to investments by Plans, or that such an investment is appropriate for any particular Plan.**

LEGAL MATTERS

The validity of the New Microsoft Notes offered in the Exchange Offers will be passed upon for Microsoft by Simpson Thacher & Bartlett LLP, Palo Alto, California. Certain legal matters in connection with the Consent Solicitations will be passed upon for Activision Blizzard by Simpson Thacher & Bartlett LLP, Palo Alto, California. The Dealer Managers are being represented in connection with the Exchange Offers and Consent Solicitations by Weil, Gotshal & Manges LLP, New York, New York. Weil, Gotshal & Manges LLP performs legal services for us currently and from time to time.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements of Microsoft Corporation as of and for the fiscal years ended June 30, 2023 and 2022, incorporated by reference in this offering memorandum and consent solicitation statement and the effectiveness of internal control over financial reporting as of June 30, 2023 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports incorporated herein.

WHERE YOU CAN FIND MORE INFORMATION

Microsoft files annual, quarterly and current reports, proxy statements and other business and financial information with the SEC. Microsoft's SEC filings are available to the public at the internet website maintained by the SEC at www.sec.gov. You will also be able to obtain many of these documents, free of charge, from Microsoft by accessing Microsoft's website at <http://www.microsoft.com> under the "Investors" link and then the "SEC Filings" link. No reports or other documents of Activision Blizzard are incorporated by reference herein.

INFORMATION WE INCORPORATE BY REFERENCE

Some of the information that you may want to consider is not included in this offering memorandum and consent solicitation statement, but rather is “incorporated by reference” herein from certain reports that we have filed with the SEC. This permits us to disclose important information by referring to those documents rather than repeating them in full in this offering memorandum and consent solicitation statement. The information incorporated by reference in this offering memorandum and consent solicitation statement is considered part of this offering memorandum and consent solicitation statement, except for any information that is updated or superseded, and contains important business and financial information.

This document incorporates by reference the following documents that have previously been filed with the SEC by Microsoft:

- Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (filed with the SEC on July 27, 2023);
- The portions of Microsoft’s Definitive Proxy Statement on Schedule 14A for the Annual Meeting of Stockholders on December 13, 2022 that are specifically incorporated by reference into Microsoft’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022 (filed with the SEC on July 28, 2022); and
- Microsoft’s Current Reports on Form 8-K filed on October 11, 2023 and October 13, 2023.

In addition, Microsoft is incorporating by reference any documents it may file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this offering memorandum and consent solicitation statement and at or before the Expiration Date, *provided*, however, that Microsoft is not incorporating by reference (1) any information furnished (but not filed), except as otherwise specified herein or (2) any information filed exclusively pursuant to Rule 425 under the Securities Act after the date of this offering memorandum and consent solicitation statement.

We will provide without charge to each person, including any beneficial owner of securities offered under this offering memorandum and consent solicitation statement, to whom a copy of this offering memorandum and consent solicitation statement has been delivered, upon the written or oral request of such person, a copy of any or all of the documents that have been or may be incorporated by reference into this offering memorandum and consent solicitation statement, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents or this offering memorandum and consent solicitation statement. You should direct any such requests to us at the following address:

Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052-6399
Attention: Investor Relations
(425) 882-8080

Statements made in this offering memorandum and consent solicitation statement or in any document incorporated by reference into this offering memorandum and consent solicitation statement as to the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance, reference is made to the documents incorporated by reference herein, each such statement being qualified in all material respects by such reference.

Any statement made in a document incorporated by reference or deemed incorporated by reference into this offering memorandum and consent solicitation statement is deemed to be automatically modified or superseded for purposes of this offering memorandum and consent solicitation statement to

the extent that a statement contained in this offering memorandum and consent solicitation statement or in any subsequently filed document that also is incorporated or deemed incorporated by reference herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum and consent solicitation statement. Unless this offering memorandum and consent solicitation statement or the information incorporated by reference herein indicates that another date applies, you should not assume that the information in this offering memorandum and consent solicitation statement is current as of any date other than the date of this offering memorandum and consent solicitation statement or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference.

The Exchange Agent for the Exchange Offers and Consent Solicitations is:
D.F. King & Co., Inc.

By Regular, Registered or Certified Mail;
Hand or Overnight Delivery:
48 Wall Street, 22nd Floor
New York, New York 10005
Attention: Michael Horthman

By Facsimile Transmission
(for Eligible Institutions Only):
(212) 709-3328
Attention: Michael Horthman

For Confirmation by Telephone:
(212) 232-3233

Any questions or requests for assistance may be directed to any Lead Dealer Manager or the Information Agent at the addresses and telephone numbers set forth below. Requests for additional copies of this offering memorandum and consent solicitation statement may be directed to the Information Agent. Eligible Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offers and Consent Solicitations.

The Information Agent for the Exchange Offers and Consent Solicitations is:
D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005

Banks and brokers: (212) 269-5550
Toll Free: (866) 227-7300
Email: MSFT-ATVI@dfking.com
Website: <https://www.dfking.com/MSFT-ATVI>

Questions or requests for assistance related to the Exchange Offers or for additional copies of this prospectus may be directed to the Information Agent at its telephone numbers and address listed above. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offers.

The Lead Dealer Managers for the Exchange Offers and the Solicitation Agents for the Consent Solicitations are:

BofA Securities
620 South Tryon Street, 20th Floor
Charlotte, North Carolina 28255
Collect: (980) 387-3907
Toll Free: (888) 292-0070
E-mail: debt_advisory@bofa.com
Attn: Debt Advisory

J.P. Morgan
383 Madison Avenue
New York, New York 10179
Collect: (212) 834-4045
Toll Free: (866) 834-4666
Attn: Liability Management
Group

Wells Fargo Securities, LLC
550 South Tryon Street, 5th Floor
Charlotte, North Carolina 28202
Toll Free: (866) 309-6316
Collect: (704) 410-4756
Email:
liabilitymanagement@wellsfargo.com
Attn: Liability Management Group