Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part Reporting Issuer			
1 Issuer's name	2 Issuer's employer identification number (EIN)		
SendGrid, Inc. (by Twilio Inc. as the acquiring	27-0654600		
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Harout Yenikomshian	larout Yenikomshian (415) 801-0384		
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
		2	
375 Beale Street, Suite 300 8 Date of action	O Classification and description	San Francisco, California 94105	
• Date of action	9 Classification and description		
February 1, 2019	SendGrid, Inc. common stock		
10 CUSIP number 11 Serial number(13 Account number(s)	
The second management of the second management	s, in the symbol	10 / toosant nambor(d)	
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	ch additional statements if needed. See	back of form for additional questions.	
		against which shareholders' ownership is measured for	
		y, Inc. (a direct, wholly owned subsidiary of Twilio)	
		February 1, 2019, Merger Sub merged with and into	
SendGrid, with SendGrid continuing as a who			
		right to receive (A) 0.485 of a share of Twilio's Class A	
		nal shares of Twilio's Class A common stock otherwise	
issuable as merger consideration. All factiona	al shares were sold on behalf of sharehold	ders based on the closing value of a full share of Twilio	
Class A common stock on the trading day imi		161	
			
15 Describe the quantitative effect of the orga	inizational action on the basis of the security	in the hands of a U.S. taxpayer as an adjustment per	
share or as a percentage of old basis ▶			
Please see Statement 1.			
	asis and the data that supports the calculat	ion, such as the market values of securities and the	
valuation dates ▶			
Please see Statement 1.			

Part	Щ	Organizational Action (con	tinued)		
4 1	:_4 4L				
			section(s) and subsection(s) upon wh		-
Section	NS 354	(Reorg.	anization); section 1001 (fractional s	shares)	
18 C	an an	v resulting loss be recognized?	No loss may be recognized in the N	lorgori bowayar laga may b	o secondarized on the calc of
fraction	nal sh	ares. The character and classific	cation of the loss is dependent on a	stockholder's particular cir.	rumstances and may be subject
		endGrid stockholders should co		Stockholder 3 particular cir	cumstances and may be subject
19 P	rovide	any other information necessary to	implement the adjustment, such as t	he reportable tax year ▶	
The Me	rger e	ffective on February 1, 2019 and	thus, the reportable tax year is the	tax year of the Sendgrid sto	ockholder that includes
Februa					
					=
					_
	Unde	r penalties of perjury, I declare that I ha	ave examined this return, including accom-	panying schedules and statemen	s, and to the best of my knowledge and
٥.	Dener	, it is true, correct, and complete. Decia	ration of preparer (other than officer) is bas	ed on all information of which pre	parer has any knowledge.
Sign Here		4		2	5 - 10
nere	Signa	ture ▶		Date ▶ <u>3</u> -	3-2019
					324.72.10.00
	Print	your name ► Douglas Andrews Print/Type preparer's name	Preparer's signature	Title ► Vice Pre	sident, Controller
Paid		т настуре реврагет в папте	Tropardi a aignature	Date	Check if PTIN
Prepa		Eirm's namo			self-employed
Use C	Inly	Firm's name ► Firm's address ►			Firm's EIN ▶
Send Fo	orm 80		nents) to: Department of the Treasury	Internal Pevenue Service O	Phone no.

Statement 1

Form 8937 Part II, Box 15 & 16:

As discussed in Form S-4 filed on December 14, 2018 and Form 8-K filed on February 4, 2019, it is intended that, for U.S. federal income tax purposes, the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code ("Reorganization"). Assuming the Merger qualifies as a Reorganization, a U.S. holder of SendGrid common stock that exchanges its SendGrid common stock for Twilio Class A common stock in the Merger will:

- not recognize any gain or loss on the exchange of shares of SendGrid common stock for shares of Twilio Class A common stock (except with respect to any cash received in lieu of fractional share interests in Twilio Class A common stock, which shall be treated as discussed below);
- have an aggregate basis in the Twilio Class A common stock received in the merger (including any fractional share interests in Twilio Class A common stock deemed received and exchanged for cash, as discussed below) equal to U.S. holder's aggregate tax basis in the SendGrid common stock surrendered in exchange therefor; and
- have a holding period in the Twilio Class A common stock received in exchange for shares of SendGrid common stock (including any fractional share interests in Twilio Class A common stock deemed received and exchanged for cash, as discussed below) that includes U.S. holder's holding period in the SendGrid common stock surrendered in exchange therefor.

The Twilio Class A common stock received in the Merger (including fractional shares of Twilio Class A common stock for which cash is received) by a U.S. holder that acquired different blocks of SendGrid common stock at different times or at different prices will be allocated pro rata to each block of SendGrid common stock of such U.S. holder, and the basis and holding period of such Twilio Class A common stock will be determined using a block-for-block approach and will depend on the basis and holding period of each block of SendGrid common stock exchanged for such Twilio Class A common stock.

Cash Received Instead of a Fractional Share of Twilio Class A Common Stock

A U.S. holder of SendGrid common stock who receives cash in lieu of a fractional share of Twilio Class A common stock as part of the Merger generally will recognize gain or loss measured by the difference between the amount of cash received for such fractional share and the portion of the U.S. holder's tax basis in the SendGrid common stock allocated to the fractional share.