

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Please see attachment.

Horizontal lines for providing the applicable Internal Revenue Code section(s) and subsection(s).

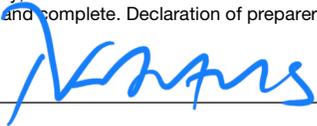
18 Can any resulting loss be recognized? ▶ Please see attachment.

Horizontal lines for providing information regarding any resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Please see attachment.

Horizontal lines for providing any other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 5/4/2022

Print your name ▶ Todd Davis Title ▶ EVP, Senior Tax Counsel

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Warner Bros. Discovery, Inc.
EIN: 35-2333914
Attachment to Form 9937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This attachment includes a general summary regarding certain U.S. federal income tax laws and regulations relating to the effects of (A) the Reclassification (as defined below) on the tax basis of shares of Warner Bros. Discovery, Inc. (“WBD”) common stock resulting from the reclassification and conversion of shares of Discovery, Inc. (“Discovery”) common stock or preferred stock pursuant to the Reclassification and (B) the Merger (as defined below) on the tax basis of shares of WBD common stock received in exchange for shares of Magallanes, Inc. (“SpinCo”) common stock pursuant to the Merger.

DISCLAIMER: The information provided on Form 9937 and within this attachment is based on the intended tax treatment of each of the Reclassification and the Merger as a reorganization qualifying under Section 368(a), and does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Stockholders, including stockholders that hold different blocks of shares (i.e., shares acquired at different times or different prices), are urged to consult their own tax advisors regarding the Reclassification and the Merger and the particular consequences to them, including the applicability and effect of all U.S. federal, state, local, and foreign tax laws. Stockholders are urged to read the joint proxy statement/prospectus, dated February 10, 2022, that was filed with the Securities and Exchange Commission (the “Prospectus”), particularly the discussion therein under the heading “Material U.S. Federal Income Tax Consequences”. Stockholders may access the Prospectus at WBD’s website at www.wbd.com in the Investor Relations section or at www.sec.gov.

Part II

Line 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.

At the close of business on April 8, 2022, WBD completed the previously announced transaction to combine Discovery with the WarnerMedia business formerly held by AT&T Inc. (“AT&T”), through a distribution by AT&T, on a pro rata basis, of all of the outstanding common stock of SpinCo to AT&T common stockholders of record as of April 5, 2022 (the “Distribution”), immediately followed by a merger of a wholly owned

subsidiary of WBD with and into SpinCo, with SpinCo surviving as a wholly owned subsidiary of WBD (the “**Merger**”).

In connection with and immediately prior to the Merger, Discovery amended and restated its charter to, among other things, change its name to Warner Bros. Discovery, Inc. and reclassify and automatically convert: (1) each share of Discovery Series A common stock into one share of WBD common stock, (2) each share of Discovery Series B common stock into one share of WBD common stock, (3) each share of Discovery Series C common stock into one share of WBD common stock, (4) each share of Discovery Series A-1 preferred stock into 13.11346315 shares of WBD common stock and (5) each share of Discovery Series C-1 preferred stock into 19.3648 shares of WBD common stock (collectively, the “**Reclassification**”).

In the Merger, each share of SpinCo common stock immediately prior to the Merger was automatically converted into the right to receive 0.241917 shares of WBD common stock.

No fractional shares of WBD common stock were issued in connection with the Merger. All fractional shares that a holder of SpinCo common stock would otherwise have been entitled to receive pursuant to the Merger were aggregated by an exchange agent and sold in the open market or otherwise as reasonably directed by WBD. The exchange agent made available the net proceeds thereof, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, to the holders of shares of SpinCo common stock that would otherwise have been entitled to receive such fractional shares of WBD common stock pursuant to the Merger.

Line 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.

The Reclassification

The tax basis of a share of WBD common stock resulting from the reclassification and conversion of a share of Discovery common stock pursuant to the Reclassification will equal the tax basis of such share of Discovery common stock. As an example, a stockholder that owned 100 shares of Discovery common stock with an aggregate tax basis of \$2,500 (or \$25 per share) immediately prior to the Reclassification would own

100 shares of WBD common stock with an aggregate tax basis of \$2,500 (or \$25 per share) as a result of the Reclassification.

A WBD stockholder's aggregate tax basis in the shares of WBD common stock resulting from the reclassification and conversion of shares of Discovery Series A-1 preferred stock pursuant to the Reclassification will equal such WBD stockholder's aggregate tax basis in such shares of Discovery Series A-1 preferred stock (with such aggregate tax basis allocated amongst each such share of WBD common stock based on the conversion ratio (1 : 13.11346315 Discovery Series A-1 preferred stock to WBD common stock)).

A WBD stockholder's aggregate tax basis in the shares of WBD common stock resulting from the reclassification and conversion of shares of Discovery Series C-1 preferred stock pursuant to the Reclassification will equal such WBD stockholder's aggregate tax basis in such shares of Discovery Series C-1 preferred stock (with such aggregate tax basis allocated amongst each such share of WBD common stock based on the conversion ratio (1 : 19.3648 Discovery Series C-1 preferred stock to WBD common stock)).

The Merger

A SpinCo stockholder's aggregate tax basis in the shares of WBD common stock received in the Merger, including any fractional share deemed issued and sold for cash as described below, will equal such SpinCo stockholder's aggregate tax basis in the shares of SpinCo common stock surrendered in the Merger. The SpinCo stockholder's aggregate tax basis in the shares of SpinCo common stock will be allocated among each share of WBD common stock based on the exchange ratio (1 : 0.241917 SpinCo to WBD).

A SpinCo stockholder who receives cash in lieu of a fractional share of WBD common stock will be treated as having received the fractional share pursuant to the Merger and then as having sold that fractional share for cash. As a result, such stockholder will recognize gain or loss equal to the difference between the amount of the cash received for such fractional share and the tax basis allocated to such fractional share.

Line 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.

As described above, a SpinCo stockholder's aggregate tax basis in the shares of WBD common stock received in the Merger (including basis allocated to any fractional share deemed issued and sold for cash) will equal such SpinCo stockholder's aggregate tax basis in the shares of SpinCo common stock surrendered in the Merger. While the aggregate tax basis remains the same, the SpinCo stockholder will have a higher tax basis per share in the WBD common stock than in the SpinCo common stock, because the SpinCo stockholder received a smaller number of shares of WBD common stock in the Merger than the number of shares of SpinCo common stock exchanged therefor. More specifically, because each share of SpinCo common stock was exchanged for 0.241917 shares of WBD common stock, the SpinCo stockholder received 1 share of WBD common stock in the Merger for every approximately 4.13 shares of SpinCo common stock, and therefore the tax basis in each share of WBD common stock will be approximately 4.13 times the tax basis in each share of SpinCo common stock.

Former SpinCo stockholders are directed to the Internal Revenue Service Form 8937 published by AT&T on its website for an example illustrating the quantitative impact on tax basis resulting from the Distribution and the Merger.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The applicable Code sections upon which the tax treatment is based are Sections 358, 368, 1001 and 1223.

Line 18. Can any resulting loss be recognized?

The Reclassification and the Merger are each intended to qualify for non-recognition of gain or loss under Section 368(a). Accordingly, a U.S. stockholder should not recognize any gain or loss in the Reclassification or the Merger (except for any gain or loss attributable to the receipt of cash in lieu of fractional shares of WBD common stock in the Merger).

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The stock basis adjustments are taken into account in the taxable year of a WBD stockholder during which the Reclassification and the Merger occurred (e.g., 2022 for calendar year taxpayers).

Former SpinCo stockholders are directed to the Internal Revenue Service Form 8937 published by AT&T on its website regarding the tax basis of the shares of SpinCo common stock received in the Distribution.