

COMPANY PROFILE

Microsoft Corporation

REFERENCE CODE: 8ABE78BB-0732-4ACA-A41D-3012EBB1334D

PUBLICATION DATE: 25 Jul 2017

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COMPANY OVERVIEW

Microsoft Corporation (Microsoft or "the company") develops, licenses, and supports a range of software products and services. The company offers products, including operating systems; cross-device productivity applications; server applications; business solution applications; desktop and server management tools; software development tools; video games; and training and certification of computer system integrators and developers. The company operates globally and has offices in more than 190 countries. It is headquartered in Redmond, Washington.

The company reported revenues of (US Dollars) US\$85,320 million for the fiscal year ended June 2016 (FY2016), a decrease of 8.8% over FY2015. In FY2016, the company's operating margin was 23.3%, compared to an operating margin of 19.2% in FY2015. In FY2016, the company recorded a net margin of 19.7%, compared to a net margin of 13% in FY2015.

The company reported revenues of US\$22,090 million for the third quarter ended March 2017, a decrease of 8.3% over the previous quarter.

KEY FACTS

Head Office	Microsoft Corporation 1 Microsoft Way REDMOND Washington REDMOND Washington USA
Phone	1 425 8828080
Fax	1 425 7067329
Web Address	www.microsoft.com/en-us
Revenue / turnover (USD Mn)	85,320.0
Financial Year End	June
Employees	114,000
NASDAQ Ticker	MSFT

BUSINESS DESCRIPTION

Microsoft Corporation (Microsoft or "the company") is engaged in the development and marketing of software, services, and hardware devices. The company designs and sells hardware including personal computers (PCs), tablets, gaming and entertainment consoles, phones, other intelligent devices, and related accessories. In addition, Microsoft offers cloud-based solutions that provide customers with software, services, platforms, and content; and consulting and product and solution support services. The company operates globally and has offices in more than 190 countries.

The company operates its business through three business segments: More Personal Computing, Productivity and Business Processes, and Intelligent Cloud.

More Personal Computing segment consists of products and services for end users, developers, and IT professionals. The segment primarily comprises Windows, including Windows original equipment manufacturer (OEM) licensing and other non-volume licensing of the Windows operating system, volume licensing of the Windows operating system, patent licensing, Windows Embedded, MSN display advertising, and Windows Phone licensing; Devices, including Microsoft Surface, phones, and PC accessories; Gaming, including Xbox hardware; Xbox Live, comprising transactions, subscriptions, and advertising; video games; and third-party video game royalties; and Search advertising. In FY2016, the More Personal Computing segment reported revenues of \$40,460 million, which accounted for 44% of the company's total revenue.

Microsoft's Productivity and Business Processes segment consists of products and services in its portfolio of productivity, communication, and information services, spanning various devices and platforms. This segment primarily comprises Office Commercial, including volume licensing and subscriptions to Office 365 commercial for products and services such as Office, Exchange, SharePoint, and Skype for Business, and related Client Access Licenses (CALs); Office Consumer, including Office sold through retail or through an Office 365 consumer subscription, and Office Consumer Services, including Skype, Outlook.com, and OneDrive; and Dynamics business solutions, including Dynamics ERP products, Dynamics CRM on-premises, and Dynamics CRM Online. In FY2016, the Productivity and Business Processes segment reported revenues of \$26,487 million, which accounted for 28.8% of the company's total revenue.

The company's Intelligent Cloud segment offers public, private, and hybrid server products and cloud services for businesses. This segment primarily comprises Server products and cloud services, including SQL Server, Windows Server, Visual Studio, System Center, and related CALs, as well as Azure; and Enterprise Services, including premier support services and Microsoft consulting services. In FY2016, the Intelligent Cloud segment reported revenues of \$25,042 million, which accounted for 27.2% of the company's total revenue.

Geographically, the company classifies its operations into two segments, namely the US and other countries. In FY2016, the US segment accounted for 47.6% of the company's total revenues, followed by other countries with 52.4%.

HISTORY

In July, the company and Esri partnered to advance conservation through Enhanced Land Cover Mapping Technology.

Dun & Bradstreet, a provider of commercial data, analytics and insights for business, teamed up with Microsoft to give companies worldwide direct access to its data through Microsoft's cloud services.

The company and BMW partnered to provide Skype for Business to 5 Series cars.

The company partnered with EY on a new analytics solution to help organizations enhance workforce productivity and well-being.

The company and Vivli partnered with BlueMetal on a New Global Clinical Trial Data Platform to advance scientific discoveries for Human Health.

The company launched an iPhone app which can narrate the world for blind people.

The company launched new email marketing and invoicing tools for small businesses.

Xplore Technologies partnered with Microsoft Azure Certified for Internet of Things.

Colt collaborates the company's Azure to On Demand Platform.

The company partnered with Excellon Software to launch exact GSP solution.

The company launched Surface Laptop to expand the Surface lineup.

The company introduced its Dictate AI-Enabled Add-on for Office.

The company and Absolute, the self-healing endpoint security company, collaborated for Microsoft Azure Information Protection to enhance data protection.

The company partnered with 20 BankChain for the Microsoft Azure as exclusive Cloud partner.

Microsoft entered into an agreement to acquire Cloudyn, a software company.

The company signed an agreement to acquire Hexadite, a provider of technology to automate responses to cyber attacks.

Microsoft entered into a strategic alliance with NetApp for accelerating digital transformation in hybrid cloud.

Microsoft entered into a partnership with Adveo to utilize Microsoft's cloud computing platform, Microsoft Azure to transform the office supplies business for workspace solutions.

The company and Rhipe collaborated with the vendor as a globally managed licensing partner.

The company introduced a new Mixer Create live streaming app on iOS and Android.

Microsoft India entered into an agreement with Telecom Sector Skill Council, to develop skill through Project Sangam.

Mid-Atlantic Broadband Communities and Microsoft introduced a network to provide broadband internet access at home for students in Southern Virginia.

The company planned to introduce a new Surface Pro device.

VOSS Solutions, a Microsoft certified partner, introduced five new solutions for Microsoft UC.

The company planned to establish Azure data centres in South Africa.

Microsoft entered into partnership with United Nations for developing technology to better predict, analyze and respond for critical human rights situations.

Microsoft India entered into partnership with UNO Minda for developing connected vehicle technologies.

The company introduced IoT Central today, a new IoT service for enterprises.

In March, the company's Power BI team honored with New Technology Integration Award at 2017 Esri Partner Conference.

In February, the company introduced Xbox Game Pass, a subscription service with 100 Xbox One and Xbox 360 games.

In February, the company planned to introduce Skype with Aadhaar authentication for allowing access to bank accounts with webcam.

In February, the company introduced its Azure cloud platform at Seoul and Busan data centers in South Korea.

In February, the company planned to expand into healthcare industry with artificial intelligence and cloud services.

In February, Microsoft Italy introduced its new headquarters Microsoft House at Porta Volta, Milan, Italy.

In February, the company planned for moving its Michigan Microsoft Technology Center to downtown Detroit, Michigan, the US.

In May, the company acquired Israeli cyber security startup, Hexadite.

In February, Microsoft entered into an agreement with Liquid Telecom, to provide business-in-a-box services across Africa.

In February, the company initiated a facility to fight against cyber crime in Latin America with new Cybersecurity center in Mexico.

In April, the company announced to introduce a new surface Laptop ahead of Surface Pro 5, which competes with Google's Chromebook.

In June, the company planned to introduce new data control privacy dashboard.

In June, the company planned to release Xbox One S, a slimmest gaming console at E3 Expo.

In May, the company introduced Microsoft Surface Pro 5 with Intel Kaby Lake processors.

In February, Microsoft entered into an agreement with Flipkart, to provide online shopping service in India.

In March, Microsoft entered into partnership with Publicis Groupe for creating a new class of AI capabilities to help clients for succeeding in market transformations.

In May, Vonage entered into an agreement with Microsoft, to introduce a connector to Microsoft workflow automation suite.

In May, Microsoft and Samsung planned to introduce call capable smart speaker.

In May, Batelco joined Microsoft for introducing Microsoft Surface devices.

In May, Downer entered into partnership with Microsoft for developing cloud based services.

In May, Mobily entered into an agreement with Microsoft Arabia to provide cloud services and productivity tools for Small Medium Enterprises in Saudi Arabia.

In May, the company planned to introduce Dubai font.

In February, the company plans to launch HoloLens v3, the consumer-ready version of HoloLensmixed reality headset from Microsoft.

In May, the company and the Office of the UN High Commissioner for Human Rights entered into a five-year partnership for works of the UN Human Rights Office for a grant of US\$5 million from Microsoft.

the company entered into a partnership with Yokogawa Electric Corporation, FogHorn Systems, Inc., Bayshore Networks, Inc., and Telit IoT Platforms, LLC, to integrate industrial IoT architecture.

In February, the company entered into a partnership with Yokogawa Electric Corporation, FogHorn Systems, Inc., Bayshore Networks, Inc., and Telit IoT Platforms, LLC, to integrate industrial IoT

architecture.

Microsoft and Flipkart entered into a strategic partnership, whereby Flipkart will incorporate Microsoft Azure as its public cloud platform. Also, the company entered into a patent licensing agreement with Toyota that includes extended coverage for connected car technologies. Subsequently, Microsoft Technology Licensing and Casio Computer entered into a patent licensing agreement that includes coverage for smartwatch technologies.

The company acquired Maluuba, a Canadian deep learning startup.

In June, the company's OneDrive partnered with Agolo to incorporate enterprise cloud documents in its real-time summarization platform.

In September, Univa, an innovator of workload management products, joined Microsoft Enterprise Partner Cloud Alliance to reinforces Univa's commitment to providing best-in-class solutions built on the Microsoft cloud stack.

In September, the company and Docker signed commercial partnership to provide enterprises to modernize their application environments and create hybrid Windows applications.

In October, the company introduced HoloLens in six new countries for expansion of its mixed reality headset business.

In October, the company planned to introduce new Messenger app.

In November, the company introduced a new Insider Preview build of Office Mobile for Windows 10.

In October, Microsoft announced to launch its own version of Slack.

In December, Microsoft India, L V Prasad Eye Institute, and global experts announced to launch Microsoft Intelligent Network for Eyecare (MINE).

In October, the company invested US\$3 billion in cloud and European data centres.

In September, the company introduced new Office 365 App Launcher UI.

In September, the company planned to introduce service fabric on Linux.

In August, the company planned to introduce its Surface Phone at IFA 2016.

In August, the company planned to open two more retail stores in the US.

In July, the company planned to introduce box One S 500GB, 1TB bundles.

In July, the company planned to introduce new Microsoft Authenticator applications.

In July, the company planned to introduce Xbox One S 2 TB.

In July, the company planned to introduce new Surface hardware.

In July, the company planned to release Band 3.

In June, Microsoft entered into partnership with DepEd for launching EGG.

In July, the company planned to release Surface All-in-One PC.

In June, the company planned to introduce Azure Information Protection Service.

In June, the company planned to open its newest specialty store in Brea, California.

In June, the company planned to introduce payment system for Windows 10 smartphones.

In June, the company released new Office 365 admin app for Windows phone and Android.

In June, the company planned to introduce Cortana on iOS and Android.

In June, the company opened Cyber Security Engagement Centre in India.

In May, the company planned to introduce VR Capable Xbox in next year.

In May, Microsoft planned to open Innovation Center in Bosnia.

In May, the company planned to introduce Minecraft in China.

In May, iBall partnered with Microsoft and Intel to introduce iBall CompBook laptop.

In May, the company planned to introduce smartphone with pre-touch technology.

In May, the company planned to release Surface Book 2 with a 4K display.

In March, the company planned to release Windows 10 Mobile 10586.318.

In May, the company planned to introduce Xbox One Slim at 2016 E3 conference.

In April, the company planned for expansion of its cloud computing business in China.

In April, the company planned to release three models of its Surface phone in next year.

In March, the company planned to introduce a Universal Skype app in Windows 10.

In March, the company planned to introduce new Office 365 for Nonprofits.

In March, Microsoft Nigeria opened its new office in Lagos, Nigeria.

In March, the company planned to release Lumia 650 in the US.

In March, the company planned to introduce Windows 10 Mobile.

In March, the company opened a new office and experience center at Cyberport.

In March, the company planned to introduce universal Xbox apps.

In May, Airtel entered into partnership with Microsoft, to introduce a new cloud platform Connexion.

In May, Microsoft entered into partnership with SAP for providing product integrated cloud solutions.

In December, Microsoft entered into an agreement with Qualcomm, to introduce full 32 bit Win32 compatibility to ARM devices run on Windows 10.

In March, the company introduced new Office 365 admin center.

In March, the company released Windows 10 Mobile 10586.164.

In February, the company planned to establish a Cybercrime Center in Seoul, South Korea.

In February, Microsoft and HTC planned to introduce new Windows 10 mobile handsets.

In February, the company set to introduce TV OS.

In February, HCL Technologies entered into an agreement with Microsoft, to introduce an incubation centre for IoT in Redmond, Washington, the US.

In January, the company planned to introduce new Minecraft Edition for schools.

In January, the company planned to introduce its own SIM card for windows.

In February, the company released Lumia 650 smartphone.

In January, the company released Lumia 850 smartphone.

In January, Volvo entered into partnership with Microsoft, to introduce wearable voice control technology.

Microsoft Technology Licensing and Olio Devices signed a patent licensing agreement covering wearable devices.

Microsoft and Acer expanded their global partnership to bring Microsoft mobile productivity services to more consumers.

Microsoft entered into a definitive agreement to acquire SwiftKey, a software keyboard that powers Android and iOS devices. This acquisition aligns with the company's commitment to offer its products and services on all platforms. Subsequently, Microsoft signed a definitive agreement to acquire Xamarin, a platform provider for mobile app development. This acquisition is expected to enable developers to build apps on any device and enhance mobile app development.

Nissan Motor selected Microsoft Azure to power Nissan telematics system. Subsequently, Microsoft Technology Licensing entered into a collaborative patent licensing agreement with GoPro for certain file storage and other system technologies.

Microsoft and Acer expanded their global partnership to offer Microsoft mobile productivity services to more consumers.

The company and Wistron entered into a renewed Android patent licensing agreement covering Wistron's tablets, mobile phones, e-readers, and other consumer devices running Android and Chrome platforms under Microsoft's patent portfolio. This agreement extends a prior Android intellectual property (IP) license between the companies. Also, Microsoft Technology Licensing and Rakuten signed a worldwide patent cross-licensing agreement covering each company's respective consumer electronics products, including Linux and Android-based devices. This agreement enables the company and Rakuten to offer new products to its consumers.

Microsoft entered into a strategic partnership with R3 Consortium to accelerate the use of distributed ledger technologies, also known as blockchain, among R3 member banks and global financial markets. Though this partnership, Microsoft will provide cloud-based tools, services and infrastructure for R3 lab locations around the world, as well as dedicated technical architects, project managers, lab assistants and support services. Microsoft Technology Licensing and Visuality Systems expanded their Server Message Block (SMB) collaboration from the embedded world to the enterprise market. This partnership offers enhanced business solutions to more products worldwide. Subsequently, Microsoft and Rolls-Royce collaborated to bring new capabilities to Rolls-Royce customers. Rolls-Royce will integrate Microsoft Azure IoT Suite and Cortana Intelligence Suite into its service solutions to expand its digital capabilities to support the current and next generation of Rolls-Royce intelligent engines. Further, Microsoft and Jabil collaborated to create quality assurance platform for predictive analytics. The company and Funai Electric extended their partnership with the renewal of a patent cross-licensing agreement covering various consumer audio-video products.

ELECOM and Microsoft entered into a patent collaboration to provide a range of business solutions for customers including network attached storage and tablets. Also, the company entered into a partnership with SAP to deliver broad support for the SAP HANA platform deployed on Microsoft Azure, to simplify work through new integrations between Microsoft Office 365 and cloud solutions from SAP, and to provide enhanced management and security for custom SAP Fiori apps. Subsequently, Microsoft reached an agreement to sell the company's entry-level feature phone assets to FIH Mobile, a subsidiary of Hon Hai/Foxconn Technology, and HMD Global. As part of the deal, FIH Mobile will also acquire Microsoft Mobile Vietnam, the company's Hanoi, Vietnam's manufacturing facility and substantially all of its feature phone assets, including brands, software and services, care network and other assets, customer contracts, and critical supply agreements. The company and Xiaomi entered into an agreement to expand their global partnership to provide innovative user experiences on mobile devices. As part of the

agreement, Xiaomi will ship Microsoft Office and Skype on Xiaomi Android smartphones and tablets. Furthermore, Microsoft and LinkedIn entered into a definitive agreement under which Microsoft agreed to acquire LinkedIn for approximately \$26.2 billion, inclusive of LinkedIn's net cash. Also, the company and International Society for Technology in Education (ISTE) collaborated to provide school planning and professional learning resources. Subsequently, Microsoft Technology Licensing collaborated with Jearwon Microelectronics to expand cloud-based business solutions for enterprise customers around the world. This collaboration includes the delivery of patent license rights. Luna Mobile and the company entered into patent partnership to expand smartphone and tablet technology for customers around the world.

GE partnered with Microsoft to bring its Predix platform for the Industrial Internet available on the Microsoft Azure cloud for industrial businesses. Also, Microsoft Technology Licensing and Ryussi Technologies announced a new partnership in business and technology solutions covering Microsoft's File Access Server Protocols for the enterprise data storage market. Subsequently, the Renault-Nissan Alliance and Microsoft signed a global, multiyear agreement to partner on next-generation technologies to advance connected driving experiences worldwide. Further, Microsoft and Adobe entered into a strategic partnership to help enterprise companies embrace digital transformation. Also, Microsoft and Workday announced a global strategic partnership that will expand the business solutions joint customers can use to continually optimize the way work gets done. Subsequently, Microsoft partnered with Bank of America Merrill Lynch to transform trade finance transacting with Azure Blockchain as a Service.

In December, the company set to introduce Xbox slim to take on Apple in battle for living room.

In December, the company planned to introduce Surface Pro 4 tablets in India.

In November, the company planned to introduce Lumia 1050 set.

In November, the company relocated its Tennessee branch to Nashville.

In November, the company introduced Lumia 950, 950 XL in India.

In November, Microsoft and Google provided free Skype and Hangout calls in France for few days.

In November, Microsoft entered into partnership with ConsenSys, to introduce blockchain platform.

In November, the company planned to provide Azure and Office 365 Cloud Services from the UK.

In November, the company planned to open its two new data centers in Germany.

In November, the company planned to introduce its Windows 10 mobile device, Lumia 950.

In November, the company planned to open its data centres for cloud computing business in the UK.

In November, Druva entered into partnership with Microsoft for expansion of Cloud Footprint and Flexibility.

In November, the company planned to introduce Surface Phone As Ultimate Productivity Phone.

In November, the company planned to introduce Windows 10 Threshold 2.

In November, the company plan to introduce its first Lumia phones powered by Snapdragon 820.

In October, Dell partnered with Microsoft to provide hybrid cloud solutions.

In April, the company introduced collaborative, new Office software suite.

In August, the company planned to introduce Xbox One DVR.

In July, the company planned to introduce Lumia 640 XL LTE In India.

In September, the company introduced Windows phones Lumia 950, 950 XL with iris scanner.

In July, the company introduced Arrow Launcher Beta for its fans.

In July, the company planned to introduce Windows 10, a new version of its operating system.

In July, the company planned to introduce Surface Pro 4 with Windows 10.

In July, the company planned to provide free Azure cloud services to start ups in India.

In July, the company released Cortana Analytics Suite, a new package of data storage, information managing, machine learning, and business intelligence software in a monthly subscription.

In July, the company planned to introduce its surface devices in India.

In July, the company released a new office 365 enterprise suite.

In July, the company introduced next generation of office software suite for Apple MacBook and iMac users.

In June, Microsoft, Google, Mozilla and others partnered to introduce WebAssembly, a new binary format for web.

In June, the company introduced power banks with capabilities of 5,200mAh, 9,000mAh and 12,000mAh.

In May, the company released Microsoft Lumia 540 Dual SIM mobile.

In June, Microsoft entered into an agreement with Snapdeal, to introduce branded online store.

In April, the company planned to introduce more 4G phones in India.

In April, the company planned to open its retail store at Easton, Pennsylvania, the US.

In April, the company planned to open its store in University Town Center Mall.

The company launched new solutions spanning containers, security, infrastructure and IoT on Microsoft Azure cloud platform.

Microsoft launched a new Surface, the Surface 3, a 4G LTE ready version, optimized to run full Windows and Office.

The company launched new Surface, Lumia and Microsoft Band devices and enhanced its Windows 10 product lineup. Also, ABB and Microsoft launched new electric vehicle (EV) fast-charging services platform, combining ABB's EV charging stations with Microsoft's Azure cloud-based services. Dell and Microsoft launched a new cloud solution, including Microsoft Azure-consistent, an integrated system for hybrid cloud and extended program offerings. TASER International and Microsoft entered into a partnership to combine capabilities of the Microsoft Azure cloud platform and Windows 10 devices with TASER's Axon Platform and Evidence.com solution.

Microsoft launched Windows 10, a new generation of Windows.

Samsung and Microsoft extended their partnership to pre-install Microsoft services and apps on Samsung's portfolio of Android devices and will deliver secured mobile productivity for businesses through a new Microsoft Office 365 and Samsung KNOX Business Pack.

Kyocera and Microsoft expanded their patent licensing agreement that enables the companies to use a range of each other's technologies in their respective products through a patent cross license. Also, the company announced to restructure its phone hardware business and transfer its imagery acquisition operations to Uber and strategically shift its display advertising business that would enable it to focus on investing in search as its core advertising technology and service.

The company entered into a partnership with China Electronics Technology Group (CETC) to provide operating system technology and services for Chinese users in specialized fields in government institutions and critical infrastructure state-owned enterprises.

Microsoft and General Electric signed an agreement to deliver Microsoft's cloud productivity suite Office 365 for employee collaboration and productivity.

The company partnered with Ford Motor to form Ford Service Delivery Network and expand its connected services. Microsoft also partnered with InsideSales.com, a leading cloud-based sales acceleration technology company, to offer complete sales acceleration platform, which includes PowerDialer, PowerStandings, NeuralView and Vision, to customers using the Microsoft Dynamics CRM platform. Microsoft and FieldOne Systems signed an agreement to include FieldOne Sky field service management solution into the Microsoft Dynamics global independent software vendor program. Subsequently, the company agreed to acquire IP from Fusion Software which will add voice of the customer capabilities to Microsoft Dynamics CRM.

Melco Group and Microsoft entered into a patent agreement providing Melco Holdings coverage for its

Linux and Android-based devices under Microsoft's patent portfolio.

Adobe and Microsoft entered into a collaboration to integrate Adobe's Marketing Cloud Solutions with Microsoft Dynamics CRM solution and enhance customer engagement.

The company acquired Adxstudio, a web portal and application lifecycle management solutions provider. This acquisition is expected to enhance the company's Microsoft Dynamics CRM offerings.

The company acquired Equivio, a provider of machine learning technologies for eDiscovery and information governance. This acquisition is expected to enhance the company's Office 365 offerings, which include eDiscovery and information governance capabilities.

TGI Fridays partnered with Microsoft to process orders and payments using Fridays Service Style technology powered by Windows 8.1. Subsequently, Microsoft Open Technologies, a subsidiary of Microsoft partnered with Moodle partner Remote-Learner.net and integrated Moodle and Microsoft Office 365 to transform education technology.

Deutsche Telekom and Microsoft extended their partnership to expand and market Microsoft Lumia smartphones and online services such as Office 365 and OneDrive across sales and marketing channels in all 12 European countries where Deutsche Telekom operates.

Polycom and Microsoft extended their partnership through which Polycom will deliver a new series of video collaboration solutions purpose-built for Skype for Business called Polycom RoundTable. Subsequently, Fuji Xerox and Microsoft Technology Licensing signed a cross-licensing agreement that covers a broad range of products and services offered by Microsoft and Fuji Xerox, including digital imaging, document management and mobile consumer products.

Fujitsu and Microsoft collaborated to transform manufacturing processes through Fujitsu devices powered by Windows 8.1 Pro, the IoT services of FUJITSU Cloud A5 for Microsoft Azure, and the Fujitsu IoT/M2M platform. Subsequently, Miele & Cie, a manufacturer of high-end domestic appliances and commercial equipment, and Microsoft collaborated to create next generation of smart appliances and home cooking.

Microsoft announced a range of new products and services, including the next generation of Windows management, Microsoft Office, hybrid cloud infrastructure and SQL Server. Also, Microsoft announced that Windows 10 will be available on July 29 in 190 countries. Subsequently, Microsoft launched the new Nokia 105 and Nokia 105 Dual SIM. The mobiles are aimed at first-time mobile phone buyers, as well as people looking for a reliable backup device for their smartphone.

Subsequently, Microsoft launched Microsoft Surface Hub, the company's new large-screen collaboration device, expected to be available for businesses to order in 24 markets.

Microsoft and Dell expanded their partnership to deliver premium Windows 10 devices and services and support to enterprise customers. Also, Microsoft and Salesforce expanded their strategic partnership to connect the Salesforce Customer Success Platform to Microsoft Office productivity apps and services.

The company and ASUSTeK Computer expanded their patent licensing agreement that includes cross-

license covering.

The company and Red Hat entered into a partnership under which Red Hat Enterprise Linux would be offered as the preferred choice for enterprise Linux workloads on Microsoft Azure. Also, Microsoft Technology Licensing and Star Micronics signed a worldwide patent licensing agreement that provides coverage under Microsoft's patent portfolio for Star Micronics' Android-based commercial printers and computing devices. Subsequently, the company announced plans to offer cloud services from the UK. Further, Hewlett Packard Enterprise (HPE) and Microsoft strengthened their collaboration on Windows 10 offerings, and launched cloud productivity and mobility solution offerings.

HPE and the company announced plans to deliver integrated hybrid IT infrastructure. The extended partnership appoints Microsoft Azure as a preferred public cloud partner for HPE customers while HPE will serve as a preferred partner in providing infrastructure and services for Microsoft's hybrid cloud offerings. Subsequently, Microsoft acquired Metanautix, an analytics start-up which is expected to enhance the company's presence in the analytics market.

In September, the company planned to establish a new data center in South Korea.

The company announced restructuring plan to simplify its organization and align the recently acquired Nokia Devices and Services business with the company's overall strategy. Microsoft and Akamai Technologies partnered with venture capital (VC) firm Jerusalem Venture Partners (JVP) to develop accelerator in the field of cybersecurity.

Microsoft announced its plans to open its first US-based Microsoft Innovation Center (MIC) in Miami, Florida.

The company and Voxx Electronics entered into a worldwide patent licensing agreement that provides Voxx Electronics with broad coverage under Microsoft's patent portfolio for devices running the Android OS, including rear-seat entertainment devices, tablets and other consumer devices.

Microsoft announced new services, products and partnerships that remove the barriers to cloud adoption for IT professionals, developers and technology users. These include private connections to cloud; cloud storage solutions; enterprise-grade performance and networking and Azure API management. The company also enhanced its enterprise mobility suite with the introduction of office mobile app management with Windows Intune and Microsoft Azure RemoteApp. Subsequently, Microsoft launched Surface Pro 3 tablet that offers the performance and mobility of a laptop. Microsoft enhanced its Microsoft Dynamics CRM spring wave that delivers a comprehensive solution that provides businesses with marketing, sales and customer care capabilities integrated with productivity applications, such as Microsoft Office 365, Yammer, Lync, Skype, SharePoint and Power BI for Office 365. Microsoft and American Family Insurance launched business accelerator for startups focused on home automation. Subsequently, Microsoft devices group launched Nokia X2 and expanded its Nokia X family of smartphones.

The company launched Microsoft Windows 97, Microsoft Office 97 and Internet Explorer 4.0.

Mexico's Tax Administration System (SAT) selected Microsoft Azure cloud computing services, to

enhance the services offered to tax payers of Mexico. Microsoft launched an online intellectual property (IP) portal called the Microsoft 4Afrika IP Hub, to create an IP protection culture in Africa. Microsoft Devices Group launched Nokia 130, a mobile phone with music and video player. Saudi Airlines implemented the company's business intelligence solution, including Microsoft SQL Server 2012, Power BI for Office 365, Windows Server 2012 and Microsoft SharePoint Server 2013.

Microsoft released a cloud portal, new services and tools to simplify cloud development.

Microsoft and SAP expanded their global partnership to deliver new solutions in the areas including enterprise cloud computing with SAP applications certification for Microsoft Azure; interoperability between data from SAP applications and Microsoft Office; and mobile productivity with expanded development and support for Windows and Windows Phone 8.1.

RCS MediaGroup modernized and unified its communications infrastructure and enabled flexible, cloud-based collaboration through a comprehensive Microsoft technology solution that includes Microsoft Office 365, Windows Azure, Microsoft Lync 2013, Windows Server 2012 and Microsoft SharePoint 2013. Also, Microsoft Open Technologies, a subsidiary of Microsoft, expanded its presence in China with the establishment of a new subsidiary, Microsoft Open Technologies (Shanghai).

Microsoft expanded its partnership with Pearson VUE, and announced Microsoft Certified Professional (MCP) and Microsoft Technology Associate (MTA) exams online in select locations. Also, Microsoft and salesforce.com as part of their strategic partnership launched joint solutions, including Salesforce1 for Windows, Salesforce for Office and Power BI for Office 365 and Excel integrations with Salesforce. Accenture and Microsoft expanded their long-standing strategic alliance and introduced Accenture Hybrid Cloud Solution for Microsoft Azure.

The Sheriff's Department of the San Bernardino County, California, selected Microsoft Office 365 and Windows 8.1 tablets, to meet the privacy and security CJIS requirements of the FBI and enable mobile workers and streamlines communications. Also, the company announced a new roster of agency partners to handle its advertising and media planning and buying. The company chose IPG as its agency of record for advertising and global deployment while Dentsu Aegis will handle media planning, media buying and search advertising.

Microsoft signed a definitive agreement to acquire Parature, a provider of cloud-based customer engagement solutions. The acquisition is expected to add world-class customer self-service capabilities to further accelerate the Microsoft Dynamics vision of helping organizations to deliver enhanced customer experiences. Also, GoDaddy and Microsoft announced a long-term strategic partnership to offer Office 365 as GoDaddy's exclusive core business-class email and productivity service to its small-business customers. Subsequently, Microsoft was selected to be the cloud encoding and hosting platform provider for NBC Olympics, a division of the NBC Sports Group, during its production of the 2014 Olympic Winter Games in Sochi, Russia.

Microsoft and TracFone Wireless entered into a collaboration to provide mobile health management solution offered through providers and insurers. Subsequently, the company signed an agreement to acquire Mojang, a Stockholm-based game developer, and its "Minecraft" franchise for a consideration of \$2.5 billion. This acquisition is expected to enhance the company's position in gaming industry.

Microsoft and Canon signed a broad patent cross-licensing agreement and gained access to each other's patent portfolios.

Microsoft and Starcom MediaVest Group signed an agreement to work together on video ad experiences across Microsoft's portfolio of digital advertising assets. The company and Dell signed a patent licensing agreement that allows both the companies to share technology and build on each other's innovations. Subsequently, the company signed a patent licensing agreement with Motorola Solutions. The license provides worldwide coverage under Microsoft's patent portfolio for Motorola Solutions' devices running the Android platform and Chrome OS operating system.

Microsoft completed its acquisition of the Nokia Devices and Services business following the approvals by Nokia shareholders and by governmental regulatory agencies around the world.

Microsoft launched Xbox One, an all-in-one gaming and entertainment system. Subsequently, Microsoft introduced the Cloud OS Network, a consortium of more than 25 cloud service providers delivering services built on the Microsoft Cloud Platform: Windows Server with Hyper-V, System Center and the Windows Azure Pack.

The company launched Xbox One, the all-in-one gaming and entertainment system.

Microsoft launched Windows Embedded 8 Handheld for enterprise handheld devices.

Freight railroad networks BNSF Railway, selected Microsoft Office 365 to move 40,000 mobile workers to the cloud. Microsoft opened the Microsoft Cybercrime Center, a center of excellence for advancing the global fight against cybercrime. Jean Coutu Group (PJC) selected Microsoft Dynamics for Retail to manage all its retail operations, from its headquarters down to the point of sale (POS) devices in stores.

The company established four Microsoft specialty stores in Roseville, California; Arlington, Texas; Novi, Michigan; and Seattle to expand its retail footprint.

Microsoft opened Microsoft Cybercrime Center, a center of excellence for fighting cybercrime. The center combines Microsoft's legal and technical expertise as well as tools and technology with cross-industry expertise.

Grocery and general merchandise retailer Tesco selected Microsoft Office 365 for its companywide collaboration and social platform. Subsequently, department store chain, JC Penney upgraded to the cloud using Office 365 to create a new customer service experience and communications environment for the team members. The Texas Department of Information Resources moved to the cloud with Microsoft Office 365 as part of a statewide IT modernization strategy. The company launched Outlook.com, a new email service. Microsoft and Nikon signed a patent licensing agreement that provides broad coverage under Microsoft's patent portfolio for certain Nikon cameras running the Android platform. The company along with Toyota Racing Development, a subsidiary of Toyota Motor Sales, designed a touch-enabled app on Windows 8 for Toyota's NASCAR race teams. Microsoft and NBC Sports partnered to use Windows Azure Media Services across NBC Sports' digital platforms, including NBCSports.com, NBCOlympics.com and GolfChannel.com.

Microsoft Digital Crimes Unit in collaboration with Europol's European Cybercrime Centre (EC3), the Federal Bureau of Investigation (FBI) and leaders in the technology industry, including A10 Networks, disrupted ZeroAccess, a rampant botnet. AOL, Apple, Facebook, Google, LinkedIn, Microsoft, Twitter and Yahoo joined together to propose principles for reforming government surveillance laws and practices.

Microsoft and Docker entered into a strategic partnership to provide Docker with support for new container technologies and create container applications across platforms. Subsequently, IBM and Microsoft entered into a partnership to provide their respective enterprise software on Microsoft Azure and IBM Cloud. Also, Microsoft and Dropbox entered into a partnership to integrate their services for collaboration across Dropbox and Microsoft Office on phones, tablets and the web.

ABB deployed Microsoft Office 365 and Yammer as part of strategic initiative to improve collaboration worldwide. Microsoft China and the Hainan government signed a memorandum of understanding (MoU) which covers incubating the application of informatization, nurturing the software industry, developing the next generation of IT, and protecting intellectual property rights to enable Hainan to transform into an international tourism destination. Subsequently, Microsoft and Hon Hai, the parent company of Foxconn, signed a worldwide patent licensing agreement that includes Microsoft's patent portfolio for devices running the Android and Chrome OS, including smartphones, tablets and televisions. Also, the company partnered with Tanzania Commission for Science and Technology and UhuruOne, an internet service provider, to provide wireless broadband access to university students and faculty in Dar es Salaam, Tanzania and enable UhuruOne to offer Windows 8 device and service packages to universities in Dar es Salaam. Microsoft and the National Football League (NFL) entered into a multi-year, landmark partnership to deliver interactive NFL TV experiences for the next-generation Xbox One and leverage Microsoft devices and services. Microsoft and Oracle announced a partnership that will enable customers to run Oracle software on Windows Server Hyper-V and in Windows Azure.

Microsoft agreed to purchase substantially all of Nokia's Devices & Services business, license Nokia's patents, and license to use Nokia's mapping services. Microsoft launched a range of enterprise cloud solutions, including New Windows Server, System Center, Visual Studio, Windows Azure, Windows Intune, SQL Server, and Dynamics solutions.

AT&T partnered with Microsoft to deliver a security-enhanced cloud solution that will allow enterprise customers to connect to Microsoft's cloud platform using a private network.

Microsoft also signed exFAT licensing agreement with German automotive company, BMW. Microsoft provided a \$2 billion loan to the group that proposed to take Dell private.

Microsoft acquired InRelease Business Unit from InCycle Software, a provider of application lifecycle management (ALM) services and release management solutions on the .NET platform. Microsoft announced the initial phase of its business-channel expansion plans for the Surface family of PCs, along with AppsForSurface, a new Surface application-development program for independent software vendors (ISVs). An airline group, International Airlines Group (IAG), the parent company of British Airways and Iberia selected Microsoft Office 365 as the business communication solution for approximately 58,000 employees.

Wipro Technologies, the global IT, consulting and outsourcing business of Wipro, migrated to Microsoft Lync Server 2010. The company acquired Perceptive Pixel, a company engaged in research, development and production of large-scale, multi-touch display solutions.

The company and Pegatron signed a patent agreement that provides coverage under Microsoft's patent portfolio for a broad array of Pegatron products, including eReaders, smartphones and tablets running the Android or Chrome platforms. Also, Barnes & Noble and Microsoft formed a strategic partnership to advance digital reading technologies. Subsequently, Nike teamed up with Microsoft to launch Nike+ Kinect Training fitness program on Kinect for Xbox 360. Subsequently, General Electric, through its healthcare IT business, and Microsoft formed Caradigm, a 50-50 joint venture aimed at enabling health systems and professionals to use real-time, organization-wide intelligence. Federal Aviation Administration selected Microsoft Office 365 for email and collaboration in the cloud. The company entered into a patent cross-license agreement with Amdocs Software Systems, a provider of software and services. The patent agreement provides mutual access to each company's patent portfolio, including a license under Microsoft's patent portfolio covering Amdocs' use of Linux-based servers in its data centers. Further, Microsoft entered into an intellectual property licensing agreement with Sharp, which covers the use of exFAT in smartphones distributed by Sharp based on the Android platform.

Cleveland-based software provider PreEmptive Solutions and Microsoft partnered to provide exception analytics in Visual Studio 2012 and Team Foundation Server 2012. Spanish broadband and telecommunications provider Telefonica selected Microsoft Mediaroom Product Suite for global convergent video platform that will power its pay TV and over-the-top services across its operating businesses, with first deployments in Brazil, Chile and Spain.

The company acquired Yammer, a provider of enterprise social networks, for \$1.2 billion in cash. Lowe, a chain of retail home improvement and appliance stores selected Office 365 across more than 1,745 stores and corporate offices in the US, Canada and Mexico.

Microsoft and General Electric announced plans to launch a joint venture.

Microsoft previewed the next major release of Windows Phone, code-named Mango. Microsoft launched Office 365, its newest cloud offering in 40 countries.

The company rolled out next generation television (TV) on Xbox Live, the online entertainment service for Xbox 360, by teaming up with 40 TV and entertainment providers in 20 countries across the world.

Microsoft announced support for system on chip (SoC) architectures from semiconductor companies Intel, AMD, and ARM for next version of Windows. Also, Microsoft and Samsung unveiled the next generation of Surface, which uses new technology that allows large displays. Subsequently, the company launched Microsoft Dynamics customer relationship management (CRM) online cloud service globally and showcased Microsoft Dynamics AX for retail R2. Further, Nokia and Microsoft announced plans for a broad strategic partnership to build a new global mobile ecosystem. Turkish mobile operator Turkcell and Microsoft's Tag technology announced a new mobile marketing service called MobilKod, built by Turkcell leveraging Microsoft. Subsequently, Dell collaborated with Microsoft and Stellaris Health Network to deliver software-as-a-service (SaaS) analytics solutions for community hospitals.

Microsoft and Toyota Motor formed a strategic partnership to build a global platform for Toyota Motor's next-generation telematics services using the Windows Azure platform. Also, Microsoft signed a patent licensing agreement with Volkswagen's software supplier e.solutions, providing the Germany-based company access to extended file allocation table (exFAT) technology. Subsequently, the company entered into an agreement with Capgemini where in the latter would market and deliver services around Windows Azure in 20 countries.

Microsoft and China Standard Software signed an agreement to jointly develop, market and sell solutions for the cloud-computing market in China. Subsequently, Microsoft entered into an agreement with Verizon to launch new FiOS TV-powered entertainment experience on Xbox 360. Also, the company signed a patent agreement with Quanta where in the latter will pay royalties for accessing a range of patents. Upon formation, the new company will develop and market an open, interoperable technology platform and clinical applications focused on enabling better population health management to improve outcomes and the overall economics of health and wellness. Further, Microsoft and Japanese automaker Nissan established strategic relationship for next-generation dealer management system using Microsoft Dynamics CRM.

Microsoft collaborated with Philips to streamline radiology workflow and processes and formed strategic alliance with electronic health records (EHR) solutions provider athenahealth to launch clinical solution to better connect hospitals, physicians and patients.

The company acquired Skype, an internet communications company, for \$8.5 billion.

Microsoft acquired California-based video discovery technology company VideoSurf. VideoSurf's content analytics technology is expected to enhance the search and discovery of entertainment content across the company's platform.

Microsoft and Yahoo! received clearance for their search agreement from both the US Department of Justice and the European Commission, and announced plan to implement the deal. The implementation involves transitioning Yahoo!'s algorithmic and paid search platforms to Microsoft, with Yahoo! becoming the relationship sales force for both companies' premium search advertisers globally.

Microsoft and HTC signed a patent agreement that provides coverage under Microsoft's patent portfolio for HTC's mobile phones running the Android mobile platform. The company signed a patent cross-licensing agreement with DENSO, a supplier of advanced automotive technology. Also, HP and Microsoft collaborated to work together on a Microsoft Windows Azure platform appliance that will accelerate adoption of cloud-based applications. Subsequently, Daimler migrated to Microsoft's unified communications, messaging and collaboration solutions. NEC, Intel, and Microsoft formed a strategic relationship to provide an integrated digital signage offering for the global market, including Japan.

The company signed a patent cross-license agreement with Amazon.com, which provides both the companies access to each other's patent portfolio and covers a broad range of products and technology, including coverage for Amazon's e-reading device, Kindle, and Amazon's use of Linux-based servers.

Microsoft opened the Microsoft Software and Services Excellence Center (SSEC) for developing next-generation connected devices and cloud datacenters through integrating its software services and cloud

datacenter technologies with Taiwan's hardware expertise. The company unveiled the next generation of SQL Server, Microsoft SQL Server code-named Denali, new offerings for business intelligence and mission-critical workloads.

Capgemini and Microsoft formed an alliance, under which, Capgemini will market and offer the Microsoft Business Productivity Online Suite, Microsoft's cloud-based communication and collaboration service, through its Global Service Line of Infostructure Transformation Services. The company sold its Microsoft Expression Media product to Phase One, a player in digital photography. The company and Novell collaborated to offer high-performance computing interoperability solution including server workload management across SUSE Linux Enterprise Server and Windows HPC Server.

Microsoft partnered with Intuit to offer web applications to small businesses. Also, Microsoft partnered with Interpublic Group (IPG), an advertising holding company, according to which IPG will designate Microsoft's Atlas as a preferred ad-server solution provider. Subsequently, Microsoft partnered with Ford Motor to implement the Microsoft Hohm energy management application for Ford's electric vehicles. Further, Samsung Electronics and Microsoft signed an agreement to integrate Microsoft PlayReady technology in a broad range of Samsung's consumer products.

Microsoft acquired Sentillion, a company specializing in software for the healthcare industry.

Google acquired the patent license for Microsoft Exchange ActiveSync to implement it on Google Servers.

Microsoft launched its first Microsoft Embedded Systems Development Centre (MESDC) in Aachen, Germany; and Windows Embedded NavReady 2009, its first embedded operating system designed specifically for OEMs building handheld portable navigation devices (PNDs).

Accenture and Microsoft formed an initiative, working with Avanade, a global IT consultancy created by Accenture and Microsoft, to enable retailers address the challenge of linking consumers to technology platforms such as social networking and online communities.

The company collaborated with comScore to develop a digital media planning solution, the Reach and Frequency Planner, which will allow brand advertisers to predict reach, frequency and audience composition at the ad placement level. Also, Microsoft and Nokia entered into an alliance to design, develop and market mobile productivity solutions. Subsequently, the company together with Fundtech, a global transaction banking solutions provider, launched the SEPA Integration Suite, a new suite of SOA (service-oriented architecture) services. Temenos Group, a provider of integrated core banking systems, and Microsoft formed an alliance for providing core banking solutions with TEMENOS T24 and Microsoft SQL Server.

Microsoft and Infosys entered into a new go-to-market alliance to jointly launch solutions, services and a center of excellence to help manufacturers build next-generation supply chains. Also, Microsoft partnered with Cisco to support Unified Computing System to launch into the server datacenter market as an OEM. Through this agreement, Cisco will pre-package, resell and support Windows Server 2003, Windows Server 2008 with Hyper-V technology and Microsoft SQL Server 2008.

Microsoft acquired four industry solutions to extend the capabilities of Microsoft's enterprise resource planning (ERP) products, Microsoft Dynamics AX. Also, the company acquired Teamprise-related assets of SourceGear, which enable developers using the Eclipse IDE or operating on multiple operating systems, including Unix, Linux and Mac OS X, to build applications with Microsoft Visual Studio Team Foundation Server.

The company acquired BigPark, an interactive online gaming company based in Vancouver, British Columbia. Subsequently, the company signed an agreement with Merck, a developer, manufacturer and distributor of pharmaceuticals, and acquired certain assets of Rosetta Biosoftware, a business unit of Rosetta Inpharmatics, a wholly owned subsidiary of Merck.

The company released the first public beta of Microsoft Windows HPC Server 2008, a server operating system and tools designed for the high-performance computing (HPC) market.

The company made several acquisitions including Calista Technologies, a provider of graphics technologies for desktop and presentation virtualization solutions; Kidaro, a provider of desktop virtualization solutions for enterprises; Rapt, a provider of advertising yield management solutions for digital media publishers; Danger, a provider of solutions to the mobile operators; Fast Search & Transfer, a provider of enterprise search solutions; Navic Networks, a provider of television advertising solutions; MobiComp, a company that allows backup and restoration of mobile data and mobile posting of social content to web sites; and DATAlegro, a provider of breakthrough data warehouse appliances. The company also sold Greenfield Online Internet survey solutions (ISS) business to ZM Surveys, a private equity investment partnership focused on entertainment and media investments.

The company also entered into a strategic partnership with Reliance Communications to deliver internet protocol television (IPTV) in India on the Microsoft Mediaroom Platform. Also, mass media provider Viacom and Microsoft entered into a strategic alliance to collaborate on advertising, content distribution, event promotions and games.

Logica and Microsoft formed a strategic relationship to launch an initiative called The Service Factory.

The company made several acquisitions, including Tellme Networks, a provider of voice services, including nationwide directory assistance, enterprise customer service and voice-enabled mobile search; aQuantive, a global digital marketing company; AdECN, an advertising exchange platform company; Parlane, a developer of MindAlign, an application for enterprise group chat; Global Care Solutions (GCS), a developer of enterprise-class health information systems; Musiwave, an Openwave company and a provider of mobile music entertainment services; and Multimaps, a global online mapping services provider based in the UK.

Microsoft acquired MotionBridge, a provider of search technology designed specifically for mobile operators and the mobile internet. Microsoft's acquisitions included the assets of Onfolio, an internet research and information management provider; Aptimum; ProClarity, a developer of advanced analysis and visualization technologies; Lionhead Studios, a video game developer and creator of Fable, Xbox; Massive, a developer of a network for video game advertising, to deliver dynamic, relevant ads across Microsoft's online services; Whale Communications, a provider of secure access products; Softricity, a provider of application virtualization and dynamic streaming technologies; Winternals Software, a provider

of Windows based enterprises with systems recovery and data protection solutions; Azyxxi, the health intelligence software provider; and Colloquis, a provider of conversational online business solutions.

Microsoft acquired ActiveViews, a company based in Provo, Utah, to extend its business intelligence (BI) platform; and GIANT Company Software, a provider of anti-spyware and internet security products. The company acquired Sybari Software, a provider of security products that help businesses worldwide protect their messaging and collaboration servers from viruses, worms, and spam; Groove Networks, a provider of collaboration virtual office software; FrontBridge Technologies, a provider of managed services that address corporate e-mail security, compliance and availability requirements; Teleo, a provider of voice over internet protocol (VoIP) software and services; mediastreams.com, a software company that develops communications applications based on VoIP technology; and FolderShare, a provider of file synchronization and remote access technology.

Microsoft acquired the virtual machine solutions of Connectix, a provider of virtualization software for Windows and Macintosh-based computing. Also, the company acquired PlaceWare, a provider of web conferencing services that enables businesses to conduct real-time, interactive presentations and meetings over the internet.

Microsoft set up its Indian headquarters.

The company acquired Firefly Network, a provider of technology that makes secure exchange of private information on the internet possible; MESA Group, a Boston based company that offered tools and services for customers who wish to transfer existing Lotus Notes applications to Microsoft Exchange Server; and Valence Research, a developer of transmission control protocol/internet protocol (TCP/IP) load balancing and fault tolerance software for the Microsoft Windows NT operating system.

The company entered into a partnership with Siemens and expanded into Brazil.

Microsoft signed an agreement with Apple to include Internet Explorer, a web browser application in the latter's Macintosh operating system.

Microsoft launched MSN (Microsoft Network), an umbrella service division for all online services of the company. Also, Microsoft launched Active X, an application programming based on Microsoft Component Object Model (COM) interface to embed control in many programming languages including the scripting languages such as Jscript and VBScript. Subsequently, it introduced Microsoft SQL Server 6.5, a data base management system with inbuilt support for internet applications.

The company launched Microsoft Visual Basic, a development software product. Microsoft also launched Windows for Workgroups 3.1, an operating system with networking capabilities. In addition, the company launched Microsoft Access, database software, in the same year. Microsoft released Microsoft Windows 95, the company's flagship operating system. Subsequently, the company partnered with Spyglass, an internet software company, and licensed the Spyglass's web browser as Internet Explorer, which was later included in Windows 95 Plus edition of operating system. The company released Microsoft Sidewinder 3D pro, a joystick.

The company released its OS/2 operating system for original equipment manufacturer (OEMs). Microsoft

bought a relational database management system (RDBMS) from enterprise software and services company Sybase and named it as SQL server. Also, the company introduced Microsoft Office, a bundle of separate office productivity applications including Microsoft Word and Excel.

The company became a publicly traded company.

The company launched Microsoft Windows, a graphical extension of its MS-DOS operating system.

The company was relocated to Redmond, Washington in the following year.

Microsoft also partnered with IBM to provide OS/2 operating system.

The company started its first international production facility in the Republic of Ireland.

The company launched its first PC-specific mouse known as the Microsoft Mouse. Also, the company started Microsoft Press, a book publishing division on various Microsoft technologies. Microsoft created MSX, a home computer system.

Microsoft was incorporated.

The company entered into a contract with IBM to provide an operating system for IBM's personal computer (PC) named PC-DOS.

The company acquired a variant of Unix from multinational telecommunications corporation AT&T and launched it as Xenix, the company's first operating system.

Microsoft moved from Albuquerque to Bellevue, Washington.

The company started its first international office in Japan as ASCII Microsoft.

Microsoft Corporation (Microsoft or "the company") was founded when Bill Gates and Paul Allen developed an interpreter for Basic programming language at Micro Instrumentation and Telemetry Systems.

KEY EMPLOYEES

Name	Job Title	Board	Compensation
John W. Thompson	Chairman	Executive Board	690000 USD
Kurt DelBene	Chief Digital Officer and Executive Vice President, Corporate Strategy, Core Services Engineering and Operations	Senior Management	
Satya Nadella	Chief Executive Officer	Executive Board	17692031 USD
Jeff Weiner	Chief Executive Officer-LinkedIn	Senior Management	
Bala Girisaballa	Chief Executive Officer-Microsoft Accelerator, India	Senior Management	
Michal Golebiewski	Chief Marketing and Operations Officer, Malaysia	Senior Management	
Horace Chow	Chief Operating Officer-Microsoft China	Senior Management	
Kevin Scott	Chief Technology Officer	Senior Management	
Ifeanyi Amah	Chief Technology Officer-Microsoft Nigeria	Senior Management	
Rimini Haraya Makama	Corporate Affairs Director, Microsoft Nigeria	Senior Management	
Reid Hoffman	Director	Non Executive Board	
Teri L. List-Stoll	Director	Non Executive Board	312500 USD
G. Mason Morfit	Director	Non Executive Board	302500 USD
Charles H. Noski	Director	Non Executive Board	332500 USD
Helmut Panke	Director	Non Executive Board	317500 USD
Sandra E. Peterson	Director	Non Executive Board	177500 USD
Charles W. Scharf	Director	Non Executive Board	287500 USD
John W. Stanton	Director	Non Executive Board	317500 USD
Padmasree Warrior	Director	Non Executive Board	162500 USD
Harry Shum	Executive Vice President-Artificial Intelligence and Research Group	Senior Management	
Margaret L. Johnson	Executive Vice President-Business Development	Senior Management	6716490 USD
Amy E. Hood	Executive Vice President-Chief Financial Officer	Senior Management	10374630 USD

Microsoft Corporation

Key Employees



Christopher C. Capossela	Executive Vice President- Chief Marketing Officer	Senior Management	
Kathleen T. Hogan	Executive Vice President- Human Resources	Senior Management	
Scott Guthrie	Executive Vice President- Microsoft Cloud and Enterprise	Senior Management	
Rajesh Jha	Executive Vice President- Office Product Group	Senior Management	
Jean-Philippe Courtois	Executive Vice President- President, Microsoft Global Sales, Marketing and Operations	Senior Management	
Terry Myerson	Executive Vice President- Windows and Devices Group	Senior Management	
Judson Althoff	Executive Vice President- Worldwide Commercial Business	Senior Management	
William H. Gates III	Founder and Technology Advisor	Non Executive Board	
Akin Banuso	General Manager-Nigerian operation	Senior Management	
Sriram Rajamani	Managing Director- Microsoft India lab	Senior Management	
Bradford L. Smith	President-Chief Legal Officer	Senior Management	8610612 USD

KEY EMPLOYEE BIOGRAPHIES

John W. Thompson

Board:Executive Board
Job Title:Chairman
Since:2014
Age:67

John W. Thompson has been the Chairman at Microsoft since 2014. Most recently, Mr. Thomson served as the Chief Executive Officer at Virtual Instruments. He previously served as the Chairman and Chief Executive Officer at Symantec. Mr. Thomson also held a number of leadership positions at IBM, including sales, marketing, software development, and served as the General Manager of IBM Americas.

Kurt DelBene

Board:Senior Management
Job Title:Chief Digital Officer and Executive Vice President, Corporate Strategy, Core Services Engineering and Operations

Kurt DelBene currently serves as the Chief Digital Officer and Executive Vice President of Corporate Strategy, Core Services Engineering and Operations at Microsoft. From 2013 to 2014, Mr. DelBene worked at Healthcare.gov as a Senior Advisor to the Secretary of Health and Human Services. He was also the liaison to White House and Health and Human Services senior leadership. Prior to that, Mr. DelBene served as the President at the Microsoft Office Division from 2010 to 2013. He joined Microsoft in 1992, and held various positions, including the Senior Vice President for Microsoft Business Division; the Vice President of Authoring and Collaboration Services, a General Manager of Microsoft Outlook, and as the Group Project Manager for Microsoft Exchange. Prior to joining the company, Mr. DelBene worked at McKinsey and Company as a Management Consultant.

Satya Nadella

Board:Executive Board
Job Title:Chief Executive Officer
Since:2014
Age:49

Satya Nadella has been the Chief Executive Officer at Microsoft since 2014. Prior to this, Mr. Nadella served as the Executive Vice President of Cloud and Enterprise business at the company. Previously, he was the Senior Vice President of R&D for the Online Services Division and the Vice President of the Microsoft Business Division. Before joining Microsoft in 1992, Mr. Nadella was a Member of the technology staff at Sun Microsystems.

Reid Hoffman

Board:Non Executive Board
Job Title:Director
Since:2017

Reid Hoffman has been a Director at Microsoft since 2017. Mr. Hoffman also serves on the Boards at private companies, including Edmodo, Convoy, and Blockstream. He joined Greylock Partners in 2009. Mr. Hoffman co-founded LinkedIn in 2003 and served as the Chief Executive Officer. Prior to LinkedIn, he served as the Executive Vice President at PayPal.

Teri L. List-Stoll

Board:Non Executive Board
Job Title:Director
Since:2014
Age:53

Teri L. List-Stoll has been a Director at Microsoft since 2014. Ms. List-Stoll served as the Executive Vice President and Chief Financial Officer at DICK'S Sporting Goods. Previously, she served as the Executive Vice President and Chief Financial Officer and as a Senior Advisor at Kraft Foods Group. Prior to that, Ms. List-Stoll served at Procter & Gamble for 20 years, and held various roles in business unit management, supply chain, sales, accounting, and financial planning and analysis, most recently as the Senior Vice President and Treasurer. From 1991 to 1993, she served as a Fellow at Financial Accounting Standards Board. Before that, Ms. List-Stoll worked for nine years at Deloitte & Touche. She serves on the Boards at Danaher.

G. Mason Morfit

Board:Non Executive Board
Job Title:Director
Since:2014
Age:41

G. Mason Morfit has been a Director at Microsoft since 2014. Mr. Morfit is the President at ValueAct Capital. Prior to that, he worked in equity research at Credit Suisse First Boston's healthcare group covering the managed care industry. Mr. Morfit served as a Director at Valeant Pharmaceuticals International, CR Bard, Immucor, Advanced Medical Optics, Solexa, and MSD Performance.

Charles H. Noski

Board:Non Executive Board
Job Title:Director
Since:2003
Age:64

Charles H. Noski has been a Director at Microsoft since 2003. Mr. Noski served as the Vice Chairman at Bank of America from 2011 until 2012. From 2010 through 2011, he served as the Executive Vice President and Chief Financial Officer at Bank of America. From 2003 to 2005, Mr. Noski was the Corporate Vice President and Chief Financial Officer at Northrop Grumman and served as a Director from 2002 to 2005. He joined AT&T in 1999 as the Senior Executive Vice President and Chief Financial Officer and was named as the Vice Chairman at AT&T in 2002. Prior to that, Mr. Noski was the President, Chief Operating Officer, and a Director at Hughes Electronics. He serves on the Boards at Avon Products and The Priceline Group.

Helmut Panke

Board:Non Executive Board

Job Title:Director

Since:2003

Age:70

Helmut Panke has been a Director at Microsoft since 2003. Dr. Panke served as the Chairman of the Board of Management at BMW from 2002 through 2006. From 1999 to 2002, he served as a Member of the Board of Management for Finance. From 1996 to 1999, Dr. Panke was a Member of the Board of Management for Human Resources and Information Technology. He joined BMW in 1982 and served as the Chairman and Chief Executive Officer from 1993 to 1996. Dr. Panke serves on the Boards at Singapore Airlines.

Sandra E. Peterson

Board:Non Executive Board

Job Title:Director

Since:2015

Age:57

Sandra E. Peterson has been a Director at Microsoft since 2015. Ms. Peterson serves as the Group Worldwide Chairman at Johnson & Johnson. Prior to that, she served as the Chairman and Chief Executive Officer at Bayer CropScience. Ms. Peterson also worked at Medco Health Solutions from 1999 to 2004.

Charles W. Scharf

Board:Non Executive Board

Job Title:Director

Since:2014

Age:51

Charles W. Scharf has been a Director at Microsoft since 2014. Mr. Scharf has been the Chief Executive Officer and a Director at Visa since 2012. Prior to that, he was a Managing Director at One Equity Partners. Before that, Mr. Scharf served as the Chief Executive Officer of Retail Financial Services at JPMorgan Chase from 2004 to 2011 and as the Chief Executive Officer of Retail division at Bank One

from 2002 to 2004. He also served as the Chief Financial Officer at Bank One, the Global Corporate and Investment Bank division at Citigroup, and at Salomon Smith Barney and its predecessor company from 1995 to 1999.

John W. Stanton

Board:Non Executive Board
Job Title:Director
Since:2014
Age:61

John W. Stanton has been a Director at Microsoft since 2014. Mr. Stanton serves as the Chairman at Trilogy Equity Partners. Previously, He served as the Chief Operating Officer and Vice Chairman at Western Wireless. Prior to that, Mr. Stanton served as the Chairman and Chief Executive Officer at VoiceStream Wireless which was acquired by Deutsche Telekom and subsequently renamed T-Mobile USA. From 2008 to 2013, he served as the Chairman and a Director at Clearwire. Before that, Mr. Stanton served as the Chief Operating Officer and Vice Chairman at McCaw Cellular. He serves on the Board at Columbia Sportswear and Costco Wholesale. Mr. Stanton has been the Chairman at First Avenue Entertainment since 2016.

Padmasree Warrior

Board:Non Executive Board
Job Title:Director
Since:2015
Age:55

Padmasree Warrior has been a Director at Microsoft since 2015. Ms. Warrior serves as the Chief Development Officer and the Chief Executive Officer of the US office at NextEV. She also served as the Chief Technology Officer at Cisco Systems. Prior to that, Ms. Warrior held various executive roles at Motorola, most recently as the Executive Vice President and Chief Technology Officer from 2003 to 2007.

Margaret L. Johnson

Board:Senior Management
Job Title:Executive Vice President-Business Development
Since:2014
Age:54

Margaret L. Johnson has been the Executive Vice President of Business Development at Microsoft since 2014. Prior to this role, Ms. Johnson spent 24 years at Qualcomm where she held various leadership positions across engineering, sales, marketing and business development. Most recently, she served as the Executive Vice President at Qualcomm and the President of global market development where she was responsible for commercializing new business opportunities and developing strategic relationships for the company. Ms. Johnson was also responsible for Qualcomm's global marketing organization and oversaw Qualcomm Labs, a wholly owned subsidiary of Qualcomm. Prior to joining Qualcomm, she

worked as an Engineer at General Electric's Military Electronics Division.

Amy E. Hood

Board:Senior Management
Job Title:Executive Vice President-Chief Financial Officer
Since:2013
Age:44

Amy E. Hood has been the Executive Vice President and Chief Financial Officer at Microsoft since 2013. Prior to this, Ms. Hood was the Chief Financial Officer at Microsoft's Business Division. She joined Microsoft in 2002 and held several positions in the Server and Tools Business as well as the corporate finance organization. Prior to that, Ms. Hood worked at Goldman Sachs in various investment banking and capital markets group roles.

Christopher C. Capossela

Board:Senior Management
Job Title:Executive Vice President-Chief Marketing Officer
Since:2014
Age:46

Christopher C. Capossela has been the Executive Vice President and Chief Marketing Officer at Microsoft since 2014. Mr. Caposella has over 20 years of experience at the company and held a variety of marketing leadership roles. Previously, he served in the Microsoft Office Division and was responsible for marketing the company's productivity solutions including Microsoft Office, Office 365, SharePoint, Exchange, Lync, Project and Visio. Most recently, Mr. Caposella served as the Worldwide Leader of the Consumer Channels Group, responsible for sales and marketing activities with OEM, operator and retail partners.

Kathleen T. Hogan

Board:Senior Management
Job Title:Executive Vice President-Human Resources
Since:2014
Age:50

Kathleen T. Hogan has been the Executive Vice President of Human Resources at Microsoft since 2014. Prior to this, Ms. Hogan was the Corporate Vice President at Microsoft Services. She also served as the Corporate Vice President of Customer Service and Support at the company. Ms. Hogan joined the company in 2003 as the Customer and Partner Experience and Worldwide Field Operations. Prior to that, she worked at McKinsey and Oracle. Ms. Hogan sits on the Board of Directors at Puget Sound affiliate of Susan G. Komen for the Cure and the Technology Services Industry Association.

Scott Guthrie

Board:Senior Management

Job Title:Executive Vice President-Microsoft Cloud and Enterprise

Scott Guthrie serves as the Executive Vice President of Microsoft Cloud and Enterprise Group at Microsoft. Prior to leading the Cloud and Enterprise group, Mr. Guthrie led Microsoft Azure, Microsoft's public cloud platform. Since joining the company in 1997, he has made critical contributions to many of Microsoft's key cloud, server and development technologies and was one of the original founders of the .NET project.

Rajesh Jha

Board:Senior Management

Job Title:Executive Vice President-Office Product Group

Rajesh Jha currently serves as the Executive Vice President of Office Product Group at Microsoft. Most recently, Mr. Jha served as the Corporate Vice President at the company. He joined the company in 1990. Mr. Jha began his career as a Software Design Engineer, working on various clients, servers and services during his tenure.

Jean-Philippe Courtois

Board:Senior Management

Job Title:Executive Vice President-President, Microsoft Global Sales, Marketing and Operations

Since:2016

Age:55

Jean-Philippe Courtois has been the Executive Vice President and President, Microsoft Global Sales, Marketing and Operations at Microsoft since 2016. Previously, Mr. Courtois served as the President of Microsoft International. Before that, he held the same role for the EMEA region (Europe, Middle East and Africa) as the Chief Executive Officer and President of Microsoft EMEA. Mr. Courtois joined Microsoft in 1984 as a Channel Sales Representative and was promoted to General Manager for Microsoft France in 1994. He is also the Chairman of the board of directors at SKEMA Business School, as well as a Board Member at Positive Planet, a worldwide leading NGO.

Terry Myerson

Board:Senior Management

Job Title:Executive Vice President-Windows and Devices Group

Terry Myerson serves as the Executive Vice President of Windows and Devices Group at Microsoft. Prior to this, Mr. Myerson led the Operating Systems Group. Previously, he led the Windows Phone team and Exchange team. Before that, Mr. Myerson founded Interse, one of the first Web software companies.

Judson Althoff

Board:Senior Management

Job Title:Executive Vice President-Worldwide Commercial Business

Judson Althoff currently serves as the Executive Vice President, Worldwide Commercial Business at Microsoft. Prior to this role, Mr. Althoff was the President of North American operation at the company. He joined Microsoft in 2013. Mr. Althoff previously spent 14 years at Oracle where he most recently served as the Senior Vice President. He also worked at EMC.

William H. Gates III

Board:Non Executive Board

Job Title:Founder and Technology Advisor

Age:60

William H. Gates III serves as the Founder and Technology Advisor at Microsoft. Mr. Gates has been a Director at the company since 1981. Prior to this, he was the Chairman of the Board at Microsoft from 1981 to 2014. Mr. Gates retired as an employee at Microsoft in 2008. He previously served as the Chief Software Architect at the company from 2000 to 2006 and the Chief Executive Officer from 1981 until 2000. Mr. Gates is the co-Chair of the Bill & Melinda Gates Foundation and serves as a Director at Berkshire Hathaway.

Bradford L. Smith

Board:Senior Management

Job Title:President-Chief Legal Officer

Since:2015

Age:57

Bradford L. Smith has been the President and Chief Legal Officer at Microsoft since 2015. Previously, Mr. Smith served as the Executive Vice President, General Counsel, and Secretary at the company. He joined Microsoft in 1993, and held various positions, including the Senior Vice President, General Counsel, and Secretary in 2001, the Chief Compliance Officer in 2002, and as a Deputy General Counsel for Worldwide Sales. Mr. Smith serves on the Board of Directors at Netflix.

MAJOR PRODUCTS & SERVICES

Microsoft Corporation (Microsoft or "the company") develops, licenses, and supports a range of software products and services. The company's key products, services and brands include the following:

Products:

- Operating systems
- Cross-device productivity applications
- Server applications
- Business solution applications
- Desktop and server management tools
- Software development tools
- Video games
- Training and certification of computer system integrators and developers
- Personal Computers (PCs)
- Tablets
- Gaming and entertainment consoles
- Phones
- Related accessories

Services:

- Cloud-based solutions
- Solution support
- Consulting services

Brands:

- Windows
- Office
- Windows Azure
- Skype
- Xbox
- Lumia

SWOT ANALYSIS

Microsoft Corporation (Microsoft or "the company") develops, licenses, and supports a range of software products and services. The company also designs, manufactures and sells devices that integrate with cloud-based services. In addition, it offers relevant online advertising to global audience. Microsoft's established market presence enables it to offer end-to-end solutions for consumer as well as enterprise clients. In addition, it provides significant cross selling opportunities thus winning a larger share of the client budget. However, declining PC market is expected to impact the demand for the company's products thus shrinking its revenues and affecting margins.

Strength Strong R&D Capabilities Broad Products and Services Portfolio Established market presence	Weakness Legal Proceedings Substantial Indebtedness
Opportunity Increasing Adoption of Cloud Computing Services Poised to Benefit from the Growing IoT Market Strategic Acquisition of LinkedIn Strategic Partnership with Adobe Growing Application Servers Market	Threat Adverse Trends in the PC Market Government Litigation and Regulatory Activity Intense Competition

Strength

Strong R&D Capabilities

Microsoft has a strong focus on research and development (R&D). The company commits significant resources in developing technologies, tools, and platforms spanning digital work and life experiences, cloud computing, and devices operating systems and hardware. In FY2016, approximately 37,000 associates were engaged in R&D activities. The company's main R&D facilities are located in Redmond, Washington. Microsoft also operates R&D facilities in other parts of the US and around the world, including Canada, China, Denmark, Finland, France, India, Ireland, Israel, Japan, and the UK. In addition to its R&D operations, Microsoft operates Microsoft Research, a computer science research organizations which work in close collaboration with top universities around the world. The company develops its products internally through three engineering groups, including Applications and Services Engineering Group, Cloud and Enterprise Engineering Group, and Windows and Devices Engineering Group.

The company's total R&D expense was approximately \$12 billion, \$12 billion, and \$11.4 billion during FY2016, FY2015, and FY2014, respectively. These amounts represented 14%, 13%, and 13% of the company's total revenue in FY2016, FY2015, and FY2014, respectively. The company's strong R&D has enabled it to add a number of patents. At the end of FY2016, the company had a patent portfolio of over

61,000 issued in the US and international patents and over 35,000 pending patents. The company's strong R&D focus has enabled it to launch new solutions. For instance, in October 2016, the company introduced Surface Studio, a new class of device that transforms from a workstation into a powerful digital canvas; Surface Dial, a new peripheral designed for the creative process; and Surface Book with Performance Base, a laptop with 6th Generation Intel Core i7 processors. Further in September 2016, Microsoft formed the Microsoft AI and Research Group, bringing together Microsoft's research organization with more than 5,000 computer scientists and engineers focused on the company's AI product efforts.

Strong R&D capabilities allow Microsoft to attain competitive advantage over its peers, maintain technological edge over its competitors and to stay ahead of industry trends. In addition, it also allows the company to differentiate its products with its competitors.

Broad Products and Services Portfolio

Broad range of products and services helps Microsoft to generate revenue from diversified sources, whilst mitigating the risk associated with concentrated product and service offerings. The company operates its business through three business segments: More Personal Computing; Productivity and Business Processes; and Intelligent Cloud. More Personal Computing segment consists of products and services for end users, developers, and IT professionals. This segment primarily comprises Windows, including Windows original equipment manufacturer (OEM) licensing and other non-volume licensing of the Windows operating system, volume licensing of the Windows operating system, patent licensing, Windows Embedded, MSN display advertising, and Windows Phone licensing; Devices, including Microsoft Surface, phones, and personal computer (PC) accessories; Gaming, including Xbox hardware; Xbox Live, comprising transactions, subscriptions, and advertising; video games; and third-party video game royalties; and Search advertising.

Microsoft's Productivity and Business Processes segment consists of products and services in its portfolio of productivity, communication, and information services, spanning various devices and platforms. This segment primarily comprises Office Commercial, including volume licensing and subscriptions to Office 365 commercial for products and services such as Office, Exchange, SharePoint, and Skype for Business, and related Client Access Licenses (CALs); Office Consumer, including Office sold through retail or through an Office 365 consumer subscription, and Office Consumer Services, including Skype, Outlook.com, and OneDrive; and Dynamics business solutions, including Dynamics ERP products, Dynamics CRM on-premises, and Dynamics CRM Online. Intelligent Cloud segment offers public, private, and hybrid server products and cloud services for businesses. The segment primarily comprises Server products and cloud services, including SQL Server, Windows Server, Visual Studio, System Center, and related CALs, as well as Azure; and Enterprise Services, including premier support services and Microsoft consulting services.

Broad offerings reduces dependence on any particular segment, apart from minimizing its business risks, and helping the company to serve a diversified customer base and generate higher revenue.

Established market presence

The company has an established presence in the software market. Microsoft is one of the leading players

in the software industry through its Windows operating system (OS) and Office utility tools. According to industry estimates, the Windows OS had a market share of 89% during April 2016. Windows 10 was installed on over 75 million personal computers (PCs) in its first four weeks, and passed 110 million after 10 weeks of its release. Further, the company had a market share of 11% in the cloud market, only next to Amazon, which had a market share of 31%. According to the company, more than 1.2 billion people use Office in 140 countries in 107 languages. In the software domain, the company's Office 365 Consumer subscribers increased to 23.1 million. The Office has been downloaded 340 million times on iPhones, iPad, and Android devices. Microsoft Dynamics CRM Online seat additions more than doubled year-over-year. Further in FY2016, Microsoft Azure revenue grew 113%, with usage of Azure compute and Azure SQL database more than doubling year-over-year. Also 80% of Fortune 500 use Microsoft Cloud. In addition, the company had more than 33,000 enterprise mobility services customers at the end of FY2016. Also, Windows 10 is active on more than 400 million devices around the world. Furthermore, Xbox Live monthly active users grew 33% year-over-year to 49 million. The company's app store had over 669,000 apps for phones, desktops and tablets. Moreover, the company's Outlook.com has over 400 million active users, and Skype is used to make over three billion minutes of calls each day.

The company's robust presence enables it to offer end-to-end solutions for consumer as well as enterprise clients. In addition, it provides significant cross selling opportunities thus winning a larger share of the client budget.

Weakness

Legal Proceedings

The company is exposed to various lawsuits and litigations which could increase the costs and margins. Antitrust and unfair competition class action lawsuits were filed against Microsoft in British Columbia. The trial of the British Columbia action commenced in May 2016. The plaintiffs are expected to file their case in chief in August 2016, setting out claims made, authorities, and evidence in support. A six-month oral hearing is scheduled to commence in September 2017, consisting of cross examination on witness affidavits. In 2014, Microsoft was informed that China's State Administration for Industry and Commerce (SAIC) had begun a formal investigation relating to China's Anti-Monopoly Law, and SAIC conducted onsite inspections of Microsoft offices in Beijing, Shanghai, Guangzhou, and Chengdu. SAIC started the investigation relating to compatibility, bundle sales, file verification issues related to Windows and Office software, and potentially other issues. In addition, the company has approximately 54 other patent infringement cases pending against it. As on June 30, 2016, the company had accrued aggregate legal liabilities of \$521 million in other current liabilities. In addition, the company anticipates its legal costs could reach approximately \$1.6 billion in aggregate.

The fines would impact the company's cost structure adversely in turn impacting profitability and also entails large outlays of cash. These lawsuits and litigations would also have a negative impact on the brand image of the company.

Substantial Indebtedness

The company has a substantial amount of indebtedness. As of June 30, 2016, the company's total debt

was \$40,783 million. This amount of indebtedness could have important consequences which include fulfilling cash obligations; limiting the company's ability to fund potential acquisitions; dedicating a portion of cash flow from operations to pay debts, which would reduce the availability of cash flow to fund working capital requirements, capital expenditures and other general corporate purposes; limiting flexibility in planning for, or reacting to, general adverse economic conditions or changes in business or industry in which the company operates; and placing Microsoft at a competitive disadvantage compared to competitors that have less debt.

In addition to the substantial amount of indebtedness, the company may incur additional indebtedness in the future. If new debt is added to the current debt levels, the related risks that the company currently faces could intensify. Substantial indebtedness could adversely affect the company's operations and financial results and prevent it from fulfilling obligations.

Opportunity

Increasing Adoption of Cloud Computing Services

The worldwide demand for cloud computing services is expected to grow significantly in the coming years. Cloud computing is a computing infrastructure model, which enables delivery of software-as-a-service (SaaS). Appeal to cloud computing has been increasing as it enables companies to reduce their expenses related to upfront royalty or licensing payments, investment in hardware infrastructure and other operating expenses. According to MarketLine, the global cloud computing industry is expected to generate total revenues of \$89.3 billion in 2016, representing a CAGR of 34.2% between 2012 and 2016. Furthermore, the performance of the industry is forecast to accelerate, with an anticipated compound annual growth rate (CAGR) of 35.6% for the 2016-21 periods, which is expected to drive the industry to a value of \$409.6 billion by the end of 2021.

As the rate of businesses moving to the cloud continues to accelerate, Microsoft has several unique advantages that can be leveraged to drive growth from its cloud offering which primarily includes Windows Azure, Office 365 and Dynamics CRM. The company offers these cloud services through Microsoft's Windows and Windows Phone operating systems, thus adding SaaS component to its PaaS and IaaS services. In July 2016, GE partnered with Microsoft to bring its Predix platform for the Industrial Internet available on the Microsoft Azure cloud for industrial businesses. Further, in February 2017, Microsoft and Flipkart entered into a strategic partnership, whereby Flipkart will incorporate Microsoft Azure as its public cloud platform.

The enterprises are moving to the cloud on their terms and often use hybrid solutions that include the cloud and their existing datacenter investments. The company's increasing presence in the cloud computing market and the growing end market will provide an opportunity for Microsoft to gain new customers and increase its market share in the future.

Poised to Benefit from the Growing IoT Market

With increasing adoption of cloud services and the big data services, the Internet of Things (IoT) market is rapidly growing. According to industry estimates, rising adoption of cloud platforms, development of

cheaper and smarter sensors, and evolution of high speed networking technologies has been driving the demand for IoT and wearables. The IoT market is expected to reach \$661.7 billion by 2021 from \$157.1 billion in 2016, growing at a CAGR of 33.3% during 2016-21 periods.

Microsoft is poised to benefit from the strong growth in the IoT market. The company offers Microsoft Azure IoT services that include Azure Event Hubs, Azure DocumentDB, Azure Stream Analytics, Azure Notification Hubs, Azure Machine Learning, Azure HDInsight, and Microsoft Power BI. Further in April 2016, Microsoft collaborated with Rolls-Royce to bring new capabilities to Rolls-Royce customers. Rolls-Royce will integrate Microsoft Azure IoT Suite and Cortana Intelligence Suite into its service solutions to expand its digital capabilities to support the current and next generation of Rolls-Royce intelligent engines.

The company's growing presence in the IoT market coupled with the growing end markets will enable it to drive strong revenues and enhance its market share in the future.

Strategic Acquisition of LinkedIn

The strategic acquisition of LinkedIn is expected to enhance the company's footprint in the enterprise social media market and provide incremental growth prospects. In December 2016, Microsoft completed the previously announced acquisition of LinkedIn for approximately \$26.2 billion, inclusive of LinkedIn's net cash. LinkedIn is one of the largest professional social network. The company offers a comprehensive platform that provides members with solutions, including applications and tools, to search, connect and communicate with business contacts, learn about career opportunities, join industry groups, research organizations and share information. LinkedIn has approximately 400 million members in over 200 countries and territories. The company also operates Lynda.com, a leading online learning platform. The acquisition is expected to provide Microsoft a larger reach in the social networking services and professional content business. Additionally, LinkedIn's large social network includes groups of employees and employers, which would act as a sales channel for Microsoft products, and also serve as a complement to those that it already offers for collaboration and communication.

According to Microsoft, LinkedIn's social graph and Sales Navigator could be offered as an integrated selling tool along Microsoft's Dynamics CRM and other systems. Such an integration is expected to provide robust background information about users that can help find leads, open conversations and close deals. Microsoft could also use LinkedIn's Lynda business to help sell Microsoft software products, and provide assistance in learning to use them. Furthermore, the acquisition is expected to bolster Microsoft's cloud business and counter the threat of rising Google's Chromebook sales, which is impacting the sales of Windows based personal computers (PCs). The deal is expected to create a market for both LinkedIn and Microsoft's Office products and would enable the combination of leading professional cloud with the leading professional network to strengthen its position as the one-stop-shop enterprise IT provider. This strategic combination is expected to establish Microsoft as a leader in data on the professional world, both at the organizational and individual level and drive growth from the growing trends of technology, including growing cloud based markets and datacenter markets, among others.

Thus, the strategic acquisition of LinkedIn would enable Microsoft to enter the social networking business in a strategic way that complements its existing, largely untapped user data and provide incremental growth prospects in the medium to long term.

Strategic Partnership with Adobe

Microsoft's strategic partnership with Adobe is expected to boost its cloud business in the medium to long term. In September 2016, Adobe and Microsoft entered into a strategic partnership to help enterprise companies embrace digital transformation. As part of the partnership, Adobe will make Microsoft Azure as its preferred cloud platform for the Adobe Marketing Cloud, Adobe Creative Cloud and Adobe Document Cloud. With the partnership, Adobe will bring its creative marketing software programs like Photoshop and Illustrator to Microsoft's Azure cloud-computing service, while Microsoft will make Adobe's marketing programs the favored choice for its internet-based software that manages customer relationships. Azure will provide Adobe with a global cloud and data platform for intelligent services, including machine learning and cognitive capabilities in Microsoft Cortana Intelligence Suite and SQL Server.

The partnership is expected to boost Azure's customer base as Adobe Creative Cloud has more than seven million subscribers. It would also minimize the customized work their customers' software developers have to do to make their products work together, paving the way for increased subscriptions. The deal brings the marketing capabilities on cloud to help companies digitally transform and engage customers in new ways and easily work across Adobe Marketing Cloud and Dynamics 365 business applications, leveraging artificial intelligence, machine learning and advance analytics. The partnership will also add enterprise application weight to the Azure platform, while the addition of Adobe's Marketing Cloud will strengthen Microsoft's marketing product and enable it to complete more effectively with Salesforce.

Thus, the strategic partnership with Adobe is expected to boost Microsoft's client base and service portfolio, boosting its topline performance in the medium to long term.

Growing Application Servers Market

The application server market is expected to achieve strong growth primarily driven by the evolution of the mobile internet and IoT. Application servers are used to create apps that run on mobile devices and enable IoT. According to industry estimates, the worldwide application server market is forecasted to grow at a CAGR of 17% during 2016-24 periods to reach \$24 billion by 2024. The increasing demand for applications to support smartphones, tablets, and integrate with the IoT is expected to drive the application server market growth over the forecast period.

Microsoft develops and markets server software, software developer tools, cloud-based services, and solutions. The company's server software includes integrated server infrastructure and middleware which is designed to support software applications built on the Windows Server operating system. This includes the server platform, database, business intelligence (BI), storage, management and operations, virtualization, service-oriented architecture platform, security and identity software. The company also builds standalone and software development lifecycle tools for software architects, developers, testers and project managers. It also offers a platform that helps developers build and connect applications and services in the cloud or on premise. The robust demand in the application servers market coupled with Microsoft's strong server portfolio will further enhance the company's growth prospects.

Threat

Adverse Trends in the PC Market

The global PC market has been decelerating recently. A broader slowdown in the economy, particularly in developing economies that had been growing very quickly in the recent past, and new competition from the iPad, other tablets, and smartphones are contributing to deteriorating PC sales. Global economic issues like falling commodity prices and weak international currencies, as well as social disruptions in EMEA and Asia-Pacific that disrupted foreign markets, were a large factor behind weak PC sales. According to industry estimates, the global PCs market is expected to decline at a compound annual rate of change (CARC) of 2.8% to reach 126.3 billion in 2020, as compared to 143.5 billion in 2015. The adverse impact of the continued PC sales declines will be detrimental for the company.

Government Litigation and Regulatory Activity

The company's operations are closely scrutinized by government agencies under the US and foreign competition laws. Some jurisdictions also provide private rights of action for competitors or consumers to assert claims of anti-competitive conduct. For example, European Commission closely scrutinizes the design of Microsoft products and the terms on which certain technologies used in these products, such as file formats, programming interfaces, and protocols, are available to other companies. In 2004, the Commission ordered Microsoft to create new versions of Windows that do not include certain multimedia technologies and to provide competitors with specifications for how to implement certain proprietary Windows communications protocols in their own products. These obligations may limit the company's ability to innovate in Windows or other products in the future, diminish the developer appeal of the Windows platform, and increase its product development costs. The availability of licenses related to protocols and file formats may enable competitors to develop software products that better mimic the functionality of Microsoft products which could hamper sales of the company's products.

The company's products and online services offerings, including new technologies are subject to government regulation in some jurisdictions, including in areas of user privacy, telecommunications, data protection, and online content. The application of these laws and regulations to Microsoft's business is often unclear, subject to change over time, and sometimes may conflict from jurisdiction to jurisdiction. Additionally, compliance with these types of regulation may involve significant costs or require changes in products or business practices that result in reduced revenue. High regulations on the company may have an adverse impact on the company's results of operations.

Intense Competition

Microsoft faces intense competition across all markets for its products and services. The company's competitors range in size from Fortune 100 companies to small, specialized single-product businesses and open source community-based projects.

In the Productivity and Business Processes segment, the company competes with software and global application vendors such as Adobe Systems, Apple, Cisco Systems, Facebook, Google, IBM, Oracle, SAP, and web-based and mobile application competitors as well as local application developers in Asia and Europe. Skype for Business and Skype competes with instant messaging, voice, and video communication providers, ranging from start-ups to established enterprises. Web-based offerings

competing with individual applications that have positioned themselves as alternatives to Microsoft's products. The company's Dynamics products compete with vendors such as Oracle and SAP in the market for large organizations and divisions of global enterprises. In the market focused on providing solutions for small and mid-sized businesses, the company's Dynamics products compete with vendors such as Infor, The Sage Group, and NetSuite. Salesforce.com's cloud CRM offerings compete directly with Dynamics CRM on-premises and CRM Online offerings.

Microsoft's server products face competition from various server operating systems and applications offered by companies, including Hewlett-Packard, IBM, and Oracle with a range of market approaches. Its web application platform software competes with open source software such as Apache, Linux, MySQL, and PHP. In middleware, the company competes against Java vendors. The company's database, business intelligence, and data warehousing solutions offerings compete with products from IBM, Oracle, SAP, and other companies. System management solutions compete with server management and server virtualization platform providers, such as BMC, CA Technologies, Hewlett-Packard, IBM, and VMware. Its products for software developers compete against offerings from Adobe, IBM, Oracle, and other companies. Azure faces diverse competition from companies such as Amazon, Google, IBM, Oracle, Salesforce.com, VMware, and open source offerings. The Windows operating system faces competition from various software products and from alternative platforms and devices, mainly from Apple and Google. Microsoft's search advertising business competes with Google and websites, social platforms like Facebook, and portals that provide content and online offerings to end users.

Growing competitive pressures may impact the company's market share and margins in near term.

TOP COMPETITORS

The following companies are the major competitors of Microsoft Corporation

Adobe Systems Incorporated

Amazon.com, Inc.

BMC Software, Inc.

CA, Inc.

Cisco Systems, Inc.

Facebook, Inc.

Hewlett Packard Enterprise Company

International Business Machines Corporation

Nintendo Co., Ltd.

Oracle Corporation

RED HAT, INC.

salesforce.com, inc.

Samsung Electronics Co., Ltd.

Sony Corporation

The Sage Group plc

VMware, Inc.

Yahoo! Inc.

COMPANY VIEW

A statement by Satya Nadella, the Chief Executive Officer at Microsoft Corporation, is given below. The statement has been taken from the company's 2016 annual report.

Dear shareholders, customers, partners, and employees:

I'm proud of the progress we've made as a company this past year and excited about the opportunity for even more progress in the year ahead. We've advanced our mission to empower every person and every organization on the planet to achieve more. We've continued to cultivate a Microsoft culture in which people connect their individual energies and passions for technology to this mission. We're leading profound digital transformation both for people and institutions. We've achieved strong financial results. And we're building a sturdy foundation for an even brighter future.

We generated \$85.3 billion in revenue, \$52.5 billion in gross margin, and \$20.2 billion in operating income this past fiscal year. Adjusting for Windows 10 revenue deferrals and impairment, integration and restructuring expenses, revenue was \$92.0 billion with \$27.9 billion in operating income. Even as we invested in innovation and expanded geographically, we maintained our commitment to shareholder return and increased our total cash return to \$26.1 billion, up 12 percent from last fiscal year. These results reflect exciting new product innovations as well as increases in customer usage and engagement across our businesses:

Commercial cloud annualized revenue run rate exceeded \$12.1 billion, up more than 50 percent year-over-year.

More than 70 million people use Office 365 commercial every single month. Revenue from our cloud platform, Azure, grew triple digits, with usage of key computing and database workloads more than doubling year-over-year.

Windows 10 is now active on more than 400 million devices around the world and over 197 billion hours of usage. This is the fastest adoption rate of any prior Windows release.

Bing has leveraged this incredible usage to become profitable with search advertising revenue up 17 percent, excluding traffic acquisition costs.

Xbox Live monthly active users grew 33 percent year-over-year to 49 million.

Over the past year, Microsoft has built momentum in each of its reportable segments, which is detailed below, but it's the larger opportunity – how technology can inspire and ignite change and renewal – that I want to emphasize in this year's letter.

A transformational opportunity

Microsoft is uniquely positioned in this era of massive business and societal transformation. We're the company that cares most deeply about computing technologies for both people and the organizations

they build. Our entire purpose is to make things that help our customers make things -- and make things happen. We build the platforms upon which others build digital platforms. After all, each of us, as individuals, is trying to build something that outlasts ourselves, whether that's a small business, a school, a clinic, or an enterprise.

Over the years Microsoft has experienced great success, and today we are just at the beginning of an incredible new wave of opportunity. The next generation of ubiquitous computing and ambient intelligence is going to transform every life, every industry, and every country.

What this means for organizations is that Microsoft is their partner in digital transformation – engaging customers, empowering employees, optimizing operations, and transforming products. What it means for people is that Microsoft helps them get more out of every moment – creating, collaborating, learning, gaming, being mobile, and staying secure.

Let's look at how we're doing this within each segment.

Productivity and Business Processes

Productivity is in our DNA, and so everything we do supports our customers' digital work and life. Nowhere is digital transformation more evident than how we live and work today. We work on the go. We are on more teams, both inside and outside the company. We don't have time for the information we need personally and professionally to live in different silos.

We're not simply building individual tools, but rather designing an intelligent fabric based on four principles – collaboration, mobility, intelligence, and trust. People still do important work as individuals, but collaboration is the new norm, so we build our tools to empower teams. We aspire to help everyone be productive no matter where they are, regardless of the device they use. Your data, apps, and settings – all of your content – roam with you across your computing experiences. Intelligence is an amazing force multiplier. To be successful amid the explosion of data, people need analytics, services, and agents that use intelligence to help them manage their scarcest resource – time. Finally, trust is the foundation upon which everything we do is built. That's why we are investing deeply in security and compliance that set the standard for enterprise-grade productivity.

The two pillars of this ambition are Office 365 and Dynamics 365.

Office 365 is changing the nature of work for individuals and teams. Customers love the power of Office on Windows and Mac as well as their iOS and Android mobile devices. In fact, Office is on more than 50 million iOS and Android monthly active devices, up more than four times over last year. Industry analyst surveys report that in cloud email, Microsoft is the clear choice. And we continue to see great momentum as innovative companies like GE, Facebook, Hershey, and Discovery Communications adopt Office 365.

We recently launched Dynamics 365 to empower business users with built-in insights and intelligence, accessed from within the business applications they're working on – cloud-based apps like field service, sales, finance, and operations. It is deeply integrated with Office 365 to bring together all of the capabilities people need to get their jobs done. Business process tools in the past were hostage to silos of information and monolithic suites of applications. We're removing those impedances by bringing

together communications and collaboration capabilities so they work seamlessly for every role. Overall, Dynamics 365 builds on a strong base of nearly 10 million monthly paid seats, up more than 20 percent year-over-year. And in this past year, we saw Dynamics CRM Online seat additions more than double year-over-year, driving overall Dynamics revenue growth.

This year Microsoft and LinkedIn announced our agreement to join forces to connect the world's professional cloud and the world's professional network – creating new experiences and new value for users. Together we will have a transformative effect through our shared ambition to reinvent ways for professionals to be more productive. With more than 1.2 billion Office users and 433 million LinkedIn members, our combined data graphs will forever change how Sales, HR, and other professionals get work done. Meetings will get better when Cortana can draw on your professional network to connect the dots so you stay one step ahead. Your online newsfeed will become more intelligent as the professional cloud and network tailor information to what's going on at work, upcoming meetings, and projects underway. This acquisition will grow our total addressable market by creating a vibrant network that brings together a professional's information in LinkedIn's public network with the information created in Office 365 and Dynamics 365.

Looking ahead, our vision is to teach human language to all of the computing experiences that surround us. We imagine a world in which a deeply personal agent understands you, your organization, and your world, helping you get more out of every moment. Skype and Outlook with their hundreds of millions of users already are conversational canvases that will increasingly become rich platforms for getting every task done with new applications in the form of bots.

Intelligent Cloud

Our ambition to build the intelligent cloud is closely linked with the previous ambition. In fact, together with cloud-based applications like Office 365 and Dynamics 365, we are on track to achieve \$20 billion in commercial cloud annualized revenue run rate in fiscal year 2018.

Every organization needs new cloud-based infrastructure and applications that can convert vast amounts of data into predictive and analytical power through the use of advanced machine learning, analytics, and cognitive services. The combination of Azure's infrastructure and data services makes it possible for businesses to build digital transformation applications that better engage customers, optimize operations, and transform products and business models.

From an infrastructure perspective, we've continued to deliver on the promise of a global, hyperscale cloud platform with 30 unique Azure regions around the world. For perspective, we cover more countries and regions than any other cloud provider, from North America, to Asia, to Europe, to Latin America. We're continuing to invest billions of dollars each year to build out more and more infrastructure. What this means for our customers is that they can scale their solutions without worrying about their cloud platform's capacity or the complex demands of transparency, reliability, security, privacy, and compliance. In essence, we're meeting their real-world needs both for today and tomorrow.

The Microsoft Cloud is open and offers choice. We broadly support a wide range of platforms and developer tools on Azure. Our acquisition of Xamarin, and our work with Red Hat, Docker, Mesosphere, and others reflect our commitment to working cross-platform. Nearly a third of customer virtual machines

on Azure run Linux.

We are building our server products to become the edge of our cloud, supporting true hybrid computing. SQL Server 2016, Windows Server 2016, and System Center 2016 as well as Azure Stack enable customers to build a cloud platform that spans their own data centers and the public cloud.

Revenue within the Intelligent Cloud segment alone increased \$1.3 billion, or 6 percent, driven in part by impressive gains in our Azure business. Azure revenue and usage grew by more than 100 percent in the final quarter of the year. More than 70 percent of the Fortune 500 have at least two different Microsoft Cloud offerings. And more than 80 percent of the world's largest banks are Azure customers. We clearly are now one of the two enterprise cloud leaders.

It's not just infrastructure driving this growth, but also the intelligence we infuse into applications. Customers such as Boeing, Jabil Circuit, and Land O'Lakes are using Microsoft's industry-leading data management, machine learning, analytics, and cognitive services to infuse intelligence into their applications. The integration of cloud-based cognitive services like Cortana is just the tip of the spear, and will fuel our vision for conversation as a platform. We have more than 20 cognitive services APIs today, including for vision, speech, text, recommendations, and face and emotion detection. Developers use these APIs within their applications to augment users' experiences by enabling solutions to see, hear, speak, and interpret the world around them. Our intelligent cloud is democratizing these capabilities for startups, small businesses, and enterprises alike.

More Personal Computing

Just as we are transforming business and society through cloud computing, we're also revolutionizing the workplace to help organizations be more productive, and people do more. This was the year of reinventing Windows and delivering a renewed vision of one of the world's most successful operating systems. We launched Windows 10 with a new concept – to enable Windows as a service, continuously delivering differentiated value across our ecosystem to better serve the needs of our customers. We engineered Windows 10 to enable innovative and more natural ways to interact and engage with devices – ask a question with your voice, draw with the flick of a pen, and secure your most important things with a smile or a touch. These experiences place users at the center so they can move seamlessly across all devices – from the PC, Xbox, phones, and Surface Hub, to mixed reality with Microsoft HoloLens and Windows Holographic.

With an installed base of more than 1 billion Windows devices – more than 400 million of which are already on Windows 10 and its 197 billion hours of usage – we have an opportunity to offer new experiences and deepen our engagement with Windows users. We see opportunities to innovate and grow in areas such as productivity and gaming, bringing these experiences to every device. And we continue to inspire new, innovative device categories like the two-in-one Surface, the pioneering HoloLens, and over 1,500 new Windows devices designed with our OEM partners.

Led by state-of-the-art security, Windows 10 is starting to drive digital transformation for customers in the enterprise. The U.S. Department of Defense and Accenture are just a few of the customers deploying Windows 10 to millions of employees to help protect them with industry-leading security features like Credential Guard, Device Guard, Windows Hello, and new cloud-based security services like Windows

Defender Advanced Threat Protection. Our belief in building world-class enterprise security in Windows has contributed to nearly every one of our enterprise customers piloting Windows 10 this past fiscal year.

Windows is also built to support everyday experiences for everyone. Cortana – the first truly personal digital assistant -- came to life in Windows 10. Embedded within Windows 10, Cortana gets to know each user, helping to get things done, to organize schedules, respond to questions – all through natural user interaction. And by learning more about the user over time, Cortana becomes increasingly useful every day. The Windows 10 Cortana search box has over 126 million monthly active users, and has been asked 12 billion questions to date. In turn, this intensity and frequency of usage helped drive Bing's U.S. PC query share to nearly 22 percent in the final quarter of our past fiscal year.

Gaming is another area where Windows 10 will open new user experiences and scenarios. Gaming has been among the leading drivers of engagement on Windows 10, with more than 17.5 billion hours of gameplay on Windows 10 PCs in its first year. Xbox Live is connecting fans across Windows 10, iOS, and Android. Microsoft has an incredibly engaged gaming audience on Xbox Live with 49 million monthly users and growing – up 33 percent year-over-year. This growth is driven in part by strong franchises like Minecraft, which has sold more than 106 million copies to date. In fact, Xbox Live players of Minecraft increased 62 percent in the last year. Our gaming roadmap over the next 18 months is anchored by two significant console releases – Xbox One S and Project Scorpio – and investments in growth areas such as virtual reality, video, and eSports.

We continue to grow the Windows ecosystem by creating new computing categories. Surface, Surface Hub, and Microsoft HoloLens have pushed the boundaries of how personal the computing experience can be, with Surface Book and Surface Pro 4 released in the last year. Forward-looking customers like Rolls Royce, the PGA Tour, Japan Airlines, and Volvo already are embracing Microsoft HoloLens and the Windows Holographic platform, transforming the way they work by breaking down the barriers between virtual and physical reality. We are excited about these future growth areas but are also committed to ensuring that we are investing thoughtfully across our portfolio. Over the past fiscal year, we increased investment in key capabilities within Windows 10 and in new growth markets, while at the same time scaling back our investment commensurate with the opportunity in areas like phone.

Across each of these ambitions, Microsoft made significant progress this past year. And we're investing in a future that is even more exciting.

Investing in the Future

Earlier in this letter I described the transformational opportunities that lie ahead, particularly in the realm of digital intelligence. We're growing today's core businesses and technologies, incubating for the future and investing in long-term computing breakthroughs. Within our research labs we're hard at work on advanced machine learning – artificial intelligence – that will produce forewarnings that can put an end to distracted driving and one day identify a crisis like Zika before it happens. Quantum computing, theorized for decades by some of the world's greatest minds as a way to harness the very building blocks of matter and energy for unimaginable computing capabilities and intelligence, is emerging today as a feasible technology. Its realization will bring new power to cure disease and address global challenges like climate change. Our people and partners right now are solving the hard problems of experimental and theoretical physics, mathematics, and computer science that will accelerate quantum computing's becoming a

reality.

And that brings us right back to our mission – to empower every person and every organization on the planet to achieve more.

Computing and societal impact

Last year I concluded this letter committing that we would continue to ask ourselves what are the challenges humankind faces, how can technology help, and what is the contribution of Microsoft? To me, these questions are essential to the rediscovery of the soul of Microsoft, and more broadly, the purpose of global companies in society. This past year we've witnessed movements that understandably question globalization and its impact on economic equality. With worldwide per capita GDP and productivity growth at roughly 1 percent, how do we return to vigorous growth that benefits everyone? That's part of what we're working to address both through our core business and through our broader work societally, including this past year with the founding of Microsoft Philanthropies.

When I meet with leaders in every part of the world, I hear their desire to work with Microsoft to create world class, cloud-enabled platforms, and applications that advance health, education, and economic growth, locally in their countries and communities. That is what inspires me most. And it's why we are working with public and private sector partners to promote a public cloud for public good – expanding affordable internet connectivity, building next generation skills, and fostering policies that promote trustworthy computing in the cloud. This past year we announced that Microsoft Philanthropies will donate \$1 billion in public cloud computing for nonprofits around the world.

Throughout our discussions with LinkedIn this year, I was struck in my conversations with founder Reid Hoffman and CEO Jeff Weiner that we share a commitment to more directly and more evenly spread opportunity for everyone. In fact, LinkedIn's vision has been to create economic opportunity for every member of the global workforce—all 3 billion of them—by building the world's first economic graph, a digital representation of the global economy and opportunity. The goal is to make labor markets work better for everyone by making them more efficient and open. Together we aspire to help everyone navigate an increasingly challenging global economy more effectively.

In conclusion, the test of any brand is its ability to have measurable impact and to remain relevant over time. Microsoft has done this in times of transition by innovating boldly. When I walk the hallways of Microsoft and talk with our talented people, the sense of purpose and urgency in realizing our mission through world class innovation is unmistakable.

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