

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
SendGrid, Inc. (by Twilio Inc. as the acquiring entity)		27-0654600	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Harout Yenikomshian	(415) 801-0384	hyenikomshian@twilio.com	
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	
375 Beale Street, Suite 300		San Francisco, California 94105	
8 Date of action		9 Classification and description	
February 1, 2019		SendGrid, Inc. common stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
816883102		SEND	

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

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On October 16, 2018, Twilio, SendGrid, and Topaz Merger Subsidiary, Inc. (a direct, wholly owned subsidiary of Twilio) ("Merger Sub"), entered into an agreement and plan of merger and reorganization. On February 1, 2019, Merger Sub merged with and into SendGrid, with SendGrid continuing as a wholly owned subsidiary of Twilio (the "Merger"). Under the agreement, each issued and outstanding share of common stock of SendGrid was cancelled and converted into the right to receive (A) 0.485 of a share of Twilio's Class A common stock, par value \$0.001 per share, plus (B) any cash payable in lieu of fractional shares of Twilio's Class A common stock otherwise issuable as merger consideration. All fractional shares were sold on behalf of shareholders based on the closing value of a full share of Twilio Class A common stock on the trading day immediately preceding the closing date.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ _____

Please see Statement 1.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ _____

Please see Statement 1.

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.