Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052, U.S.A.

MICROSOFT CORPORATION 2003 EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED, EFFECTIVE JANUARY 1, 2013 (THE "ESPP")

Prospectus for the employees of certain European Economic Area ("EEA") subsidiaries of Microsoft Corporation, subject to the applicable legislation in each country

Pursuant to articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier* and its General Regulation, in particular articles 211-1 to 216-1 thereof, the *Autorité des marchés financiers* has attached visa number 15-305 dated June 24, 2015 onto this prospectus. This prospectus was established by the issuer and incurs the responsibility of its signatories. The visa, pursuant to the provisions of Article L. 621-8-1-I of the *Code Monétaire et Financier*, was granted after the AMF has verified that the document is complete and comprehensible, and that the information it contains is consistent. The visa represents neither the approval of the worthiness of the operation nor the authentication of the financial and accounting information presented.

This prospectus will be made available in printed form to employees of the EEA subsidiaries of Microsoft Corporation based in states in which offerings under the plan listed above are considered public offerings, subject to the applicable legislation in each country, at the respective head offices of their employers. In addition, this prospectus along with summary translations (as applicable) will be posted on Microsoft Corporation's intranet, and free copies will be available to the employees upon request by contacting the human resources department of their employer. This prospectus, together with the French translation of its summary, will also be available on the website of the AMF, *www.amf-france.org*.

NOTE TO THE PROSPECTUS

This prospectus, which contains material information concerning Microsoft Corporation, was established pursuant to articles 211-1 to 216-1 of the AMF General Regulation. Pursuant to Article 25 of Commission Regulation (EC) No 809/2004 of 29 April 2004 as amended by Commission Delegated Regulations (EU) No 486/2012 of 30 March 2012, No 862/2012 of 4 June 2012 and No 759/2013 of 30 April 2013 (the "Prospectus Regulation"), this prospectus is composed of the following parts in the following order:

(1) a table of contents,

(2) the summary provided for in Article 5(2) of Directive 2003/71/EC of the European Parliament and of the European Council of 4 November 2003, as amended by Directive 2010/73/EU and Directive 2014/51/EU (the "Prospectus Directive") (Part I constitutes the prospectus summary),

(3) the risk factors linked to the issuer and the type of security covered by the issue, and

(4) excerpts from Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 of the Prospectus Regulation and question 71 of the European Securities and Markets Authority ("ESMA") Q&A,[1] are required for this offering of equity securities to employees of Microsoft Corporation and its affiliates.

This prospectus also contains supplemental information concerning the ESPP (Part II - Section B) as well as the following documents (Exhibits):

- Microsoft Corporation 2003 Employee Stock Purchase Plan, as amended, effective January 1, 2013; and
- Current Report on Form 8-K furnished by Microsoft Corporation to the U.S. Securities and Exchange Commission (the "SEC") on April 23, 2015.

When used in this prospectus, the terms "we," "us," "our" and "the Company" mean Microsoft Corporation and its subsidiaries.

All references to "$" in this prospectus refer to U.S. dollars.

[1] Frequently Asked Questions, Prospectuses: Common positions agreed by ESMA Members 22nd updated version – October 2014 (21 October 2014 | ESMA/2014/1279).

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Part I Constitutes the Prospectus Summary

COMPANY REPRESENTATIVE FOR PROSPECTUS

1.1 Amy E. Hood, Executive Vice President and Chief Financial Officer, acting for and on behalf of Microsoft Corporation.

1.2 To my knowledge, after having taken all reasonable measures for this purpose, the information contained in this prospectus fairly reflects the current situation and no material omission has been made.

1.3 Microsoft Corporation has obtained a letter from its independent registered public accounting firm in relation to this prospectus. The independent registered public accounting firm has, in accordance with the professional standards and interpretations applicable in the United States of America pursuant to PCAOB Interim Auditing Standard, AU Section 550 – *Other Information in Documents Containing Audited Financial Statements*, read the prospectus, including the information pertaining to the financial position and consolidated financial statements of Microsoft Corporation contained in this prospectus.

/s/ Amy E. Hood
Amy E. Hood
Executive Vice President and Chief Financial Officer of Microsoft Corporation

Redmond, Washington, U.S.A., June 23, 2015

PART I — PROSPECTUS SUMMARY

VISA NUMBER 15-305 DATED JUNE 24, 2015 OF THE AMF

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

SECTION A — INTRODUCTION AND WARNINGS		
A.1	**Warning to the reader**	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or States party to the EEA Agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have presented the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Consent to use of the prospectus**	Not applicable. There is no subsequent resale or final placement of securities by financial intermediaries.

SECTION B — ISSUER		
B.1	**Legal and commercial name of the issuer**	Microsoft Corporation (“Microsoft” or the “Company”).
B.2	**Domicile and legal form of Microsoft, the legislation under which it operates and its country of incorporation**	Microsoft's headquarters are located at One Microsoft Way, Redmond, Washington 98052-6399, U.S.A. The Company is a corporation incorporated under the laws of the State of Washington, U.S.A.

B.3 **Description of the nature of Microsoft's current operations and its principal activities**

Microsoft is a technology leader focused on being the productivity and platform company for the mobile-first and cloud-first world. Microsoft strives to reinvent productivity to empower people and organizations to do more and achieve more. Microsoft creates technology that transforms the way people work, play, and communicate across a wide range of computing devices.

Microsoft generates revenue by developing, licensing, and supporting a wide range of software products, by offering an array of services, including cloud-based services, to consumers and businesses, by designing, manufacturing, and selling devices that integrate with its cloud-based services, and by delivering relevant online advertising to a global audience. Microsoft's most significant expenses are related to compensating employees, designing, manufacturing, marketing, and selling its products and services, datacenter costs in support of its cloud-based services, and income taxes.

Microsoft reports its financial performance based on the following segments; Devices and Consumer ("D&C") Licensing, Computing and Gaming Hardware, Phone Hardware, D&C Other, Commercial Licensing, and Commercial Other.

The following table sets forth segment revenue for the fiscal years ended June 30, 2014, 2013 and 2012:

(In millions)

Year Ended June 30,			**2014**	**2013**	**2012**
Revenue					
D&C	Licensing		**$ 18,803**	$ 19,021	$ 19,495
	Hardware:				
		Computing and Gaming Hardware	**9,628**	6,461	6,740
		Phone Hardware	**1,985**	0	0
		Total D&C Hardware	**$ 11,613**	$ 6,461	$ 6,740
	Other		**7,258**	6,618	6,203
		Total D&C	**37,674**	32,100	32,438
Commercial	Licensing		**$ 42,027**	$ 39,686	$ 37,126
	Other		**7,547**	5,660	4,644
		Total Commercial	**$ 49,574**	$ 45,346	$ 41,770
Corporate and Other			**(415)**	403	(485)
Total revenue			**$ 86,833**	$ 77,849	$ 73,723

B.4a **Recent trends**

On April 23, 2015, Microsoft announced that revenue for the quarter ended March 31, 2015 grew to $21.7 billion. Gross margin, operating income, and diluted earnings per share for the quarter were $14.6 billion, $6.6 billion, and $0.61 per share, respectively.

		On April 25, 2014, Microsoft acquired substantially all of Nokia Corporation's ("Nokia") Devices and Services business ("NDS"). In July 2014, Microsoft announced a restructuring plan to simplify its organization and align NDS with the Company's overall strategy (the "Restructuring Plan"). Pursuant to the Restructuring Plan, Microsoft planned to eliminate up to 18,000 positions in fiscal year 2015, including approximately 12,500 professional and factory positions related to the NDS business. The actions associated with the Restructuring Plan are expected to be completed by June 30, 2015. Microsoft incurred restructuring charges of $98 million and $1.3 billion during the three and nine months ended March 31, 2015, respectively, including severance expenses and other reorganization costs, primarily associated with its facilities consolidation.
B.5	**Organizational structure**	Microsoft is the parent company of the Microsoft group. Microsoft holds, directly or indirectly, the capital and voting rights of each of its subsidiaries. As of the close of its fiscal year ended June 30, 2014, there were 12 subsidiaries of the Company, omitting subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.
B.6	**Interests in Microsoft's capital or voting rights**	Not applicable. Pursuant to its Q&A, ESMA considers that Item 18 of Annex I of the Prospectus Regulation is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.7	**Financial information concerning Microsoft for the fiscal years ended June 30, 2014, 2013, and 2012, and for the quarterly periods ended March 31, 2015 and 2014**	

The selected financial data of Microsoft set out in this prospectus have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). They are derived from Microsoft's audited consolidated financial statements for the fiscal years ended June 30, 2014, 2013 and 2012, and from Microsoft's unaudited consolidated financial statements for the quarterly periods ended March 31, 2015 and 2014.

SELECTED THREE-YEAR FINANCIAL DATA

(In millions, except per share data)

Year Ended June 30,		**2014(a)**		**2013**		**2012**
Revenue	**$**	**86,833**	$	77,849	$	73,723
Operating income	**$**	**27,759**	$	26,764(c)	$	21,763(d)
Net income	**$**	**22,074(b)**	$	21,863(c)	$	16,978(d)
Diluted earnings per share	**$**	**2.63(b)**	$	2.58(c)	$	2.00(d)
Cash dividends declared per share	**$**	**1.12**	$	0.92	$	0.80
Cash, cash equivalents, and short-term investments	**$**	**85,709**	$	77,022	$	63,040
Total assets	**$**	**172,384**	$	142,431	$	121,271
Long-term obligations	**$**	**36,975**	$	26,070	$	22,220
Stockholders' equity	**$**	**89,784**	$	78,944	$	66,363

(a) On April 25, 2014, Microsoft acquired substantially all of NDS. NDS has been included in Microsoft's consolidated results of operations starting on the acquisition date.

(b) Includes a tax provision adjustment recorded in the fourth quarter of fiscal year 2014 related to adjustments to prior years' liabilities for intercompany transfer pricing which decreased net income by $458 million and diluted earnings per share by $0.05.

(c) Includes a charge related to a fine imposed by the European Commission in March 2013 which decreased operating income and net income by $733 million (€561 million) and diluted earnings per share by $0.09. Also includes a charge for Surface RT inventory adjustments recorded in the fourth quarter of fiscal year 2013, which decreased operating income by $900 million, net income by $596 million, and diluted earnings per share by $0.07.

(d) Includes a goodwill impairment charge related to Microsoft's previous Online Services Division business segment (related to D&C Other under Microsoft's current segment structure) which decreased operating income and net income by $6.2 billion and diluted earnings per share by $0.73.

SELECTED QUARTERLY FINANCIAL DATA

Income Statements Data

(In millions, except per share amounts) (Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	**2014**	**2015**	**2014**
Revenue	**$ 21,729**	$ 20,403	**$ 71,400**	$ 63,451
Gross margin	**$ 14,568**	$ 14,425	**$ 45,830**	$ 44,006
Total operating expenses	**$ 7,974**	$ 7,451	**$ 25,616**	$ 22,729
Operating income	**$ 6,594**	$ 6,974	**$ 20,214**	$ 21,277
Net income	**$ 4,985**	$ 5,660	**$ 15,388**	$ 17,462
Earnings per share:				
Basic	**$ 0.61**	$ 0.68	**$ 1.87**	$ 2.10
Diluted	**$ 0.61**	$ 0.68	**$ 1.86**	$ 2.08
Cash dividends declared per common share	**$ 0.31**	$ 0.28	**$ 0.93**	$ 0.84

Balance Sheets Data

(In millions) (Unaudited)	March 31, 2015	June 30, 2014
Cash and cash equivalents	**$ 7,414**	$ 8,669
Short-term investments (including securities loaned of **$76** and $541)	**$ 88,024**	$ 77,040
Total assets	**$ 176,683**	$ 172,384
Long-term obligations	**$ 45,803**	$ 36,975
Total stockholders' equity	**$ 90,132**	$ 89,784

B.8	**Pro forma financial information**	Not applicable. Pursuant to its Q&A, ESMA considers that Item 20.2 of Annex I of the Prospectus Regulation is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.9	**Profit forecast or estimate**	Not applicable. This prospectus does not contain any profit forecast or estimate.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. There are no such qualifications in the auditors' report.
B.11	**Working capital statement**	Not applicable. Microsoft's working capital is sufficient for its present requirements.

SECTION C — SECURITIES		
C.1	**Type and class of the securities being offered, including the security identification code**	Microsoft's shares of common stock, par value $0.00000625 ("Microsoft Shares") offered pursuant to this prospectus will be newly issued shares. The Microsoft Shares are or will, after their issuance, be listed on Nasdaq Global Select Market ("NASDAQ") under the symbol "MSFT." The CUSIP number for the Microsoft Shares is 594918104.
C.2	**Currency of the securities issue**	The United States Dollar is the currency of the securities issue.
C.3	**Number of shares issued**	As of March 31, 2015, Microsoft was authorized to issue 24,000,000,000 Microsoft Shares, par value $0.00000625 per share. As of April 16, 2015, there were 8,089,575,277 Microsoft Shares issued and outstanding. There have been no material changes in the number of Microsoft Shares issued and outstanding since that date.
C.4	**Rights attached to the securities**	No Participating Employee (as defined in Element E.3 below) shall have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the Microsoft Shares have been purchased and delivered to the Participating Employee. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to the Microsoft Shares, as further described below: ***Dividend Rights***. Pursuant to the Washington Business Corporation Act ("WBCA"), the Company's Board of Directors (the "Board") may authorize and Microsoft may make distributions to its shareholders subject to restriction by the articles of incorporation and the limitation set forth in Chapter 23B.06 of the WBCA as summarized below. No distribution may be made if, after giving it effect, (i) the corporation would not be able to pay its liabilities as they become due in the usual course of business; or (ii) the corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. ***Voting Rights***. Except as may be otherwise provided in the Restated Articles of Incorporation, each stockholder shall be entitled to one vote for each Microsoft Share held by such stockholder. There are currently no contrary provisions in the Restated Articles of Incorporation. ***Right to Receive Liquidation Distributions***. Except as otherwise provided in accordance with the Restated Articles of Incorporation of Microsoft, each Microsoft Share is entitled to the right to receive the net assets of Microsoft upon dissolution, with each Microsoft Share participating on a pro rata basis. ***No Preemptive, Redemptive or Conversion Provisions***. Shareholders of Microsoft have no preemptive rights to acquire additional Microsoft Shares or securities convertible into Microsoft Shares.

C.5	**Transferability restrictions**	Not applicable. The Microsoft Shares in this offering are registered on Form S-8 with the SEC and are generally freely transferable.
C.6	**Admission to trading on a regulated market**	Not applicable. As noted in Element C.1 above, the Microsoft Shares are listed on NASDAQ.
C.7	**Dividend policy**	

The following table sets forth cash dividends for fiscal years 2015 (to date) (unaudited), 2014 and 2013:

Declaration Date	Dividend Per Share	Record Date	Total Amount (in millions)	Payment Date
Fiscal Year 2015				
September 16, 2014	**$ 0.31**	**November 20, 2014**	**$ 2,547**	**December 11, 2014**
December 3, 2014	**$ 0.31**	**February 19, 2015**	**$ 2,532**	**March 12, 2015**
March 10, 2015	**$ 0.31**	**May 21, 2015**	**$ 2,515**	**June 11, 2015**
June 9, 2015	**$ 0.31**	**August 20, 2015**	**$ 2,508**	**September 10, 2015**
Fiscal Year 2014				
September 16, 2013	$ 0.28	November 21, 2013	$ 2,332	December 12, 2013
November 19, 2013	$ 0.28	February 20, 2014	$ 2,322	March 13, 2014
March 11, 2014	$ 0.28	May 15, 2014	$ 2,309	June 12, 2014
June 10, 2014	$ 0.28	August 21, 2014	$ 2,307	September 11, 2014
Fiscal Year 2013				
September 18, 2012	$ 0.23	November 15, 2012	$ 1,933	December 13, 2012
November 28, 2012	$ 0.23	February 21, 2013	$ 1,925	March 14, 2013
March 11, 2013	$ 0.23	May 16, 2013	$ 1,921	June 13, 2013
June 12, 2013	$ 0.23	August 15, 2013	$ 1,916	September 12, 2013

SECTION D — RISKS

D.1	**Key risks related to Microsoft or its industry**	Set forth below are summaries of the key risks, uncertainties and other factors that may affect Microsoft's future results. The risks and uncertainties described below are not the only ones facing Microsoft. • Microsoft faces intense competition across all markets for its products and services, which may lead to lower revenue or operating margins. • Microsoft's increasing focus on services presents execution and competitive risks. • Microsoft makes significant investments in new products and services that may not be profitable. • Acquisitions, joint ventures, and strategic alliances may have an adverse effect on Microsoft's business. • Microsoft may not earn the revenues it expects from its intellectual property rights.

		• Cyber-attacks and security vulnerabilities could lead to reduced revenue, increased costs, liability claims, or harm to Microsoft's competitive position. • Disclosure of personal data could result in liability and harm Microsoft's reputation. • Government litigation and regulatory activity relating to competition rules may limit how Microsoft designs and markets its products. • Microsoft has claims and lawsuits against it that may result in adverse outcomes. • Microsoft's global business exposes it to operational and economic risks. • Catastrophic events or geo-political conditions may disrupt Microsoft's business.
D.3	**Key risks related to the shares**	Participating Employees assume the risk of any currency fluctuations at the time of (i) their contribution to the ESPP by payroll deductions and (ii) the selling of their Microsoft Shares.

SECTION E — OFFER		
E.1	**Net proceeds**	Assuming that each of the 18,436 eligible employees in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Sweden and the United Kingdom would purchase the maximum amount of Microsoft Shares under the ESPP offered pursuant to this prospectus, that is, a total of $44,998.38 each, then the gross proceeds of Microsoft in connection with the offer under the ESPP pursuant to this prospectus would be $829,590,133.68. After deducting legal and accounting expenses in connection with the offer, the net proceeds would be $829,415,133.68.
E.2a	**Reasons for the offer and use of proceeds**	The purpose of the ESPP is to provide eligible employees of the Company and its participating subsidiaries (“Participating Subsidiaries”) who wish to become shareholders in the Company a convenient method of doing so. The net proceeds will be used for general corporate purposes.
E.3	**Description of the terms and conditions of the offer**	Microsoft is offering eligible employees of Microsoft and its Participating Subsidiaries the right to purchase Microsoft Shares under the ESPP. The offering of the ESPP may be considered a public offering of securities to the public pursuant to the Prospectus Directive in the following EEA countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Sweden and the United Kingdom (the "Prospectus Directive Countries"). The offering of the ESPP also may be made in the following EEA countries: Bulgaria, Croatia, Cyprus, Greece, Latvia, Lithuania,

		Luxembourg, Malta, Slovakia, Slovenia and Spain. However, such offering is not considered a public offering of securities and/or the obligation to publish a prospectus does not apply to the offering under the legislation implementing the Prospectus Directive in such countries. The total amount of the offering of the ESPP in the EEA is more than €5 million over a 12-month period. This prospectus will be made available in printed form to employees of the subsidiaries of Microsoft based in the above-named countries where the offering of the ESPP may be considered a public offering of securities at the respective head offices of their employers. The ESPP is administered by the Board or a committee appointed by the Board (the “Committee”). The ESPP is offered to eligible employees of the companies that are, directly or indirectly, subsidiaries of Microsoft, some of which are located in the EEA (“Designated EEA Subsidiaries”). Employees who are in the employ of any Participating Subsidiary (including the Designated EEA Subsidiaries) on the last business day preceding an Offering Date (as defined below) and whose customary employment is for more than five months in any calendar year shall be eligible to participate in that offering under the ESPP, provided that the employee does not, after the first date of each month, own 5% or more of the total combined voting power or value of all classes of stock of Microsoft or of a subsidiary within its group. Participation is limited to (i) $25,000 of the Fair Market Value of Microsoft Shares (at the time of the Offering Date) per calendar year in which rights under the ESPP are outstanding and (ii) 5% of Microsoft voting or capital shares. Eligible employees are offered participation in the ESPP and may decide to enroll in the ESPP (“Participating Employees”). Once enrolled, Participating Employees may purchase Microsoft Shares at a discount during successive purchase periods. The ESPP operates with four three-month offerings per calendar year (“Purchase Periods”), which commence on January 1, April 1, July 1 and October 1 (“Offering Date”) and expire on March 31, June 30, September 30 and December 31. Microsoft Shares are purchased on the last regular business day of each Purchase Period. Participation in the ESPP is valid during the current Purchase Period and during the subsequent Purchase Periods. No Participating Employee may purchase more than 2,000 Microsoft Shares during any single Purchase Period. During each three-month Purchase Period, Participating Employees contribute to the ESPP by payroll deductions of up to 15% of their salary (i.e., the employer automatically deducts this amount from the employee’s salary). The accumulated payroll deductions are used to purchase the Microsoft Shares on the last regular business day of each Purchase Period (”Date of Exercise”). The purchase price per Microsoft Share is 90% of the Fair Market Value of a Microsoft Share on the Date of Exercise (”Purchase Price”). “Fair Market Value” means the closing bid price as reported on NASDAQ. Eligible employees who wish to participate in the ESPP complete an enrollment agreement (the “Form”) provided by Microsoft and submit it to Microsoft, or to such other entity designated by Microsoft for this purpose, prior to the commencement of the relevant Purchase Period, to contribute to the ESPP. In order to participate in the Purchase Period beginning July 1, 2015, eligible employees must enroll by June 30, and in order to

<table>
<tr><td></td><td></td><td colspan="3">participate in the Purchase Period beginning October 1, 2015, eligible employees must enroll by September 30. Employees may authorize payroll deductions in an amount between 1% and 15% of their compensation for participation in the ESPP. The Participating Employee specifies in the Form the percentage (in whole percentages) which he/she authorizes for deductions from his/her compensation for the ESPP. The Participating Employee may at any time during a Purchase Period change the percentage of authorized deductions, but only with respect to the next Purchase Period. There is no charge to Participating Employees for the acquisition or holding of the Microsoft Shares under the ESPP.

Rights under the ESPP may not be transferred in any way by Participating Employees other than by will or the laws of descent and distribution.

The ESPP was last amended and restated in 2012. The primary purpose of the amendments was to extend the term of the ESPP until December 31, 2022. In practice, there were no significant changes that directly impacted Participating Employees in the EEA.

As of June 1, 2015, there were 161,110,216 Microsoft Shares remaining available for issuance under the ESPP on a worldwide basis (out of a maximum of 200,000,000 Microsoft Shares authorized for the duration of the ESPP).</td></tr>
<tr><td>E.4</td><td>Description of material interest to the offer including conflict of interests</td><td colspan="3">Not applicable. There are no such interests.</td></tr>
<tr><td>E.5</td><td>Name of the entity offering to sell the security</td><td colspan="3">Microsoft Corporation.</td></tr>
<tr><td rowspan="4">E.6</td><td rowspan="4">Maximum dilution</td><td colspan="3">The holdings of a shareholder of Microsoft currently holding 1% of the total outstanding share capital of Microsoft as of April 16, 2015, i.e., 80,895,753 Microsoft Shares, and who is not an eligible employee participating in the offer, would be diluted as indicated in the following table:</td></tr>
<tr><td></td><td>Percentage of the total outstanding Microsoft Shares</td><td>Total number of outstanding Microsoft Shares</td></tr>
<tr><td>Before the issuance of Microsoft Shares under the ESPP (as of April 16, 2015)</td><td>1.00%</td><td>8,089,575,277</td></tr>
<tr><td>After issuance of 22,672,592.8 Microsoft Shares under the ESPP</td><td>0.997%</td><td>8,112,247,869.8</td></tr>
<tr><td>E.7</td><td>Estimated expenses charged to the investor</td><td colspan="3">Not applicable. There are no such expenses.</td></tr>
</table>

THE FOLLOWING INFORMATION IS NOT PART OF THE PROSPECTUS SUMMARY

PART II — PROSPECTUS

SECTION A — RISK FACTORS

I. RISKS RELATED TO MICROSOFT'S BUSINESS AND INDUSTRY

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

We face intense competition across all markets for our products and services, which may lead to lower revenue or operating margins.

Competition in the technology sector

Our competitors range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing, and financial resources. Barriers to entry in many of our businesses are low and many of the areas in which we compete evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services. Our ability to remain competitive depends on our success in making innovative products, devices, and services that appeal to businesses and consumers.

Competition among platforms, ecosystems, and devices

An important element of our business model has been to create platform-based ecosystems on which many participants can build diverse solutions. A well-established ecosystem creates beneficial network effects among users, application developers, and the platform provider that can accelerate growth. Establishing significant scale in the marketplace is necessary to achieve and maintain attractive margins. The strategic importance of developing and maintaining a vibrant ecosystem increased with the launch of the Windows 8 operating system, Surface, Windows Phone, Xbox One, and associated cloud-based services. We face significant competition from firms that provide competing platforms, applications, and services.

- A competing vertically-integrated model, in which a single firm controls the software and hardware elements of a product and related services, has succeeded with some consumer products such as personal computers, tablets, phones, gaming consoles, and wearables. Competitors pursuing this model also earn revenue from services integrated with the hardware and software platform. We also offer some vertically-integrated hardware and software products and services; however, our competitors in smartphones and tablets have established significantly larger user bases. Shifting a portion of our business to a vertically integrated model will increase our cost of revenue and reduce our operating margins.

- We derive substantial revenue from licenses of Windows operating systems on personal computers. We face significant competition from competing platforms developed for new devices and form factors such as smartphones and tablet computers. These devices compete on multiple bases including price and the perceived utility of the device and its platform. Users are increasingly turning to these devices to perform functions that in the past were performed by personal computers. Even if many users view these devices as complementary to a personal computer, the prevalence of these devices may make it more difficult to attract application developers to our PC operating system platforms. Competing with operating systems licensed at low or no cost may decrease our PC operating system margins. In addition, some of our devices compete with products made by our original equipment manufacturer ("OEM") partners, which may affect their commitment to our platform.

- The success of the Windows Phone platform is an important element of our goal to enhance personal productivity in a mobile-first and cloud-first world. The marketplace among mobile phone platforms is highly competitive. We may face issues in selecting, engaging, or securing support from operators and retailers for Windows phones due to, for instance, inadequate sales training or incentives, or insufficient marketing support for the Windows Phone platform.

- Competing platforms have application marketplaces (sometimes referred to as “stores”) with scale and significant installed bases. The variety and utility of applications available on a platform is important to device purchasing decisions. Users incur costs to move data and buy new applications when switching platforms. To compete, we must successfully enlist developers to write applications for our marketplace and ensure that these applications have high quality, customer appeal, and value. Efforts to compete with competitors’ application marketplaces may increase our cost of revenue and lower our operating margins.

Business model competition

Companies compete with us based on a growing variety of business models.

- Even as we transition to a mobile-first and cloud-first strategy, the license-based proprietary software model generates most of our software revenue. We bear the costs of converting original ideas into software products through investments in research and development, offsetting these costs with the revenue received from licensing our products. Many of our competitors also develop and sell software to businesses and consumers under this model.

- Other competitors develop and offer free applications, online services and content, and make money by selling third-party advertising. Advertising revenue funds development of products and services these competitors provide to users at no or little cost, competing directly with our revenue-generating products.

- Some companies compete with us using an open source business model by modifying and then distributing open source software at nominal cost to end-users, and earning revenue on advertising or complementary services and products. These firms do not bear the full costs of research and development for the software. Some open source software vendors develop software that mimics the features and functionality of our products.

The competitive pressures described above may cause decreased sales volumes, price reductions, and/or increased operating costs, such as for research and development, marketing, and sales incentives. This may lead to lower revenue, gross margins, and operating income.

Our increasing focus on services presents execution and competitive risks. A growing part of our business involves cloud-based services available across the spectrum of computing devices. In July 2014, our leadership announced its strategic vision to compete and grow as a productivity and platform company for the mobile-first and cloud-first world. At the same time, our competitors are rapidly developing and deploying cloud-based services for consumers and business customers. Pricing and delivery models are evolving. Devices and form factors influence how users access services in the cloud and sometimes the user’s choice of which suite of cloud-based services to use. We are devoting significant resources to develop and deploy our cloud-based strategies. The Windows ecosystem must continue to evolve with this changing environment. We are undertaking cultural and organizational changes to drive accountability and eliminate obstacles to innovation. Besides software development costs, we are incurring costs to build and maintain infrastructure to support cloud computing services. These costs will reduce the operating margins we have previously achieved. Whether we succeed in cloud-based services depends on our execution in several areas, including:

- continuing to bring to market compelling cloud-based experiences that generate increasing traffic and market share;
- maintaining the utility, compatibility, and performance of our cloud-based services on the growing array of computing devices, including PCs, smartphones, tablets, gaming consoles, and other television-related devices;
- continuing to enhance the attractiveness of our cloud platforms to third-party developers;
- ensuring our cloud-based services meet the reliability expectations of our customers and maintain the security of their data; and
- making our suite of cloud-based services platform agnostic, available on a wide range of devices and ecosystems, including those of our competitors.

It is uncertain whether our strategies will attract the users or generate the revenue required to succeed. If we are not effective in executing organizational changes to increase efficiency and accelerate innovation, or if we fail to generate sufficient usage of our new products and services, we may not grow revenue in line with the infrastructure and development investments described above. This may negatively impact gross margins and operating income.

We make significant investments in new products and services that may not be profitable. We will continue to make significant investments in research, development, and marketing for existing products, services, and technologies, including the Windows operating system, the Microsoft Office system, Bing, Windows Phone, Windows Server, the Windows Store, the Microsoft Azure Services platform, Office 365, other cloud-based services offerings, and the Xbox entertainment platform. We also invest in the development and acquisition of a variety of hardware for productivity, communication, and entertainment including PCs, tablets, phones, and gaming devices. Investments in new technology are speculative. Commercial success depends on many factors, including innovativeness, developer support, and effective distribution and marketing. If customers do not perceive our latest offerings as providing significant new functionality or other value, they may reduce their purchases of new software and hardware products or upgrades, unfavorably affecting revenue. We may not achieve significant revenue from new product, service, and distribution channel investments for several years, if at all. New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses will not be as high as the margins we have experienced historically.

Developing new technologies is complex. It can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or services could adversely affect our revenue.

Acquisitions, joint ventures, and strategic alliances may have an adverse effect on our business. We expect to continue making acquisitions and entering into joint ventures and strategic alliances as part of our long-term business strategy. These transactions and arrangements involve significant challenges and risks including that they do not advance our business strategy, that we get an unsatisfactory return on our investment, that we have difficulty integrating new employees, business systems, and technology, or that they distract management from our other businesses. If an arrangement fails to adequately anticipate changing circumstances and interests of a party, it may result in early termination or renegotiation of the arrangement. The success of these transactions and arrangements will depend in part on our ability to leverage them to enhance our existing products and services or develop compelling new ones. It may take longer than expected to realize the full benefits from these transactions and arrangements, such as increased revenue, enhanced efficiencies, or increased market share, or the benefits may ultimately be smaller than we expected. These events could adversely affect our operating results or financial condition.

In April 2014, we acquired from Nokia substantially all of its NDS business to accelerate our growth in phones and support the entire Windows ecosystem. We may not realize all of the anticipated financial and other benefits from this transaction, including operating efficiencies and cost savings. We may not be successful in developing a vibrant and competitive ecosystem for Windows-based phones that combines differentiated hardware, software, services, and third-party applications. We may not achieve mobile phone market share targets. We may see lower than expected growth rates for the phone markets. The mix of premium and lower-cost devices we sell may put downward pressure on prices or margins. We may not be effective in executing the restructuring plan we announced in July 2014 or otherwise integrating the NDS business with Microsoft's ongoing operations, including matching manufacturing capacity to demand. Existing Microsoft smart device OEMs may respond negatively to the changes in our business or the new competitive environment.

If our goodwill or amortizable intangible assets become impaired we may be required to record a significant charge to earnings. We acquire other companies and intangible assets and may not realize all the economic benefit from those acquisitions, which could cause an impairment of goodwill or intangibles. We review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill for impairment at least annually. Factors that may be a change in circumstances, indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable, include a decline in our stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in industry segments in which we participate. We may be required to record a significant charge in our consolidated financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, negatively affecting our results of operations. For example, in the fourth quarter of fiscal year 2012, we recorded a $6.2 billion charge for the impairment of goodwill in our previous Online Services Division business (D&C Other under our current segment structure).

Considering the magnitude of the goodwill and intangible assets in the Phone Hardware reporting unit (see Note 8 – Business Combinations of the Notes to Financial Statements included in Microsoft's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed with the SEC on April 23, 2015 ("Microsoft's Form 10-Q")), we closely monitor the performance of the business versus the long-term forecast to determine if any impairments exist in our Phone Hardware reporting unit. We are currently beginning our annual budgeting and planning process. We use the targets, resource allocations, and strategic decisions made in this process as the inputs for the associated cash flows and valuations in our annual impairment test. Given its recent performance, the Phone Hardware reporting unit is at an elevated risk of impairment. Declines in expected future cash flows, reduction in future unit volume growth rates, or an increase in the risk-adjusted discount rate used to estimate the fair value of the Phone Hardware reporting unit may result in a determination that an impairment adjustment is required, resulting in a potentially material charge to earnings.

We may not earn the revenues we expect from our intellectual property rights.

We may not be able to adequately protect our intellectual property rights

Protecting our global intellectual property rights and combating unlicensed copying and use of our software and other intellectual property is difficult. While piracy adversely affects U.S. revenue, the impact on revenue from outside the U.S. is more significant, particularly in countries where laws are less protective of intellectual property rights. Our revenue in these markets may grow slower than the underlying device market. Similarly, the absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Throughout the world, we educate consumers about the benefits of licensing genuine products and obtaining indemnification benefits for intellectual property risks, and we educate lawmakers about the advantages of a business climate where intellectual property rights are protected. Reductions in the legal protection for software intellectual property rights could adversely affect revenue.

We may not receive expected royalties from our patent licenses

We expend significant resources to patent the intellectual property we create with the expectation that we will generate revenues by incorporating that intellectual property in our products or services or, in some instances, by licensing our patents to others in return for a royalty. Changes in the law may weaken our ability to prevent the use of patented technology or collect revenue for licensing our patents. These include legislative changes and regulatory actions that make it more difficult to obtain injunctions, and the increasing use of legal process to challenge issued patents. Similarly, licensees of our patents may fail to satisfy their obligations to pay us royalties, or may contest the scope and extent of their obligations. Finally, the royalties we can obtain to monetize our intellectual property may decline because of the evolution of technology, selling price changes in products using licensed patents, or the difficulty of discovering infringements.

Third parties may claim we infringe their intellectual property rights. From time to time, others claim we infringe their intellectual property rights. The number of these claims may grow because of constant technological change in the markets in which we compete, the extensive patent coverage of existing technologies, the rapid rate of issuance of new patents, and our offering of first-party devices, such as Surface and Lumia phones. To resolve these claims we may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products or services, or pay damages to satisfy indemnification commitments with our customers. These outcomes may cause operating margins to decline. Besides money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing, and selling our products or services that have infringing technologies. In some countries, such as Germany, an injunction can be issued before the parties have fully litigated the validity of the underlying patents. We have paid significant amounts to settle claims related to the use of technology and intellectual property rights and to procure intellectual property rights as part of our strategy to manage this risk, and may continue to do so.

We may not be able to protect our source code from copying if there is an unauthorized disclosure of source code. Source code, the detailed program commands for our operating systems and other software programs, is critical to our business. Although we license portions of our application and operating system source code to several licensees, we take significant measures to protect the secrecy of large portions of our source code. If a significant portion of our source code leaks, we might lose future trade secret protection for that source code. It may become easier for third parties to compete with our products by copying functionality, which could adversely affect our revenue and operating margins. Unauthorized disclosure of source code also could increase the security risks described in the next paragraph.

Cyber-attacks and security vulnerabilities could lead to reduced revenue, increased costs, liability claims, or harm to our competitive position.

Security of Microsoft’s information technology

Threats to information technology ("IT") security can take a variety of forms. Individual and groups of hackers, and sophisticated organizations including state-sponsored organizations or nation-states themselves, may take steps that pose threats to our customers and our IT. They may develop and deploy malicious software to attack our products and services and gain access to our networks and datacenters, or act in a coordinated manner to launch distributed denial of service or other coordinated attacks. Cyber threats are constantly evolving, thereby increasing the difficulty of detecting and successfully defending against them. Cyber threats can have cascading impacts that unfold with increasing speed across our internal networks and systems, and those of our partners and customers. Breaches of our network or data security could disrupt the security of our internal systems and business applications, impair our ability to provide services to our customers and protect the privacy of their data, result in product development delays, compromise confidential or technical business information harming our competitive position, result in theft or misuse of our intellectual property or other assets, require us to allocate more resources to improved technologies, or otherwise adversely affect our business.

In addition, our internal IT environment continues to evolve. Often we are early adopters of new devices and technologies. We embrace new ways of sharing data and communicating internally and with partners and customers using methods such as social networking and other consumer-oriented technologies. Our business policies and internal security controls may not keep pace with these changes as new threats emerge.

Security of our products, services, devices, and customers' data

Security threats are a particular challenge to companies like us whose business is technology products and services. Threats to our own IT infrastructure can also affect our customers. Customers using our cloud-based services rely on the security of our infrastructure to ensure the reliability of our services and the protection of their data. Hackers tend to focus their efforts on the most popular operating systems, programs, and services, including many of ours, and we expect that to continue. The security of our products and services is important in our customers' purchasing decisions.

To defend against security threats, both to our internal IT systems and those of our customers, we must continuously engineer more secure products and services, enhance security and reliability features, improve the deployment of software updates to address security vulnerabilities, develop mitigation technologies that help to secure customers from attacks even when software updates are not deployed, maintain the digital security infrastructure that protects the integrity of our network, products, and services, and provide customers security tools such as firewalls and anti-virus software.

The cost of these steps could reduce our operating margins. If we fail to do these things well, actual or perceived security vulnerabilities in our products and services could harm our reputation and lead customers to reduce or delay future purchases of products or subscriptions to services, or to use competing products or services. Customers may also spend more on protecting their existing computer systems from attack, which could delay adoption of additional products or services. Customers may fail to update their systems, continue to run software or operating systems we no longer support, or may fail timely to install security patches. Any of these actions by customers could adversely affect our revenue. Actual or perceived vulnerabilities may lead to claims against us. Although our license agreements typically contain provisions that eliminate or limit our exposure to liability, there is no assurance these provisions will withstand legal challenges. Legislative or regulatory action in these areas may increase the costs to develop, implement, or secure our products and services.

Disclosure of personal data could cause liability and harm our reputation. As we continue to grow the number and scale of our cloud-based offerings, we store and process increasingly large amounts of personally identifiable information of our customers. The continued occurrence of high-profile data breaches provides evidence of an external environment increasingly hostile to information security. Despite our efforts to improve the security controls across our business groups and geographies, it is possible our security controls over personal data, our training of employees and vendors on data security, and other practices we follow may not prevent the improper disclosure of customer data we or our vendors store and manage. Improper disclosure could harm our reputation, lead to legal exposure to customers, or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue. Our software products and services also enable our customers to store and process personal data on-premises or, increasingly, in a cloud-based environment we host. Government authorities can sometimes require us to produce customer data in response to valid legal orders. In the U.S. and elsewhere, we advocate for transparency concerning these requests and appropriate limitations on government authority to compel disclosure. Despite our efforts to protect customer data, perceptions that the privacy of personal information is not satisfactorily protected could inhibit sales of our products or services, and could limit adoption of our cloud-based solutions by consumers, businesses, and government entities. Additional security measures we may take to address customer concerns, or constraints on our flexibility to determine where and how to operate datacenters in response to customer expectations or governmental rules or actions, may cause higher operating expenses.

We may have outages, data losses, and disruptions of our online services if we fail to maintain an adequate operations infrastructure. Our increasing user traffic, growth in services, and the complexity of our products and services demand more computing power. We spend substantial amounts to build, purchase, or lease datacenters and equipment and to upgrade our technology and network infrastructure to handle more traffic on our websites and in our datacenters. These demands continue to increase as we introduce new products and services and support the growth of existing services such as Bing, Exchange Online, Office 365, SharePoint Online, OneDrive, Skype, Xbox Live, Microsoft Azure, Outlook.com, Microsoft Office Web Apps, Windows Stores, and Microsoft Account services. We are rapidly growing our business of providing a platform and back-end hosting for services provided by third-parties to their end users. Maintaining, securing, and expanding this infrastructure is expensive and complex. Inefficiencies or operational failures, including temporary or permanent loss of customer data, could diminish the quality of our products, services, and user experience resulting in contractual liability, claims by customers and other third parties, damage to our reputation and loss of current and potential users, subscribers, and advertisers, each of which may harm our operating results and financial condition.

Government litigation and regulatory activity relating to competition rules may limit how we design and market our products. As a leading global software and device maker, we are closely scrutinized by government agencies under U.S. and foreign competition laws. An increasing number of governments are regulating competition law activities and this includes increased scrutiny in potentially large markets such as China. Some jurisdictions also allow competitors or consumers to assert claims of anti-competitive conduct. U.S. federal and state antitrust authorities have previously brought enforcement actions and continue to scrutinize our business.

The European Commission closely scrutinizes the design of high-volume Microsoft products and the terms on which we make certain technologies used in these products, such as file formats, programming interfaces, and protocols, available to other companies. In 2004, the European Commission ordered us to create new versions of our Windows operating system that do not include certain multimedia technologies and to provide our competitors with specifications for how to implement certain proprietary Windows communications protocols in their own products. In 2009, the European Commission accepted a set of commitments offered by Microsoft to address the European Commission's concerns relating to competition in web browsing software, including an undertaking to address European Commission concerns relating to interoperability. The web browsing commitments expired in 2014. The remaining obligations may limit our ability to innovate in Windows or other products in the future, diminish the developer appeal of the Windows platform, and increase our 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 our products, which could hamper sales of our products.

Our portfolio of first-party devices continues to grow; at the same time our OEM partners offer a large variety of devices on our platforms. As a result, increasingly we both cooperate and compete with our OEM partners, creating a risk that we fail to do so in compliance with competition rules. Regulatory scrutiny in this area may increase. Certain foreign governments, particularly in China and other countries in Asia, have advanced arguments under their competition laws that exert downward pressure on royalties for our intellectual property. Because these jurisdictions only recently implemented competition laws, their enforcement activities are unpredictable.

Government regulatory actions and court decisions such as these may hinder our ability to provide the benefits of our software to consumers and businesses, reducing the attractiveness of our products and the revenue that come from them. New competition law actions could be initiated. The outcome of such actions, or steps taken to avoid them, could adversely affect us in a variety of ways, including:

- We may have to choose between withdrawing products from certain geographies to avoid fines or designing and developing alternative versions of those products to comply with government rulings, which may entail a delay in a product release and removing functionality that customers want or on which developers rely.

- We may be required to make available licenses to our proprietary technologies on terms that do not reflect their fair market value or do not protect our associated intellectual property.

- The rulings described above may be precedent in other competition law proceedings.

- We are subject to a variety of ongoing commitments because of court or administrative orders, consent decrees, or other voluntary actions we have taken. If we fail to comply with these commitments, we may incur litigation costs and be subject to substantial fines or other remedial actions.

Our international operations subject us to potential liability under anti-corruption, trade protection, and other laws and regulations. The Foreign Corrupt Practices Act and other anti-corruption laws and regulations ("Anti-Corruption Laws") prohibit corrupt payments by our employees, vendors, or agents. From time to time, we receive inquiries from authorities in the U.S. and elsewhere about our business activities outside the U.S. and our compliance with Anti-Corruption Laws. While we devote substantial resources to our global compliance programs and have implemented policies, training, and internal controls designed to reduce the risk of corrupt payments, our employees, vendors, or agents may violate our policies. Our failure to comply with Anti-Corruption Laws could result in significant fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business, and damage to our reputation. Operations outside the U.S. may be affected by changes in trade protection laws, policies, and measures, and other regulatory requirements affecting trade and investment. We may be subject to legal liability and reputational damage if we sell goods or services in violation of U.S. trade sanctions on countries such as Iran, North Korea, Cuba, Sudan, and Syria.

Other regulatory areas that may apply to our products and online services offerings include user privacy, telecommunications, data storage and protection, and online content. For example, regulators may take the position that our offerings such as Skype are covered by laws regulating telecommunications services. Applying these laws and regulations to our business is often unclear, subject to change over time, and sometimes may conflict from jurisdiction to jurisdiction. Additionally, these laws and governments' approach to their enforcement, and our products and services, are continuing to evolve. Increasing concern about government surveillance practices around the world may lead to increased regulation requiring local hosting obligations or the use of domestic hosting providers. Compliance with these types of regulation may involve significant costs or require changes in products or business practices that result in reduced revenue. Noncompliance could result in the imposition of penalties or orders we stop the alleged noncompliant activity. Geopolitical instability may lead to sanctions and impact our ability to do business in some geographies.

Our business depends on our ability to attract and retain talented employees. Our business is based on successfully attracting and retaining talented employees. The market for highly skilled workers and leaders in our industry is extremely competitive. We are limited in our ability to recruit internationally by restrictive domestic immigration laws. If we are less successful in our recruiting efforts, or if we cannot retain key employees, including key employees of the NDS business acquired in April 2014, our ability to develop and deliver successful products and services may be adversely affected. Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution.

We have claims and lawsuits against us that may result in adverse outcomes. We are subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our consolidated financial statements could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

We may have additional tax liabilities. We are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We regularly are under audit by tax authorities. Economic and political pressures to increase tax revenue in various jurisdictions may make resolving tax disputes favorably more difficult. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on our consolidated financial statements in the period or periods in which that determination is made.

We earn a significant amount of our operating income from outside the U.S., and any repatriation of funds currently held in foreign jurisdictions to the U.S. may result in higher effective tax rates for the company. In addition, there have been proposals from Congress to change U.S. tax laws that would significantly impact how U.S. multinational corporations are taxed on foreign earnings. Although we cannot predict whether or in what form any proposed legislation may pass, if enacted, it could have a material adverse impact on our tax expense and cash flows.

Our hardware and software products may experience quality or supply problems. Our vertically-integrated hardware products such as Xbox consoles, Surface devices, phones, and other devices we design, manufacture, and market are highly complex and can have defects in design, manufacture, or associated software. We could incur significant expenses, lost revenue, and reputational harm if we fail to detect or address such issues through design, testing, or warranty repairs. We acquire some device components from sole suppliers. Our competitors use some of the same suppliers and their demand for hardware components can affect the capacity available to us. If a component from a sole-source supplier is delayed or becomes unavailable, whether because of supplier capacity constraint or industry shortages, we may not obtain timely replacement supplies, resulting in reduced sales. Component shortages, excess or obsolete inventory, or price reductions resulting in inventory adjustments may increase our cost of revenue. Xbox consoles, Surface devices, and phones are assembled in Asia and other geographies that may be subject to disruptions in the supply chain, resulting in shortages that would affect our revenue and operating margins. These same risks would apply to any other vertically-integrated hardware and software products we may offer.

Our software products also may experience quality or reliability problems. The highly sophisticated software products we develop may contain bugs and other defects that interfere with their intended operation. Any defects we do not detect and fix in pre-release testing could cause reduced sales and revenue, damage to our reputation, repair or remediation costs, delays in the release of new products or versions, or legal liability. Although our license agreements typically contain provisions that eliminate or limit our exposure to liability, there is no assurance these provisions will withstand legal challenge.

Our global business exposes us to operational and economic risks. Our customers are located in over 200 countries and a significant part of our revenue comes from international sales. The global nature of our business creates operational and economic risks. Emerging markets are a significant focus of our international growth strategy. The developing nature of these markets presents several risks, including deterioration of social, political, labor, or economic conditions in a country or region, and difficulties in staffing and managing foreign operations. Although we hedge a portion of our international currency exposure, significant fluctuations in foreign exchange rates between the U.S. dollar and foreign currencies may adversely affect our revenue. Competitive or regulatory pressure to make our pricing structure uniform might require that we reduce the sales price of our software in the U.S. and other countries.

Catastrophic events or geo-political conditions may disrupt our business. A disruption or failure of our systems or operations because of a major earthquake, weather event, cyber-attack, terrorist attack, or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. Our corporate headquarters, a significant portion of our research and development activities, and certain other essential business operations are in the Seattle, Washington area, and we have other business operations in the Silicon Valley area of California, both of which are seismically active regions. A catastrophic event that results in the destruction or disruption of any of our critical business or IT systems could harm our ability to conduct normal business operations. Providing our customers with more services and solutions in the cloud puts a premium on the resilience of our systems and strength of our business continuity management plans, and magnifies the potential impact of prolonged service outages on our operating results.

Abrupt political change, terrorist activity, and armed conflict pose a risk of general economic disruption in affected countries, which may increase our operating costs. These conditions also may add uncertainty to the timing and budget for technology investment decisions by our customers, and may cause supply chain disruptions for hardware manufacturers, either of which may adversely affect our revenue. The long-term effects of climate change on the global economy or the IT industry in particular are unclear. Environmental regulations or changes in the supply, demand or available sources of energy or other natural resources may affect the availability or cost of goods and services, including natural resources, necessary to run our business. Changes in weather where we operate may increase the costs of powering and cooling computer hardware we use to develop software and provide cloud-based services.

Adverse economic or market conditions may harm our business. Worsening economic conditions, including inflation, recession, or other changes in economic conditions, may cause lower IT spending and adversely affect our revenue. If demand for PCs, servers, and other computing devices declines, or consumer or business spending for those products declines, our revenue will be adversely affected. Substantial revenue comes from our U.S. government contracts. An extended federal government shutdown resulting from failing to pass budget appropriations, adopt continuing funding resolutions or raise the debt ceiling, and other budgetary decisions limiting or delaying federal government spending, could reduce government IT spending on our products and services and adversely affect our revenue.

Our product distribution system relies on an extensive partner and retail network. OEMs building devices that run our software have also been a significant means of distribution. The impact of economic conditions on our partners, such as the bankruptcy of a major distributor, OEM, or retailer, could cause sales channel disruption.

Challenging economic conditions also may impair the ability of our customers to pay for products and services they have purchased. As a result, allowances for doubtful accounts and write-offs of accounts receivable may increase.

We maintain an investment portfolio of various holdings, types, and maturities. These investments are subject to general credit, liquidity, market, and interest rate risks, which may be exacerbated by unusual events that affect global financial markets. A significant part of our investment portfolio comprises U.S. government securities. If global credit and equity markets decline for long periods, or if there is a downgrade of the U.S. government credit rating due to an actual or threatened default on government debt, our investment portfolio may be adversely affected and we could determine that more of our investments have experienced an other-than-temporary decline in fair value, requiring impairment charges that could adversely affect our financial results.

II. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

2.1 Risk

We are exposed to economic risk from foreign exchange rates, interest rates, credit risk, equity prices, and commodity prices. A portion of these risks is hedged, but they may impact our consolidated financial statements.

Foreign Currency

Certain forecasted transactions, assets, and liabilities are exposed to foreign currency risk. We monitor our foreign currency exposures daily and use hedges where practicable to offset the risks and maximize the economic effectiveness of our foreign currency positions. Principal currencies hedged include the euro, Japanese yen, British pound, and Canadian dollar.

Interest Rate

Our fixed-income portfolio is diversified across credit sectors and maturities, consisting primarily of investment-grade securities. The credit risk and average maturity of the fixed-income portfolio is managed to achieve economic returns that correlate to certain global and domestic fixed-income indices. In addition, we use “To Be Announced” forward purchase commitments of mortgage-backed assets to gain exposure to agency mortgage-backed securities.

Equity

Our equity portfolio consists of global, developed, and emerging market securities that are subject to market price risk. We manage the securities relative to certain global and domestic indices and expect their economic risk and return to correlate with these indices.

Commodity

We use broad-based commodity exposures to enhance portfolio returns and facilitate portfolio diversification. Our investment portfolio has exposure to a variety of commodities, including precious metals, energy, and grain. We manage these exposures relative to global commodity indices and expect their economic risk and return to correlate with these indices.

2.2 Value-at-Risk

We use a value-at-risk (“VaR”) model to estimate and quantify our market risks. VaR is the expected loss, for a given confidence level, in the fair value of our portfolio due to adverse market movements over a defined time horizon. The VaR model is not intended to represent actual losses in fair value, including determinations of other-than-temporary losses in fair value in accordance with U.S. GAAP, but is used as a risk estimation and management tool. The distribution of the potential changes in total market value of all holdings is computed based on the historical volatilities and correlations among foreign exchange rates, interest rates, equity prices, and commodity prices, assuming normal market conditions.

The VaR is calculated as the total loss that will not be exceeded at the 97.5 percentile confidence level or, alternatively stated, the losses could exceed the VaR in 25 out of 1,000 cases. Several risk factors are not captured in the model, including liquidity risk, operational risk, and legal risk.

The following table sets forth the one-day VaR for substantially all of our positions as of March 31, 2015 and June 30, 2014 and for the three months ended March 31, 2015:

(In millions)

	March 31, 2015	June 30, 2014	Three Months Ended March 31, 2015		
Risk Categories			**Average**	**High**	**Low**
Foreign currency	**$ 159**	$ 179	**$ 167**	**$ 185**	**$ 155**
Interest rate	**$ 53**	$ 73	**$ 53**	**$ 57**	**$ 48**
Equity	**$ 157**	$ 176	**$ 160**	**$ 165**	**$ 156**
Commodity	**$ 19**	$ 17	**$ 18**	**$ 20**	**$ 15**

Total one-day VaR for the combined risk categories was $283 million at March 31, 2015 and $333 million at June 30, 2014. The total VaR is 27% less at March 31, 2015, and 25% less at June 30, 2014 than the sum of the separate risk categories in the table above due to the diversification benefit of the combination of risks.

SECTION B — SUPPLEMENTAL INFORMATION CONCERNING THE ESPP

I. THE OUTLINE

1.1 Purpose of the ESPP

The purpose of the ESPP is to provide a convenient method for eligible employees to become shareholders in Microsoft, as it is believed that employee participation in the ownership of Microsoft will be to the mutual benefit of both the employees and Microsoft.

1.2 Microsoft Shares Offered Under the ESPP

Subject to the provisions described below relating to adjustments upon change in the stock, the maximum number of Microsoft Shares offered for purchase or subscription under the ESPP is 200,000,000, representing approximately 2.47% of the 8,089,575,277 Microsoft Shares outstanding as of April 16, 2015. There have been no material changes in the number of Microsoft Shares issued and outstanding since that date. Each Microsoft Share has a par value of $0.00000625.

With respect to each Purchase Period, each Participating Employee will be granted a right to purchase the number of Microsoft Shares with payroll deductions accumulated in an account maintained on behalf of such employee (the “Account”) during each Purchase Period at the Purchase Price specified in Section 1.4 below, subject to the limitations imposed by the ESPP. The purchase of Microsoft Shares may include fractional shares. Notwithstanding any other provision of the ESPP to the contrary, no Participating Employee in the ESPP shall be granted a right to purchase Microsoft Shares under the ESPP or any other employee stock purchase plans of Microsoft and its subsidiaries at a rate which exceeds $25,000 of the Fair Market Value of such Microsoft Shares (determined at the time such right to purchase is granted). Moreover, no Participating Employee may purchase more than 2,000 Microsoft Shares during any single Purchase Period.

In the event of reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, offerings of rights, or any other change in the structure of the Microsoft Shares, the Committee may make such adjustment, if any, as it may deem appropriate in the number, kind, and the price of shares available for purchase under the ESPP, and in the number of shares which an eligible employee is entitled to purchase including, without limitation, closing a Purchase Period early and permitting purchase on the last business day of such reduced Purchase Period, or terminating a Purchase Period and refunding Participating Employees’ Account balances.

1.3 Purchase Period

The ESPP operates with four three-month Purchase Periods per calendar year, which commence on January 1, April 1, July 1, and October 1 and expire on March 31, June 30, September 30, and December 31. Microsoft Shares are purchased on the last regular business day of each Purchase Period (the Date of Exercise).

Participation in the ESPP is valid during the current Purchase Period and during the subsequent Purchase Periods unless any event triggering termination of the ESPP, as provided in the ESPP, occurs. Microsoft may require Participating Employees to complete a new Form at any time it deems necessary or desirable to facilitate ESPP administration or for any other reason.

1.4 Purchase Price

The Purchase Price per share shall be 90% of the Fair Market Value of a Microsoft Share on the Date of Exercise. “Fair Market Value” means the closing bid price as reported on NASDAQ or the other primary trading market for the Microsoft Shares.

1.5 Purchase of Stock

Each Participating Employee who continues to be a participant in a Purchase Period on the Date of Exercise is deemed to have exercised his/her option on such date and will be deemed to have purchased from the Company the number of Microsoft Shares (which may include a fractional share) that his/her accumulated payroll deductions on such date will pay for at the Purchase Price.

1.6 Term of the ESPP

The ESPP will continue in effect until the earlier of: (a) December 31, 2022; (b) the dissolution of the Company or of the effective date of a merger or consolidation wherein the Company is not to be the surviving corporation; (c) its termination by the Board; or (d) the date on which all of the Microsoft Shares reserved under the ESPP have been purchased.

1.7 Amendment or Discontinuance of the ESPP

The Committee has the right at any time and without notice to amend or modify the ESPP except to the extent the Board has reserved such authority to itself with respect to any aspect of the ESPP, and the Board has the right at any time and without notice to amend, modify or terminate the ESPP; provided that no Participating Employee's existing rights under any Purchase Period may be adversely affected thereby, and provided further that no such amendment of the ESPP will, except as provided in case of changes in capitalization, increase above 200,000,000 Microsoft Shares the total number of Microsoft Shares to be offered unless shareholders' approval is obtained therefore.

II. ELIGIBILITY

2.1 Eligible Employees

Employees who are in the employ of any Participating Subsidiary (including the Designated EEA Subsidiaries) on the last business day preceding an Offering Date are eligible to participate in that offering under the ESPP, provided that the employee does not, after the first date of each month, own 5% or more of the total combined voting power or value of all classes of stock of Microsoft or of a subsidiary within its group. There are no conditions of seniority or length of employment contract.

Any employee of a Participating Company who is in the employ of any Participating Company on the last business day preceding the Offering Date for an offering is eligible to participate in that Purchase Period, except employees whose customary employment is for not more than five months in any calendar year.

2.2 Participation of Eligible Employees

Eligible employees who wish to participate in the ESPP must complete the Form provided by Microsoft and submit it to Microsoft, or to such other entity designated by Microsoft for this purpose, prior to the commencement of the relevant Purchase Period, to contribute to the ESPP.

At the end of each Purchase Period, each Participating Employee who continues to be eligible to participate in the ESPP will be automatically re-enrolled in the next Purchase Period, unless the Participating Employee has advised the Company otherwise. Upon termination of the ESPP, any balance in each Participating Employee's Account will be refunded to him/her.

2.3 Payroll Deductions

Employees may authorize payroll deductions in an amount between 1% and 15% of their compensation for participation in the ESPP. The Participating Employee must specify in the Form the percentage (in whole percentages) which he/she authorizes for deductions from his/her compensation for the ESPP.

The Participating Employee may at any time during a Purchase Period change the percentage of authorized deductions, but only with respect to the next Purchase Period.

All payroll deductions made for a Participating Employee will be credited to his/her Account under the ESPP. No interest will be paid or credited to the Account of any Participating Employee with respect to such payroll deductions (except to the extent payment of interest on such amount is required by the laws of any applicable jurisdiction).

Payroll deductions commence on the Offering Date and continue through subsequent Purchase Periods until the Participating Employee's termination of employment, subject to modification by the Participating Employee and unless participation is earlier withdrawn or suspended by the Participating Employee.

2.4 Discontinuance of Participation of Participating Employees

A Participating Employee may withdraw from a Purchase Period, in whole but not in part, at any time prior to the first day of the last calendar month of such Purchase Period by submitting a Withdrawal Notice to the Company, in which event the Company will refund the entire balance of his/her deductions as soon as practicable thereafter.

A Participating Employee may, at any time prior to the first day of the last calendar month of a Purchase Period, reduce to zero the percentage by which he has elected to have his/her compensation reduced, thereby suspending participation in the ESPP. Such reduction will be effective as soon as administratively feasible after receipt of the Participating Employee's election. Microsoft Shares will be purchased in accordance with Section 1.5 above based on the amounts accumulated in the Participating Employee's Account prior to the suspension of payroll deductions.

If a Participating Employee withdraws or suspends his/her participation pursuant to this Section, he/she will not participate in a subsequent Purchase Period unless and until he/she re-enters the ESPP. To re-enter the ESPP, an eligible employee who has previously withdrawn or suspended participation by reducing payroll deductions to zero must file a new Form. The eligible employee's re-entry into the ESPP will not become effective before the beginning of the next Purchase Period following his/her withdrawal or suspension, and if the eligible employee is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), he/she may not re-enter the ESPP before the beginning of the second Purchase Period following his/her withdrawal.

The suspension or withdrawal of a Participating Employee from the ESPP pursuant to this Section is free of charge for the Participating Employee.

2.5 Termination of Employment of Eligible Employees

Upon termination of employment for any reason whatsoever, including but not limited to death or retirement, the balance in the Account of a Participating Employee will be paid to the Participating Employee or his/her estate.

III. DELIVERY AND SALE OF THE SHARES

Following the end of each Purchase Period, the number of Microsoft Shares purchased by each Participating Employee will be deposited into an account established in the Participating Employee's name at the ESPP broker.

No Participating Employee is permitted to sell, assign, transfer, pledge or otherwise dispose of or encumber either the payroll deductions credited to his/her Account or any rights with regards to the purchase rights or rights to receive Microsoft Shares under the ESPP other than by will or the laws of descent and distribution, and such rights and interest will not be liable for, or subject to, the debts, contracts, or liabilities of the Participating Employee. If any such action is taken by the Participating Employee, or any claim is asserted by any other party in respect of such rights and interest whether by garnishment, levy, attachment or otherwise, such action or claim will be treated as an election to withdraw funds and participation from the ESPP. During the Participating Employee's lifetime, only the Participating Employee can make decisions regarding the participation or withdrawal from a Purchase Period under the ESPP.

IV. RIGHTS RELATED TO THE MICROSOFT SHARES

4.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

As of March 31, 2015, Microsoft was authorized to issue 24,000,000,000 Microsoft Shares, par value $0.00000625 per share. As of April 16, 2015, there were 8,089,575,277 Microsoft Shares issued and outstanding. There have been no material changes in the number of Microsoft Shares issued and outstanding since that date.

The Microsoft Shares are listed on NASDAQ under the symbol "MSFT." The CUSIP number for the Microsoft Shares is 594918104.

4.2 Legislation Under Which the Securities Have Been Created

The Microsoft Shares were created under the WBCA. Except as otherwise expressly required under the laws of a country, the ESPP and all rights thereunder shall be governed by and construed in accordance with the laws of the State of Washington, United States of America.

4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

In general, stockholders may hold Microsoft Shares either in certificated, uncertificated or street name form. The records are kept by Microsoft's transfer agent, American Stock Transfer and Trust Company LLC.

American Stock Transfer and Trust Company LLC can be contacted through the web at http://www.amstock.com, by telephone at 800-285-7772, Option 1 or 425-706-4400, Option 1 for those located outside of the U.S. or by mail at: American Stock Transfer and Trust Company, P.O. Box 2362, New York, NY 10272-2362, USA.

The Company's designated ESPP broker is currently Fidelity Investments. The address and telephone number of Fidelity Investments is:

Fidelity Investments
P.O. Box 5000
Cincinnati, OH 45273–8077 USA
U.S. Telephone – 888-810-6738
Non U.S. Telephone – International Access Code + 800-544–0275
http://netbenefits.fidelity.com

Participating Employees in Denmark are restricted to using Danske Bank as their designated broker. The address and telephone number of Danske Bank are:

Danske Bank
Holmens Kanal Afdeling
Holmens Kanal 2

DK-1090 København K
Telephone – +45 33 44 00 00

At Fidelity, Participating Employees are informed of the number of Microsoft Shares purchased via a confirmation of share purchase (either online or sent via mail, whichever the Participating Employee elects) and also a quarterly account statement.

At Danske Bank, Participating Employees are informed of the number of Microsoft Shares purchased via an annual account statement.

Commissions

There is no charge to Participating Employees for the acquisition or holding of the Microsoft Shares under the ESPP. Commissions related to the sale of Microsoft Shares are described below.

As of the date of this prospectus, the commission charged by Fidelity on sales of Microsoft Shares acquired under the ESPP is as follows:

Trade method	Commission (flat rate)
Online	US$7.95
Fidelity Automated Service Telephone (FAST)	US$12.95
Fidelity Stock Plan service representative	US$32.95

Participating Employees in Denmark may obtain a schedule of the sales commission charged by Danske Bank by contacting their local human resources department.

In addition, the SEC imposes a fee on the transfer of shares. This fee is paid to the SEC at the time of sale and is required for all equity trades. Upon selling the Microsoft Shares, Participating Employees will be charged a fee equal to $0.0000184 multiplied by the total principal amount of the sale proceeds. The SEC will publish a revised fee rate 30 days after the SEC's regular appropriation for fiscal year 2016 is enacted, and this new fee rate will become effective 60 days after the appropriation is enacted.

4.4 Currency of the Securities Issue

The United States Dollar is the currency of the securities issue. Participating Employees assume the risk of any currency fluctuations at the time of (i) their contribution to the ESPP by payroll deductions and (ii) the selling of their Microsoft Shares.

4.5 Rights Attached to the Securities

No Participating Employee shall have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the Microsoft Shares have been purchased and delivered to the Participating Employee as provided in Section III above. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to the Microsoft Shares, as further described below:

Dividend Rights. Pursuant to the WBCA, the Board may authorize and Microsoft may make distributions to its shareholders subject to restriction by the articles of incorporation and the limitation set forth in Chapter 23B.06 of the WBCA as summarized below.

No distribution may be made if, after giving it effect, (i) the corporation would not be able to pay its liabilities as they become due in the usual course of business; or (ii) the corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

The following table sets forth cash dividends for fiscal years 2015 (to date) (unaudited), 2014 and 2013:

Declaration Date		Dividend Per Share	Record Date		Total Amount (in millions)	Payment Date
Fiscal Year 2015						
September 16, 2014	**$**	**0.31**	**November 20, 2014**	**$**	**2,547**	**December 11, 2014**
December 3, 2014	**$**	**0.31**	**February 19, 2015**	**$**	**2,532**	**March 12, 2015**
March 10, 2015	**$**	**0.31**	**May 21, 2015**	**$**	**2,515**	**June 11, 2015**
June 9, 2015	**$**	**0.31**	**August 20, 2015**	**$**	**2,508**	**September 10, 2015**
Fiscal Year 2014						
September 16, 2013	$	0.28	November 21, 2013	$	2,332	December 12, 2013
November 19, 2013	$	0.28	February 20, 2014	$	2,322	March 13, 2014
March 11, 2014	$	0.28	May 15, 2014	$	2,309	June 12, 2014
June 10, 2014	$	0.28	August 21, 2014	$	2,307	September 11, 2014
Fiscal Year 2013						
September 18, 2012	$	0.23	November 15, 2012	$	1,933	December 13, 2012
November 28, 2012	$	0.23	February 21, 2013	$	1,925	March 14, 2013
March 11, 2013	$	0.23	May 16, 2013	$	1,921	June 13, 2013
June 12, 2013	$	0.23	August 15, 2013	$	1,916	September 12, 2013

Voting Rights. Except as may be otherwise provided in the Restated Articles of Incorporation, each stockholder shall be entitled to one vote for each Microsoft Share held by such stockholder. There are currently no contrary provisions in the Restated Articles of Incorporation.

Shareholders of Microsoft shall not have the right to cumulative votes in the election of directors (see Article VII of the Restated Articles of Incorporation of Microsoft).

The annual meeting of the shareholders of Microsoft for the election of directors and for the transaction of such other business as properly may be submitted to such annual meeting, shall be held at the hour and on the date designated by the Board or an authorized committee of the Board (see Article 1.1 of the Bylaws of Microsoft).

Special meetings of the shareholders of Microsoft, for any purpose or purposes, may be called at any time by the Board, an authorized committee of the Board, or one or more shareholders holding 25% of the then outstanding Microsoft Shares (see Section 1.2 of the Bylaws of Microsoft).

No business may be transacted at an annual or special meeting of shareholders other than business that is:

(a) specified in a notice of meeting given by or at the direction of the Board or an authorized committee thereof,

(b) otherwise brought before the meeting by or at the direction of the Board or an authorized committee thereof,

(c) specified in a notice of meeting stated in a shareholder special meeting request pursuant to Section 1.2 of the Bylaws, or

(d) otherwise brought before an annual meeting:

(i) by (1) a shareholder that holds of record stock of the Company entitled to vote at the meeting on such business (including any election of a director) (a “Record Holder”) or (2) a person (a "Nominee Holder") that holds such stock through a nominee or "street name" holder of record of such stock and can demonstrate to the Company such indirect ownership of such stock and such Nominee Holder's entitlement to vote such stock on such business, and

(ii) who complies with the notice procedures set forth in Section 1.13 (Record Holders and Nominee Holders are referred to as “Noticing Shareholders”).

Clauses (c) and (d) of Section 1.3 shall be the exclusive means for a Noticing Shareholder to make director nominations or submit other business before a meeting of shareholders (other than proposals brought under Rule 14a-8 under the Exchange Act and included in Microsoft’s notice of meeting, which proposals are not governed by the Bylaws). (see Section 1.3 of the Bylaws of Microsoft)

Meetings of shareholders shall be held at such place within or outside the State of Washington as determined by the Board, or the authorized committee of the Board, pursuant to proper notice (see Section 1.4 of the Bylaws of Microsoft).

At any meeting of the shareholders, a majority in interest of all the shares entitled to vote on a matter, represented by shareholders of record in person or by proxy, shall constitute a quorum of that voting group for action on that matter. A shareholder who abstains from voting on any or all proposals will be included in the number of shareholders present at the meeting for the purpose of determining the presence of a quorum. Abstentions and broker non-votes will not be counted either in favor of or against the election of the nominees or other proposals.

Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the meeting and for any adjournment to a new date, time, or place unless a new record date is or must be set for the adjourned meeting.

If a quorum exists, action on a matter is approved by a voting group if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the question is one upon which by express provision of the WBCA, or of the Amended and Restated Articles of Incorporation or of the Bylaws a different vote is required.

The shareholders may amend or repeal the Bylaws of Microsoft, or adopt new bylaws, even though the bylaws also may be amended or repealed, or new bylaws also may be adopted, by the Board, by action taken in the manner provided by the WBCA and the Amended and Restated Articles of Incorporation of Microsoft.

Effective July 1, 2014, Microsoft amended its Bylaws to establish the size of the Board as a range of 5 to 14 members, and to designate the chief executive officer ("CEO") as the sole officer with authority to appoint corporate officers.

Pursuant to Chapter 23B.10 of the WBCA, a corporation may amend its articles of incorporation at any time to add or change a provision that is required or permitted in the articles of incorporation or to delete a provision not required in the articles of incorporation. Whether a provision is required or permitted in the articles of incorporation is determined as of the effective date of the amendment.

Pursuant to Chapter 23B.10.030 of the WBCA:

(1) A corporation's board of directors may propose one or more amendments to the articles of

incorporation for submission to the shareholders.

(2) For the amendment to be adopted:

(i) The board of directors must recommend the amendment to the shareholders unless the board of directors determines that because of conflict of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders with the amendment; and

(ii) The shareholders entitled to vote on the amendment must approve the amendment.

(3) The board of directors may condition its submission of the proposed amendment on any basis, including the affirmative vote of holders of a specified percentage of shares held by any group of shareholders not otherwise entitled under this title or the articles of incorporation to vote as a separate voting group on the proposed amendment.

(4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting. The notice of meeting must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy of the amendment.

(5) In addition to any other voting conditions imposed by the board of directors under subsection (3) of Chapter 23B.10.030 of the WBCA, the amendment to be adopted must be approved by two-thirds, or, in the case of a public company, a majority, of the voting group comprising all the votes entitled to be cast on the proposed amendment, and of each other voting group entitled or the articles of incorporation to vote separately on the proposed amendment. The articles of incorporation may require a greater vote than that provided for in this subsection. The articles of incorporation of a corporation other than a public company may require a lesser vote than that provided for in this subsection, or may require a lesser vote by separate voting groups, so long as the required vote is not less than a majority of all the votes entitled to be cast on the proposed amendment and of each other voting group entitled to vote separately on the proposed amendment. Separate voting by additional voting groups is required on a proposed amendment.

In furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, adopt, repeal, alter, amend, and rescind the bylaws of Microsoft by a resolution adopted by a majority of the directors (see Article IX of the Restated Articles of Incorporation of Microsoft).

Right to Receive Liquidation Distributions. Except as otherwise provided in accordance with the Restated Articles of Incorporation of Microsoft, each Microsoft Share is entitled to the right to receive the net assets of Microsoft upon dissolution, with each Microsoft Share participating on a pro rata basis.

No Preemptive, Redemptive or Conversion Provisions. Shareholders of Microsoft have no preemptive rights to acquire additional Microsoft Shares or securities convertible into Shares (See Article V of the Restated Articles of Incorporation of Microsoft).

4.6 Transferability

The Microsoft Shares in this offering under the ESPP are registered on a registration statement on Form S-8 with the SEC and are generally freely transferable.

The ESPP is intended to provide Microsoft Shares for investment and not for resale. Microsoft does not, however, intend to restrict or influence any Participating Employee in the conduct of his or her own affairs. A Participating Employee, therefore, may sell Microsoft Shares purchased under the ESPP at any time he or she chooses, subject to compliance with any applicable securities laws. THE PARTICIPATING

EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE MICROSOFT SHARES.

4.7 General Provisions Applying to Business Combinations

Washington law imposes restrictions on certain transactions between a corporation and significant shareholders. Chapter 23B.19 of the WBCA prohibits a target corporation, with some exceptions from engaging in particular significant business transactions with an acquiring person, which is defined as a person or group of persons that beneficially owns 10% or more of the voting securities of the target corporation, for a period of five years after the acquisition, unless the transaction or acquisition of shares is approved by a majority of the members of the target corporation's board of directors prior to the acquisition. Prohibited transactions include, among other things: (i) a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from the acquiring person; termination of 5% or more of the employees of the target corporation; or (ii) receipt by the acquiring person of any disproportionate benefit as a shareholder. A corporation may not opt out of this statute. These provisions may have the effect of delaying, deterring or preventing a change of control of Microsoft, even if this change would be beneficial to the shareholders. These provisions may also discourage potential bids for the common stock at a premium over the market price and may adversely affect the market price of, and the voting and other rights of the holders of, Microsoft's common stock. In addition, these provisions could make it more difficult to replace or remove any current directors and management in the event Microsoft's shareholders believe this would be in the best interest of the corporation and its shareholders.

V. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS (AS OF MARCH 31, 2015)

5.1 Capitalization and Indebtedness (unaudited, in millions of US$ - consolidated)

Total Current debt	$ 4,224
- Guaranteed	-
- Secured	-
- Unguaranteed / Unsecured	$ 4,224
Total Non-Current debt (excluding current portion of long-term debt)	$ 27,644
- Guaranteed	**-**
- Secured	**-**
- Unguaranteed / Unsecured	$ 27,644
Stockholders' equity	
a. Share Capital and Additional Paid-in Capital	$ 68,475
b. Legal Reserve	**-**
c. Other Reserves (Retained earnings, including accumulated other comprehensive income of $3,471)	$ 21,657
Total stockholders' equity	$ 90,132

5.2 Net Indebtedness (unaudited, in millions of US$ - consolidated)

A.+B.	Cash and cash equivalents	$ 7,414
C.	Short-term investments (including securities loaned of $76)	$ 88,024
D.	**Liquidity** (A) + (B) + (C)	**$ 95,438**
E.	**Current Financial Receivable**	**-**
F.	Current Bank debt	-
G.	Current portion of non-current debt	$ 2,499
H.	Other current financial debt	$ 1,725

I.	**Current Financial Debt** (F) + (G) + (H)	**$**	**4,224**
J.	**Net Current Financial Indebtedness** (I) – (E) – (D)	**$**	**(91,214)**
K.	Non-current Bank loans		-
L.	Bonds Issued	$	27,644
M.	Other non-current loans		-
N.	**Non-current Financial Indebtedness** (K) + (L) + (M)	**$**	**27,644**
O.	**Net Financial Indebtedness** (J) + (N)	**$**	**(63,570)**

5.3 Indirect and Contingent Indebtedness

Construction and Operating Leases

We have committed $880 million for constructing new buildings, building improvements, and leasehold improvements as of June 30, 2014.

We have operating leases for most U.S. and international sales and support offices, research and development facilities, manufacturing facilities, and certain equipment. Rental expense for facilities operating leases was $874 million, $711 million, and $639 million, in fiscal years 2014, 2013, and 2012, respectively. Future minimum rental commitments under non-cancellable facilities operating leases in place as of June 30, 2014 are as follows:

(In millions)

Year Ending June 30,	
2015	$ 878
2016	748
2017	671
2018	598
2019	456
Thereafter	1,063
Total	$4,414

Indemnifications

We provide indemnifications of varying scope and size to certain customers against claims of intellectual property infringement made by third parties arising from the use of our products and certain other matters. We evaluate estimated losses for these indemnifications, and we consider such factors as the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. To date, we have not encountered significant costs as a result of these obligations and have not accrued any liabilities related to these indemnifications in our consolidated financial statements.

Antitrust, Unfair Competition, and Overcharge Class Actions

A large number of antitrust and unfair competition class action lawsuits were filed against us in various state, federal, and Canadian courts on behalf of various classes of direct and indirect purchasers of our PC operating system and certain other software products between 1999 and 2005.

We obtained dismissals or reached settlements of all claims made in the United States. Under the settlements, generally class members can obtain vouchers that entitle them to be reimbursed for purchases of a wide variety of platform-neutral computer hardware and software. The total value of vouchers that we may issue varies by state. We will make available to certain schools a percentage of those vouchers that are not issued or claimed (one-half to two-thirds depending on the state). The total value of vouchers we ultimately issue will depend on the number of class members who make claims and are issued vouchers. We estimate the total remaining cost of the settlements is approximately $200 million, all of which had been accrued as of March 31, 2015.

Three similar cases pending in British Columbia, Ontario, and Quebec, Canada have not been settled. In March 2010, the court in the British Columbia case certified it as a class action. After the British Columbia Court of Appeal dismissed the case, in October 2013 the Canadian Supreme Court reversed the appellate court and reinstated part of the British Columbia case, which is now scheduled for trial in 2016. The other two cases are inactive.

Other Antitrust Litigation and Claims

GO Computer litigation

In June 2005, GO Computer Inc. and co-founder Jerry Kaplan filed a complaint in California state court asserting antitrust claims under the Cartwright Act related to the business of the former GO Corporation in the early 1990s and its successor in interest, Lucent Corporation in the early 2000s. All claims prior to June 2001 have been dismissed with prejudice as barred by the statute of limitations. The case is moving forward with discovery, and a trial is set for September 2015.

*China State Administration for Industry and Commerce investigatio*n

On July 28, 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 the SAIC conducted onsite inspections of Microsoft offices in Beijing, Shanghai, Guangzhou, and Chengdu. SAIC has stated the investigation relates to compatibility, bundle sales, and file verification issues related to Windows and Office software.

Patent and Intellectual Property Claims as of March 31, 2015

Motorola litigation

In October 2010, Microsoft filed patent infringement complaints against Motorola Mobility (“Motorola”) with the International Trade Commission (“ITC”) and in U.S. District Court in Seattle for infringement of nine Microsoft patents by Motorola’s Android devices. Since then, Microsoft and Motorola have filed additional claims against each other with the ITC, in federal district courts in Seattle, Wisconsin, Florida, and California, and in courts in Germany. The nature of the claims asserted and status of individual matters are summarized below.

International Trade Commission

In May 2012, the ITC issued a limited exclusion order against Motorola on one Microsoft patent, which became effective in July 2012 and was affirmed on appeal in December 2013. In July 2013, Microsoft filed an action in U.S. District Court in Washington, D.C. seeking an order to compel enforcement of the

ITC's May 2012 import ban against infringing Motorola products by the Bureau of Customs and Border Protection ("CBP"), after learning that CBP had failed to fully enforce the order.

In November 2010, Motorola filed an action against Microsoft with the ITC alleging infringement of five Motorola patents by Xbox consoles and accessories and seeking an exclusion order to prohibit importation of the allegedly infringing Xbox products. At Motorola's request, the ITC terminated its investigation of four Motorola patents. In March 2013, the ITC affirmed there was no violation of the remaining Motorola patent. Motorola appealed the ITC's decision to the U.S. Court of Appeals for the Federal Circuit.

U.S. District Court

The Seattle District Court case filed in October 2010 by Microsoft as a companion to Microsoft's ITC case against Motorola was stayed pending the outcome of the ITC case.

In November 2010, Microsoft sued Motorola for breach of contract in U.S. District Court in Seattle, alleging that Motorola breached its commitments to standards-setting organizations to license to Microsoft certain patents on reasonable and non-discriminatory ("RAND") terms and conditions. Motorola has declared these patents essential to the implementation of the H.264 video standard and the 802.11 Wi-Fi standard. In the Motorola ITC case described above and in suits described below, Motorola or a Motorola affiliate subsequently sued Microsoft on those patents in U.S. District Courts, in the ITC, and in Germany. In February 2012, the Seattle District Court granted a partial summary judgment in favor of Microsoft ruling that (1) Motorola had committed to standards organizations to license its declared-essential patents on RAND terms and conditions; and (2) Microsoft is a third-party beneficiary of those commitments. After trial, the Seattle District Court set per unit royalties for Motorola's H.264 and 802.11 patents, which resulted in an immaterial Microsoft liability. In September 2013, following trial of Microsoft's breach of contract claim, a jury awarded $14.5 million in damages to Microsoft. Motorola appealed.

Cases filed by Motorola in Wisconsin, California, and Florida, with the exception of one case in Wisconsin initially stayed and later dismissed without prejudice (a companion case to Motorola's ITC action), have been transferred to the U.S District Court in Seattle. Motorola and Microsoft both seek damages as well as injunctive relief. The court has stayed these cases in Seattle on agreement of the parties.

- In the transferred cases, Motorola asserts 15 patents are infringed by a range of Microsoft products including mobile and PC operating system, productivity, server, communication, browser and gaming products.

- In the Motorola action originally filed in California, Motorola asserts Microsoft violated antitrust laws in connection with Microsoft's assertion of patents against Motorola that Microsoft agreed to license to certain qualifying entities on RAND terms and conditions.

- In counterclaims, Microsoft asserts 14 patents are infringed by Motorola Android devices and certain Motorola digital video recorders.

Germany

In July 2011, Motorola filed patent infringement actions in Germany against Microsoft and several Microsoft subsidiaries.

- Motorola asserts two patents (both now expired) are essential to implementation of the H.264 video standard, and Motorola alleges that H.264 capable products including Xbox 360, Windows 7, Media Player, and Internet Explorer infringe those patents. In May 2012, the court issued an injunction relating to all H.264 capable Microsoft products in Germany, which Microsoft appealed. Orders in the litigation pending in Seattle, Washington described above enjoin Motorola from enforcing the German injunction.

- Motorola asserts that one patent covers certain syncing functionality in the ActiveSync protocol employed by Windows Phone 7, Outlook Mobile, Hotmail Mobile, Exchange Online, Exchange Server, and Hotmail Server. In April 2013, the court stayed the case pending the outcome of parallel proceedings in which Microsoft is seeking to invalidate the patent. In November 2013, the Federal Patent Court invalidated the originally issued patent claims, but ruled that certain new amended claims were patentable. Both Motorola and Microsoft appealed. In June 2014, the court reopened infringement proceedings, which are currently stayed.

- Microsoft may be able to mitigate the adverse impact of any injunction by altering its products to avoid Motorola's infringement claims.

- Any damages would be determined in separate proceedings.

In lawsuits Microsoft filed in Germany in 2011 and 2012, Microsoft asserts that Motorola Android devices infringe Microsoft patents and is seeking damages and injunctions. In 2012, regional courts in Germany issued injunctions on three of the Microsoft patents, which Motorola appealed. One judgment has been affirmed on appeal (and Motorola has further appealed), and the other two appeals are pending (in one of these two cases the asserted patent has expired). An additional infringement proceeding is still pending in the court of first instance. In actions filed separately by Motorola to invalidate these patents, the Federal Patent Court in 2013 and 2014 held the Microsoft patents invalid, and Microsoft appealed. For the cases in which Microsoft obtained injunctions, if Motorola were to prevail following all appeals, Motorola could have a claim against Microsoft for damages caused by an erroneously granted injunction.

IPCom patent litigation

IPCom GmbH & Co. ("IPCom") is a German company that holds a large portfolio of mobile technology related patents spanning about 170 patent families and addressing a broad range of cellular technologies. IPCom has asserted 19 of these patents in litigation against Nokia and many of the leading cell phone companies and operators. In November 2014, Microsoft and IPCom entered into a standstill agreement staying all of the pending litigation against Microsoft to permit the parties to pursue settlement discussions.

InterDigital patent litigation

InterDigital Technology Corporation and InterDigital Communications Corporation (collectively, "IDT") filed four patent infringement cases against Nokia in the ITC and in U.S. District Court for the District of Delaware between 2007 and 2013. We have been added to these cases as a defendant. IDT has cases pending against other defendants based on the same patents because most of the patents at issue allegedly relate to 3G and 4G wireless communications standards essential functionality. The cases involving us include three ITC investigations where IDT is seeking an order excluding importation of 3G and 4G phones into the U.S. and one active case in U.S. District Court in Delaware seeking an injunction and damages. The ITC issued a finding of no violation relating to two of the investigations, which IDT appealed. In February 2015, the U.S. Court of Appeals for the Federal Circuit affirmed one of the ITC's findings; the other has been stayed. The Delaware case is set for trial beginning in April 2015.

European copyright levies

We have assumed from Nokia all potential liability due to Nokia's alleged failure to pay "private copying levies" in various European countries based upon sale of memory cards and mobile phones that incorporate blank memory. The levies are based upon a 2001 European Union ("EU") Directive establishing a right for end users to make copies of copyrighted works for personal or private use, but also allowing the collection of levies based upon sales of blank media or recording devices to compensate copyright holders for private copying. Various collecting societies in EU countries initiated litigation against Nokia, stating that Nokia must pay levies not only based upon sales of blank memory cards, but also phones that include blank memory for data storage on the phones, regardless of actual usage of that memory. The most significant cases against Nokia are pending in Germany and Austria, due to both the high volume of sales and high levy amounts sought in these countries. In December 2014, the appellate court in Germany found that levies may be imposed with respect to certain mobile phones sold between 2004 and 2007. We plan to appeal.

Other patent and intellectual property claims

In addition to these cases, there are approximately 90 other patent infringement cases pending against Microsoft.

Product-Related Litigation as of March 31, 2015

U.S. cell phone litigation

Nokia, along with other handset manufacturers and network operators, is a defendant in 19 lawsuits filed in the Superior Court for the District of Columbia by individual plaintiffs who allege that radio emissions from cellular handsets caused their brain tumors and other adverse health effects. We have assumed responsibility for these claims as part of the NDS acquisition and have been substituted for the Nokia defendants. Nine of these cases were filed in 2002 and are consolidated for certain pre-trial proceedings; the remaining 10 cases are stayed. In a separate 2009 decision, the Court of Appeals for the District of Columbia held that adverse health effect claims arising from the use of cellular handsets that operate within the U.S. Federal Communications Commission radio frequency emission guidelines ("FCC Guidelines") are pre-empted by federal law. The plaintiffs allege that their handsets either operated outside the FCC Guidelines or were manufactured before the FCC Guidelines went into effect. The lawsuits also allege an industry-wide conspiracy to manipulate the science and testing around emission guidelines.

In September 2013, defendants in the consolidated cases moved to exclude plaintiffs' expert evidence of general causation on the basis of flawed scientific methodologies. The motion was heard in December 2013 and January 2014. In March 2014, defendants filed a separate motion to preclude plaintiffs' general causation testimony on the ground that it is pre-empted by federal law because the experts challenge the safety of all cellular handsets, including those that comply with the FCC Guidelines. In August 2014, the court granted in part defendants' motion to exclude plaintiffs' general causation experts. The court granted an order permitting an interlocutory appeal of its decision in October 2014. In December 2014, the District of Columbia Court of Appeals agreed to hear *en banc* defendants' interlocutory appeal challenging the standard for evaluating expert scientific evidence. The appeal is scheduled for argument in May 2015. Trial court proceedings are stayed pending resolution of the appeal.

Canadian cell phone class action

Nokia, along with other handset manufacturers and network operators, is a defendant in a 2013 class action lawsuit filed in the Supreme Court of British Columbia by a purported class of Canadians who have used cellular phones for at least 1,600 hours, including a subclass of users with brain tumors. Microsoft was served with the complaint in June 2014 and has been substituted for the Nokia defendants. The litigation is not yet active as several defendants remain to be served.

Other

We also are subject to a variety of other claims and suits that arise from time to time in the ordinary course of our business. Although management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact on our consolidated financial statements, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

As of March 31, 2015, we had accrued aggregate liabilities of $640 million in other current liabilities and $30 million in other long-term liabilities for all of our legal matters that were contingencies as of that date. While we intend to defend these matters vigorously, adverse outcomes that we estimate could reach approximately $1.9 billion in aggregate beyond recorded amounts are reasonably possible. Were unfavorable final outcomes to occur, there exists the possibility of a material adverse impact on our consolidated financial statements for the period in which the effects become reasonably estimable.

VI. MAXIMUM DILUTION AND NET PROCEEDS

6.1 Maximum Dilution

The Microsoft Shares under the ESPP currently are offered pursuant to this prospectus to 18,436 eligible employees as of May 7, 2015. As indicated in Section 1.2 above, the maximum rate at which employees may purchase Microsoft Shares may not exceed $25,000 of the Fair Market Value of Microsoft Shares (at the time of the Offering Date) in each calendar year in which the right is outstanding (i.e., 2015 and 2016). However, as noted above, there are other limitations on Microsoft Share purchases (such as no more than 15% of eligible compensation may be contributed to ESPP purchases), which may result in employees not being able to purchase $25,000 worth of Microsoft Shares in a calendar year.

The Fair Market Value of the Microsoft Shares on the March 31, 2015 Date of Exercise was $40.655. Assuming Participating Employees would purchase Microsoft Shares throughout the period covered by this prospectus at the purchase price applicable on March 31, 2015 (i.e., $36.59), each Participating Employee would be entitled to purchase a maximum of approximately 1,229.8 (614.9 in 2015 and 614.9 in 2016) Microsoft Shares under the ESPP assuming no other ESPP limitations are exceeded. Assuming that all of the eligible employees would each purchase approximately 1,229.8 Microsoft Shares in the offer, the maximum number of Microsoft Shares offered pursuant to this prospectus amounts to approximately 22,672,592.8 Microsoft Shares.

Based on the above assumptions, the holdings of a shareholder of Microsoft currently holding 1% of the total outstanding share capital of Microsoft as of April 16, 2015, i.e., 80,895,753 Microsoft Shares, and who is not an eligible employee participating in the offer, would be diluted as indicated in the following table:

	Percentage of the total outstanding Microsoft Shares	Total number of outstanding Microsoft Shares
Before the issuance of Microsoft Shares under the ESPP (as of April 16, 2015)	1.00%	8,089,575,277
After issuance of 22,672,592.8 Microsoft Shares under the ESPP	0.997%	8,112,247,869.8

6.2 Net Proceeds

Assuming, using the example above, that each of the 18,436 eligible employees in the Prospectus Directive Countries would purchase the maximum amount of Microsoft Shares under the ESPP offered pursuant to this prospectus, that is, a total of $44,998.38 each, then the gross proceeds of Microsoft in connection with the offer under the ESPP pursuant to this prospectus would be $829,590,133.68. After deducting legal and accounting expenses in connection with the offer, the net proceeds, based on the above assumptions, would be $829,415,133.68.

VII. DIRECTORS AND EXECUTIVE OFFICERS

7.1. Board of Directors as of May 15, 2015

Name	Age*	Director Since
William H. Gates III	58	1981
Maria M. Klawe	63	2009
Teri L. List-Stoll	51	2014
G. Mason Morfit	39	2014
Satya Nadella	47	2014
Charles H. Noski	62	2003
Helmut Panke	68	2003
Charles W. Scharf	49	2014
John W. Stanton	59	2014
John W. Thompson	65	2012

* The ages and bios are as of October 20, 2014.

Mr. Gates, a cofounder of Microsoft, served as Chairman from our incorporation in 1981 until February 2014. He currently acts as a Technical Advisor to Mr. Nadella on key development projects. Mr. Gates retired as an employee in July 2008. Mr. Gates served as Chief Software Architect from January 2000 until June 2006, when he announced his two-year plan to transition out of a day-to-day full-time employee role. Mr. Gates served as CEO from 1981 until January 2000, when he resigned as CEO and assumed the position of Chief Software Architect. As co-chair of the Bill & Melinda Gates Foundation, Mr. Gates shapes and approves grant-making strategies, advocates for the foundation's issues, and helps set the overall direction of the organization.

Other Public Company Directorships

- Berkshire Hathaway Inc.

Since 2006, **Dr. Klawe** has been President of Harvey Mudd College, a private liberal arts college in Claremont, California that focuses on engineering, science, and mathematics. Dr. Klawe served as Dean of Engineering and a Professor of Computer Science at Princeton University from 2003 to 2006, and held several positions at the University of British Columbia from 1988 to 2002 including Dean of Science, Vice President of Student and Academic Services, and head of the Department of Computer Science. She has also worked at IBM Research in California, the University of Toronto, and Oakland University.

Other Public Company Directorships

- Broadcom Corporation

Ms. List-Stoll was Executive Vice President and Chief Financial Officer for Kraft Foods Group from December 2013 to February 2015. As CFO, she led Kraft's finance, information services, and business process excellence organizations. Her responsibilities included financial planning, financial accounting and reporting, internal audit, treasury, tax, acquisitions and divestitures, and investor relations. Ms. List-Stoll joined Kraft in September 2013 as Senior Vice President leading the business unit finance teams. She came to Kraft after nearly 20 years at Procter & Gamble ("P&G"), where she most recently served as Senior Vice President and Treasurer. Ms. List-Stoll started with P&G in 1994 and held finance leadership roles across a diverse range of areas including business unit management, supply chain, sales, accounting, and financial planning and analysis. From 1991 to 1993, Ms. List-Stoll was a fellow with the

Financial Accounting Standards Board ("FASB"). Prior to her fellowship at FASB, she spent six years at Deloitte & Touche, providing financial counsel to large multinational companies.

Other Public Company Directorships

- Danaher Corporation

Mr. Morfit is the President of ValueAct Capital, a significant Microsoft shareholder. He has been a non-managing member of ValueAct Capital Management, L.P. since January 2003 and was an associate with ValueAct Capital from January 2001 to December 2002. Prior to joining ValueAct Capital, Mr. Morfit worked in equity research for Credit Suisse First Boston from September 1999 to November 2000. He has a B.A. from Princeton University, and is a former CFA charter holder.

Former Public Company Directorships Held in the Past Five Years

- Advanced Medical Optics, Inc.
- C.R. Bard, Inc.
- Immucor, Inc.
- Valeant Pharmaceuticals International, Inc.

Other Public Company Directorships

- None

Mr. Nadella was appointed CEO and a Director in February 2014. He served as Executive Vice President, Cloud and Enterprise since July 2013. From 2011 to 2013, Mr. Nadella served as President, Server and Tools. From 2009 to 2011, he was Senior Vice President, Online Services Division. From 2008 to 2009, he was Senior Vice President, Search, Portal and Advertising. Since joining Microsoft in 1992, Mr. Nadella's roles also included Vice President of the Business Division.

Former Public Company Directorships Held in the Past Five Years

- Riverbed Technology, Inc.

Other Public Company Directorships

- None

Mr. Noski served as Vice Chairman of Bank of America Corporation from June 2011 until September 2012. From May 2010 through June 2011, he served as Executive Vice President and Chief Financial Officer of Bank of America Corporation. From 2003 to 2005, Mr. Noski served as Corporate Vice President and Chief Financial Officer of Northrop Grumman Corporation and served as a director from 2002 to 2005. Mr. Noski joined AT&T in 1999 as Senior Executive Vice President and Chief Financial Officer and was named Vice Chairman of AT&T's board of directors in 2002. Mr. Noski retired from AT&T upon completion of its restructuring in November 2002. Prior to joining AT&T, Mr. Noski was President, Chief Operating Officer, and a member of the board of directors of Hughes Electronics Corporation, a publicly traded subsidiary of General Motors Corporation in the satellite and wireless communications business. He is immediate past Chairman of the Financial Accounting Standards Advisory Council of the FASB, a member of the AICPA and FEI, a past member of the Standing Advisory Group of the PCAOB, and a director of the National Association of Corporate Directors.

Former Public Company Directorships Held in the Past Five Years

- Air Products and Chemicals, Inc.
- Automatic Data Processing, Inc.
- Avery Dennison Corporation
- Merrill Lynch & Co (wholly-owned subsidiary of Bank of America Corporation)
- Morgan Stanley

Other Public Company Directorships

- Avon Products, Inc

Dr. Panke served as Chairman of the Board of Management of BMW Bayerische Motoren Werke AG 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. In his role as Chairman and CEO of BMW (US) Holding Corp. from 1993 to 1996, he was responsible for the company's North American activities. He joined BMW in 1982.

Other Public Company Directorships

- UBS AG
- Singapore Airlines Limited
- Bayer AG (supervisory board)

Mr. Scharf has served as CEO and a Director of Visa Inc., a global payments company, since November 2012. Previously, Mr. Scharf was a Managing Director of One Equity Partners, the private investment arm of JPMorgan Chase & Co., a global financial services firm. From July 2004 to June 2011, Mr. Scharf served as CEO of Retail Financial Services at JPMorgan Chase & Co. and from May 2002 to July 2004, served as CEO of the retail division of Bank One Corporation, a financial institution. Mr. Scharf also served as Chief Financial Officer of Bank One Corporation from 2000 to 2002, Chief Financial Officer of the Global Corporate and Investment Bank division at Citigroup, Inc., an international financial conglomerate, from 1999 to 2000, and Chief Financial Officer of Salomon Smith Barney, an investment bank, and its predecessor company from 1995 to 1999.

Other Public Company Directorships

- Visa Inc.

Mr. Stanton founded Trilogy International Partners, Inc., a wireless operator in Central and South America and New Zealand, and Trilogy Equity Partners, a private equity fund that invests in early-stage growth opportunities in the wireless ecosystem in 2005, and currently serves as Chairman of both enterprises. He was a director of Clearwire Corp. from 2008 to 2013 and Chairman between 2011 and 2013. He also served as Clearwire's Interim CEO during 2011. Mr. Stanton founded and served as Chairman and CEO of Western Wireless Corporation, a wireless telecommunications company, from 1992 until shortly after its acquisition by ALLTEL Corporation in 2005. Mr. Stanton was Chairman and a director of T-Mobile USA, formerly VoiceStream Wireless Corporation, a mobile telecommunications company, from 1994 to 2004 and was CEO from 1998 to 2003.

Former Public Company Directorships Held in the Past Five Years

- Clearwire Corp.

Other Public Company Directorships

- Columbia Sportswear Company

Mr. Thompson, previously lead independent director, became independent Chairman of our Board of Directors in February 2014. He currently serves as CEO of Virtual Instruments, a privately-held company whose products are designed to ensure the performance and availability of applications deployed in virtualized and private cloud computing environments. Since 2009, Mr. Thompson has been an active investor in early-stage technology companies in Silicon Valley. Mr. Thompson served as Chairman and CEO of Symantec Corp. beginning in 1999, helping transform Symantec into a leader in security, storage, and systems management solutions. Mr. Thompson stepped down as CEO of Symantec in 2009, and stepped down from Symantec's board of directors in 2011. Previously, Mr. Thompson held leadership positions in sales, marketing, and software development at IBM, including general manager of IBM Americas. He was a member of IBM's Worldwide Management Council.

Former Public Company Directorships Held in the Past Five Years

- Seagate Technology PLC
- Symantec Corporation

- United Parcel Service

Other Public Company Directorships
- None

7.2. Executive Officers as of May 15, 2015

Name	Age*	Position with the Company
Satya Nadella	46	Chief Executive Officer
Christopher C. Capossela	44	Executive Vice President, Chief Marketing Officer
Kathleen Hogan	49	Executive Vice President, Human Resources
Amy E. Hood	42	Executive Vice President, Chief Financial Officer
Margaret L. Johnson	53	Executive Vice President, Business Development and Strategy
Bradford L. Smith	55	Executive Vice President, General Counsel; Secretary
B. Kevin Turner	49	Chief Operating Officer

* The ages and bios are as of July 25, 2014, except for Ms. Johnson and Ms. Hogan whose biographies and ages are as of May 15, 2015.

Mr. Nadella. For information regarding Mr. Nadella, please refer to Section 7.1 above.

Mr. Capossela was appointed Executive Vice President, Chief Marketing Officer in March 2014. Prior to that he served as the worldwide leader of the Consumer Channels Group, responsible for sales and marketing activities with OEMs, operators, and retail partners. In his more than 20 years at Microsoft, Mr. Capossela has held a variety of marketing leadership roles in the Microsoft Office Division. He was responsible for marketing productivity solutions including Microsoft Office, Office 365, SharePoint, Exchange, Lync, Project, and Visio.

Ms. Hogan was appointed Executive Vice President, Human Resources in November 2014. Prior to that Ms. Hogan was Corporate Vice President of Microsoft Services. She has also served as Corporate Vice President of Customer Service and Support. Ms. Hogan joined Microsoft in 2003.

Ms. Hood was appointed Executive Vice President and Chief Financial Officer in July 2013, subsequent to her appointment as Chief Financial Officer in May 2013. Beginning in 2010, Ms. Hood was Chief Financial Officer of the Microsoft Business Division. From 2006 through 2009, Ms. Hood was General Manager, Microsoft Business Division Strategy. Since joining Microsoft in 2002, Ms. Hood has also held finance-related positions in the Server and Tools Business and the corporate finance organization.

Ms. Johnson was appointed Executive Vice President, Business Development and Strategy in September 2014. Prior to that Ms. Johnson spent 24 years at Qualcomm in various leadership positions across engineering, sales, marketing and business development. She most recently served as Executive Vice President of Qualcomm Technologies, Inc.

Mr. Smith was appointed Executive Vice President, General Counsel, and Secretary in 2011. Prior to that he served as Senior Vice President, General Counsel, and Secretary since November 2001. Mr. Smith was also named Chief Compliance Officer in 2002. He had been Deputy General Counsel for Worldwide Sales and previously was responsible for managing the European Law and Corporate Affairs Group, based in Paris. Mr. Smith joined Microsoft in 1993.

Mr. Turner was appointed Chief Operating Officer in September 2005. Before joining Microsoft, he was Executive Vice President of Wal-Mart Stores, Inc. and President and CEO of the Sam's Club division. From 2001 to 2002, he served as Executive Vice President and Chief Information Officer of Wal-Mart's Information Systems Division. From 2000 to 2001, he served as its Senior Vice President and Chief Information Officer of the Information Systems Division. Mr. Turner also serves on the Board of Directors of Nordstrom, Inc.

7.3 Fraudulent Offences and Bankruptcy, Etc.

For at least the previous five years, none of the directors or executive officers of Microsoft has:

(a) been convicted in relation to fraudulent offenses;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of Microsoft; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the executive officers and directors listed above.

7.4 Conflicts of Interest

Independent Chairman of the Board

The roles of chairman and CEO have been separate since 2000. When the Board appointed Mr. Nadella as CEO, the independent members of the Board also designated John Thompson, previously lead independent director, as independent Chairman of the Board in February 2014.

In his role as lead independent director, Mr. Thompson coordinated the Board's search for a new CEO following Mr. Ballmer's announcement in August 2013 that he planned to retire as CEO upon the selection of a successor.

As Chairman, Mr. Thompson leads the activities of the Board, including calling meetings of the Board and independent directors, as necessary, setting the agenda for Board meetings in consultation with the CEO and corporate secretary, chairing executive sessions of the independent directors, engaging with shareholders as appropriate, acting as an advisor to Mr. Nadella on strategic aspects of the CEO role with regular consultations on major developments and decisions likely to interest the Board. He also performs the other duties specified in the Corporate Governance Guidelines or assigned from time to time by the Board. The independent directors annually appoint a Chairman of the Board.

Our Board believes its current leadership structure effectively allocates authority, responsibility, and oversight between management and the independent members of our Board. It gives primary responsibility for the operational leadership and strategic direction of the Company to our CEO, while the Chairman facilitates our Board's independent oversight of management, promotes communication between management and our Board, engages with shareholders and leads our Board's consideration of key governance matters. The Board believes its programs for overseeing risk would be effective under a variety of leadership frameworks and therefore do not materially affect how it structures its leadership.

Board Independence

- *Substantial majority of independent directors* – Ten of our 12 directors are independent of the Company and management. We are committed to maintaining a substantial majority of independent directors.

- *Executive sessions of independent directors* – At each quarterly Board meeting, time is set aside for the independent directors to meet in executive session without Company management present. Additional executive sessions are held as needed.

- *Independent compensation consultant* – The compensation consultant retained by the Compensation Committee is independent of the Company and management as described in our Compensation Consultant Independence Standards.

Director Independence

Our Corporate Governance Guidelines provide that a substantial majority of our directors will be independent. Our Board has adopted director independence guidelines to assist in determining each director's independence. These guidelines are available on our website at *www.microsoft.com/investor/independenceguidelines*. The guidelines either meet or exceed the independence requirements of NASDAQ. The guidelines identify categories of relationships the Board has determined would not affect a director's independence, and therefore are not considered by the Board in determining director independence.

Under the director independence guidelines, the Board must affirmatively determine a director has no relationship that would interfere with the exercise of independent judgment in carrying out his or her responsibilities as a director. Annually each director completes a questionnaire that provides information about relationships that might affect the determination of independence. Management provides the Governance and Nominating Committee and Board with relevant facts and circumstances of any relationship bearing on the independence of a director or nominee that is outside the categories permitted under the director independence guidelines.

Based on the review and recommendation by the Governance and Nominating Committee, the Board analyzed the independence of each director and determined that Messrs. Morfit, Noski, Scharf, Stanton, and Thompson, Ms. List-Stoll, and Drs. Klawe and Panke meet the standards of independence under our Corporate Governance Guidelines, the director independence guidelines, and applicable NASDAQ listing standards, including that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment. The Board also considered the Company's purchase of and payment for software licenses, hardware devices, and support services for technology from Virtual Instruments, Inc., of which Mr. Thompson is CEO, to enhance the performance and reliability of the Company's storage area network resources. Payments to Virtual Instruments of $2.1 million in fiscal year 2014 constituted less than 5% of its last fiscal year revenues.

Certain relationships and related transactions

We are a global company with extensive operations in the United States and many foreign countries. Every year we spend tens of billions of dollars for goods and services from third parties. The authority of our employees to purchase goods and services is widely dispersed. Because of these far-reaching activities, there may be transactions and business arrangements with businesses and other organizations in which one of our directors, executive officers, or nominees for director, or their immediate families, or a greater than 5% owner of our stock, may also be a director, executive officer, or investor, or have some other direct or indirect material interest. We will refer to these relationships generally as related-party transactions.

Related-party transactions have the potential to create actual or perceived conflicts of interest between Microsoft and its directors and executive officers or their immediate family members. The Audit Committee has established a written policy and procedures for review and approval of related-party transactions. If a related-party transaction subject to review directly or indirectly involves a member of the Audit Committee (or an immediate family member or domestic partner), the remaining Committee members will conduct the review. In evaluating a related-party transaction, the Audit Committee considers, among other factors:

- the goods or services provided by or to the related party,
- the nature of the transaction and the costs to be incurred by Microsoft or payments to Microsoft,
- the benefits associated with the transaction and whether comparable or alternative goods or services are available to Microsoft from unrelated parties,
- the business advantage Microsoft would gain by engaging in the transaction,
- the significance of the transaction to Microsoft and to the related party, and
- management's determination that the transaction is in the best interests of the Company.

To receive Audit Committee approval, a related-party transaction must have a Microsoft business purpose and be on terms that are fair and reasonable to Microsoft, and as favorable to the Company as would be available from non-related entities in comparable transactions. The Audit Committee also requires that the transaction meet the same Company standards that apply to comparable transactions with unaffiliated entities.

Executive benefits and perquisites

Our 2014 named executive officers (the "Named Executives") listed in the table below are eligible for the same benefits available to our other U.S.-based full-time employees, including our Section 401(k) plan, employee stock purchase plan, health care plan, life insurance plans, and other welfare benefit programs. Besides the standard benefits offered to all employees, we maintain a non-qualified deferred compensation plan for our executives and senior managers. The deferred compensation plan is unfunded, and participation is voluntary. The deferred compensation plan allows our Named Executives to defer their base salary, the cash portion of their Incentive Plan awards, and certain on-hire bonuses. We do not contribute to the non-qualified deferred compensation plan.

During fiscal year 2014, we provided no executive-only perquisites or other personal benefits to our Named Executives.

Post-employment compensation

Our Named Executives do not have employment contracts, and they are not entitled to any payments or benefits following a change in control of Microsoft. Generally, they may be eligible for the following payments or benefits upon termination of their employment:

- All employees who retire from Microsoft in the United States after (a) age 65 or (b) age 55 with 15 years of service are eligible for the continuation of vesting of stock awards granted at hire or at the time of performance review, if the award was granted over one year before retirement.
- Generally, all employees whose employment with Microsoft terminates due to death or total and permanent disability will fully vest in their outstanding stock awards.

Under Mr. Turner's employment offer letter, 160,000 shares of Microsoft common stock subject to his on-hire stock award will vest upon his retirement from Microsoft at age 60 or older, or upon his termination of employment other than for cause (as defined in his offer letter).

Our Named Executives and all other executive officers are eligible to participate in the Microsoft Senior Executive Severance Benefit Plan adopted in September 2013 (the "Severance Plan"). The Severance Plan was approved shortly after Mr. Ballmer announced his intention to retire to help ensure continuity of key leaders by providing designated executives a severance payment if their employment is terminated without cause. For purposes of the Severance Plan, "cause" means (1) conviction of or plea of guilty or no contest to a felony or certain misdemeanors; (2) engaging in gross misconduct; (3) repeated failure to substantially perform duties of the executive's role; (4) violation of any securities laws; or (5) violation of Microsoft's policies designed to prevent violations of law.

The Severance Plan benefit comprises (i) a severance payment equal to one-times annual base salary plus target annual cash award, (ii) pro-rata payment of the executive's annual cash award, (iii) vesting of a pro-rata portion of stock awards (excluding supplemental stock awards) that would otherwise vest in the 12 months after termination of employment, and (iv) continuation of health care through COBRA and outplacement assistance as provided to other employees whose employment is terminated without cause. There is no change-in-control provision in the Severance Plan. To receive the severance benefit, the executive officer must execute a separation agreement that includes a release of claims, confidentiality and non-disparagement provisions, and 12-month non-compete/non-solicitation restrictions.

Mr. Nadella participates in the Severance Plan on the same terms as our other executive officers, except that if his employment is terminated without cause before February 4, 2016, the second anniversary of his appointment as CEO, he will vest in all of his stock awards (excluding any special stock awards) that would otherwise vest in the 12 months after termination of employment. In addition: (i) Mr. Nadella's LTPSA award will vest in full at the 60th percentile performance level if his employment terminates due to death or total and permanent disability, and (ii) if Microsoft terminates Mr. Nadella's employment without cause (as defined in the Severance Plan) during a performance period, he will vest in a pro-rata fraction of the threshold 150,000 shares of Microsoft common stock subject to his LTPSA award for his period of employment during the performance period.

The following table shows the amounts that would have been payable to our Named Executives, assuming a covered termination of employment without cause occurred on the last day of fiscal year 2014 under (i) the Severance Plan, (ii) for Mr. Nadella, his LTPSA, and (iii) for Mr. Turner, the stock award granted pursuant to his offer letter.

Potential payments upon termination of employment

Named Executive	Termination Benefit
Mr. Nadella	$17,369,114
Ms. Hood	$5,976,815
Mr. Shum	$5,392,165
Mr. Smith	$8,582,103
Mr. Turner	$21,828,299

VIII. EMPLOYEES

8.1 Directors' and Executive Officers' Holdings of Shares and Options

This table describes, as of September 30, 2014, the number of Microsoft Shares beneficially owned by our directors and Named Executives, together with additional underlying Microsoft Shares or stock units as described in Notes 2 through 5 to the table.

In computing the number and percentage of Microsoft Shares beneficially owned by each person, we have included any Microsoft Shares that could be acquired within 60 days of September 30, 2014 by the exercise of options, the vesting of stock awards or the receipt of Microsoft Shares credited under the Deferred Compensation Plan for Non-Employee Directors. These Microsoft Shares, however, are not counted in computing the percentage ownership of any other person. Except as noted otherwise, the address of each person named in the table is c/o Microsoft Corporation, One Microsoft Way, Redmond, Washington 98052-6399, U.S.A.

Beneficial ownership				
Name	Common Stock(1),(2),(3)	Percent of common stock	Additional underlying shares or stock units(4),(5)	Total
Steven A. Ballmer	333,254,734	4.04%	0	333,254,734
Dina Dublon	42,848	*	5,438	48,286
William H. Gates III	297,992,934(6)	3.61%	0	297,992,934
Maria M. Klawe	26,105	*	0	26,105
Teri L. List-Stoll	149(7)	*	0	149
David F. Marquardt	669,780(8)	*	0	669,780
G. Mason Morfit	74,237,469(9)	*	0	74,237,469
Charles H. Noski	87,067(10)	*	0	87,067
Helmut Panke	44,476	*	0	44,476
Charles W. Scharf	0(7)	*	0	0
John W. Stanton	47,670(11)	*	0	47,670
John W. Thompson	28,345(12)	*	16,473	44,818
Amy E. Hood	130,827	*	470,403	601,230
Satya Nadella	231,116	*	4,669,609	4,900,725
Harry Shum	121,002	*	530,310	651,312
Bradford L. Smith	283,722	*	635,539	919,261
B. Kevin Turner	218,519	*	5,674,590	5,893,109
Named Executives and Directors as a group (21 People)	708,146,415(13)	8.58%	N/A	N/A

* Less than 1%.

(1) Beneficial ownership represents sole voting and investment power.

(2) For directors, includes Microsoft Shares credited under the Deferred Compensation Plan for Non-Employee Directors that may be distributable within 60 days of September 30, 2014: Ms. Dublon, 17,208; Mr. Noski, 74,887.

(3) For Named Executives, includes stock awards that may vest within 60 days of September 30, 2014: Ms. Hood, 4,025.

(4) For directors, includes Microsoft Shares credited under the Deferred Compensation Plan for Non-Employee Directors that are not payable within 60 days following termination of Board service: Ms. Dublon, 5,438 and Mr. Thompson, 16,473.

(5) For Named Executives, includes (i) unvested stock awards that do not vest within 60 days of September 30, 2014, subject to continued employment at the time of each vest: Ms. Hood, 470,403; Mr. Nadella, 2,869,609; Mr. Shum, 530,310; Mr. Smith,

110,060; and Mr. Turner, 5,674,590; (ii) 1,800,000 Microsoft Shares payable to Mr. Nadella under his LTPSA at target performance, and (iii) 525,479 shares that would vest if Mr. Smith retires from Microsoft.

(6) Excludes 424,816 Microsoft Shares held by Mr. Gates' spouse, as to which he disclaims beneficial ownership.

(7) Ms. List-Stoll and Mr. Scharf were appointed to the Board in October 2014.

(8) Includes an aggregate of 3,975 Microsoft Shares held in trusts for three of Mr. Marquardt's children.

(9) Includes 66,866,141 Microsoft Shares that are directly beneficially owned by ValueAct Capital Master Fund, L.P. and may be deemed to be indirectly beneficially owned by (i) VA Partners I, LLC as General Partner of ValueAct Capital Master Fund, L.P., (ii) ValueAct Capital Management, L.P. as the manager of ValueAct Capital Master Fund, L.P., (iii) ValueAct Capital Management, LLC as General Partner of ValueAct Capital Management, L.P., (iv) ValueAct Holdings, L.P. as the sole owner of the limited partnership interests of ValueAct Capital Management, L.P. and the membership interests of ValueAct Capital Management, LLC and as the majority owner of the membership interests of VA Partners I, LLC and (v) ValueAct Holdings GP, LLC as General Partner of ValueAct Holdings, L.P. G. Also includes 7,370,501 Microsoft Shares directly beneficially owned by ValueAct Capital Master Fund, L.P. and may be deemed to be indirectly beneficially owned by (i) VA Partners I, LLC as General Partner of ValueAct Capital Master Fund, L.P., (ii) ValueAct Capital Management, L.P. as the manager of ValueAct Capital Master Fund, L.P., (iii) ValueAct Capital Management, LLC as General Partner of ValueAct Capital Management, L.P., (iv) ValueAct Holdings, L.P. as the sole owner of the limited partnership interests of ValueAct Capital Management, L.P. and the membership interests of ValueAct Capital Management, LLC and as the majority owner of the membership interests of VA Partners I, LLC and (v) ValueAct Holdings GP, LLC as General Partner of ValueAct Holdings, L.P. Mr. Morfit is a member of the management board of ValueAct Holdings GP, LLC. Each reporting person listed above disclaims beneficial ownership of the reported securities except to the extent of its pecuniary interest therein.

(10) Includes 12,180 Microsoft Shares held by a family trust.

(11) Includes 7,243 Microsoft Shares held by a family trust and 40,239 shares held in a synthetic index fund account.

(12) Includes 27,279 Microsoft Shares held by a family trust.

(13) Includes 92,095 Microsoft Shares credited under the Deferred Compensation Plan for Non-Employee Directors and 4,025 stock awards that may vest within 60 days of September 30, 2014.

8.2 Employee Stock and Savings Plans

We grant stock-based compensation to directors and employees. At June 30, 2014, an aggregate of 346 million Microsoft Shares were authorized for future grant under our stock plans, covering stock options, stock awards, and leadership stock awards. Awards that expire or are canceled without delivery of Microsoft Shares generally become available for issuance under the plans. We issue new Microsoft Shares to satisfy exercises and vesting of awards granted under all of our stock plans.

Stock-based compensation expense and related income tax benefits were as follows:

(In millions)

Year Ended June 30,	**2014**	**2013**	**2012**
Stock-based compensation expense	**$2,446**	$2,406	$2,244
Income tax benefits related to stock-based compensation	**$ 830**	$ 842	$ 785

Stock Plans

Stock awards

Stock awards ("SAs") are grants that entitle the holder to Microsoft Shares as the award vests. SAs generally vest over a four or five-year period.

Executive incentive plan

Under the Executive Incentive Plan ("EIP"), the Compensation Committee awards performance-based compensation comprising both cash and SAs to executive officers and certain senior executives. For executive officers, their awards are based on an aggregate incentive pool equal to a percentage of consolidated operating income. For fiscal years 2014, 2013, and 2012, the pool was 0.44%, 0.35%, and 0.30% of operating income, respectively. The SAs vest ratably in August of each of the four years following the grant date. The final cash awards will be determined after each performance period based on individual and business performance.

Activity for all stock plans

The fair value of each award was estimated on the date of grant using the following assumptions:

Year Ended June 30,	2014	2013	2012
Dividends per share (quarterly amounts)	**$ 0.23 - $ 0.28**	$ 0.20 - $ 0.23	$ 0.16 - $ 0.20
Interest rates range	**1.3% - 1.8%**	0.6% - 1.1%	0.7% - 1.7%

During fiscal year 2014, the following activity occurred under our stock plans:

	Shares	Weighted Average Grant-Date Fair Value
	(In millions)	
Stock Awards		
Nonvested balance, beginning of year	**273**	**$ 25.50**
Granted [(a)]	**103**	**$ 31.50**
Vested	**(93)**	**$ 25.12**
Forfeited	**(24)**	**$ 27.01**
Nonvested balance, end of year	**259**	**$ 27.88**

(a) *Includes four million shares in stock replacement awards related to the acquisition of NDS. The weighted average grant-date fair value was $37.64.*

As of June 30, 2014, there was approximately $5.2 billion of total unrecognized compensation costs related to stock awards. These costs are expected to be recognized over a weighted average period of 3 years.

During fiscal years 2013 and 2012, the following activity occurred under our stock plans:

(In millions, except fair values)	2013	2012
Stock Awards		
Awards granted	104	110

Weighted average grant-date fair value	$28.37	$24.60

Total vest-date fair value of stock awards vested was $3.2 billion, $2.8 billion, and $2.4 billion, for fiscal years 2014, 2013, and 2012, respectively.

Employee Stock Purchase Plan

We have an ESPP for all eligible employees. Microsoft Shares may be purchased by employees at three-month intervals at 90% of the fair market value on the last trading day of each three-month period. Employees may purchase Microsoft Shares having a value not exceeding 15% of their gross compensation during an offering period. Employees purchased the following shares during the periods presented:

(Shares in millions)

Year Ended June 30,	**2014**	**2013**	**2012**
Shares purchased	**18**	20	20
Average price per share	**$33.60**	$26.81	$25.03

At June 30, 2014, 173 million Microsoft Shares were reserved for future issuance through the ESPP.

Savings Plan

We have a savings plan in the U.S. that qualifies under Section 401(k) of the Internal Revenue Code, and a number of savings plans in international locations. Participating U.S. employees may contribute up to 75% of their salary, but not more than statutory limits. We contribute fifty cents for each dollar of the first 6% a participant contributes in this plan, with a maximum contribution of the lesser of 3% of a participant's earnings or 3% of the IRS compensation limit for the given year. Matching contributions for all plans were $420 million, $393 million, and $373 million in fiscal years 2014, 2013, and 2012, respectively, and were expensed as contributed. Matching contributions are invested proportionate to each participant's voluntary contributions in the investment options provided under the plan. Investment options in the U.S. plan include Microsoft Shares, but neither participant nor our matching contributions are required to be invested in Microsoft Shares.

IX. WORKING CAPITAL STATEMENT

Microsoft expects existing domestic cash, cash equivalents, short-term investments, cash flows from operations to continue to be sufficient to fund its domestic operating activities and cash commitments for investing and financing activities, such as regular quarterly dividends, debt repayment schedules, and material capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. In addition, Microsoft expects existing foreign cash, cash equivalents, short-term investments, and cash flows from operations to continue to be sufficient to fund its foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for at least the next 12 months and thereafter for the foreseeable future.

X. SELECTED FINANCIAL INFORMATION

10.1 Selected Financial Data

The selected financial data of Microsoft set out in this prospectus have been prepared in accordance with U.S. GAAP. They are derived in part from and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Microsoft's audited consolidated financial statements and notes thereto appearing respectively on pages 26 – 50 and 53 – 96 of Microsoft's Annual Report on Form 10-K for the fiscal year ended June 30, 2014, filed with the SEC on July 31, 2014 ("Microsoft's Form 10-K"), and its consolidated financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing respectively on pages 3 – 32 and 34 – 52 of Microsoft's Form 10-Q.

SELECTED THREE-YEAR FINANCIAL DATA

(In millions, except per share data)

Year Ended June 30,	2014(a)	2013	2012
Revenue	**$ 86,833**	$ 77,849	$ 73,723
Operating income	**$ 27,759**	$ 26,764(c)	$ 21,763(d)
Net income	**$ 22,074(b)**	$ 21,863(c)	$ 16,978(d)
Diluted earnings per share	**$ 2.63(b)**	$ 2.58(c)	$ 2.00(d)
Cash dividends declared per share	**$ 1.12**	$ 0.92	$ 0.80
Cash, cash equivalents, and short-term investments	**$ 85,709**	$ 77,022	$ 63,040
Total assets	**$ 172,384**	$ 142,431	$ 121,271
Long-term obligations	**$ 36,975**	$ 26,070	$ 22,220
Stockholders' equity	**$ 89,784**	$ 78,944	$ 66,363

(a) On April 25, 2014, Microsoft acquired substantially NDS. NDS has been included in Microsoft's consolidated results of operations starting on the acquisition date.

(b) Includes a tax provision adjustment recorded in the fourth quarter of fiscal year 2014 related to adjustments to prior years' liabilities for intercompany transfer pricing which decreased net income by $458 million and diluted earnings per Microsoft Share by $0.05.

(c) Includes a charge related to a fine imposed by the European Commission in March 2013 which decreased operating income and net income by $733 million (€561 million) and diluted earnings per Microsoft Share by $0.09. Also includes a charge for Surface RT inventory adjustments recorded in the fourth quarter of fiscal year 2013, which decreased operating income by $900 million, net income by $596 million, and diluted earnings per Microsoft Share by $0.07.

(d) Includes a goodwill impairment charge related to Microsoft's previous Online Services Division business segment (related to D&C Other under Microsoft's current segment structure) which decreased operating income and net income by $6.2 billion and diluted earnings per Microsoft Share by $0.73.

SELECTED QUARTERLY FINANCIAL DATA

Income Statements Data

(In millions, except per share amounts) (Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Revenue	**$ 21,729**	$ 20,403	**$ 71,400**	$ 63,451
Gross margin	**$ 14,568**	$ 14,425	**$ 45,830**	$ 44,006
Total operating expenses	**$ 7,974**	$ 7,451	**$ 25,616**	$ 22,729

(In millions, except per share amounts) (Unaudited)	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	**2014**	**2015**	**2014**
Operating income	**$ 6,594**	$ 6,974	**$ 20,214**	$ 21,277
Net income	**$ 4,985**	$ 5,660	**$ 15,388**	$ 17,462
Earnings per share:				
Basic	**$ 0.61**	$ 0.68	**$ 1.87**	$ 2.10
Diluted	**$ 0.61**	$ 0.68	**$ 1.86**	$ 2.08
Cash dividends declared per common share	**$ 0.31**	$ 0.28	**$ 0.93**	$ 0.84

Balance Sheets Data

(In millions) (Unaudited)	March 31, 2015	June 30, 2014
Cash and cash equivalents	**$ 7,414**	$ 8,669
Short-term investments (including securities loaned of **$76** and $541)	**$ 88,024**	$ 77,040
Total assets	**$ 176,683**	$ 172,384
Long-term obligations	**$ 45,803**	$ 36,975
Total stockholders' equity	**$ 90,132**	$ 89,784

10.2 Independent Registered Public Accounting Firm

The independent registered public accounting firm of Microsoft is Deloitte & Touche LLP, Seattle, Washington, U.S.A. Deloitte & Touche LLP is registered with the Public Company Accounting Oversight Board (United States) and a member of the American Institute of Certified Public Accountants.

XI. DOCUMENTS ON DISPLAY

Microsoft's Internet address is www.microsoft.com. At its Investor Relations website, www.microsoft.com/investor, Microsoft makes available free of charge a variety of information for investors, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after Microsoft electronically files such material with or furnishes it to the SEC (www.sec.gov).

Microsoft's Form 10-K, Microsoft's Form 10-Q and Microsoft's Definitive Proxy Statement, filed with the SEC on October 20, 2014, referred to in this prospectus, may be obtained free of charge upon request by an employee.

Microsoft expects to issue, after market close on July 21, 2015, its earnings release for the quarter and fiscal year ended June 30, 2015. The annual report on Form 10-K for the fiscal year ended June 30, 2015, will be filed with the SEC no later than August 31, 2015. These documents will be available on the web sites of Microsoft and the SEC indicated above.

XII. TAX CONSEQUENCES

12.1 Austrian Tax Consequences

The following summary is based on the income and social tax laws in effect in Austria as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Austrian tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. The Participating Employee also will be subject to social insurance contributions on this amount, provided the Participating Employee has not already exceeded his/her applicable contribution ceiling. The Participating Employee may be entitled to a tax exemption and/or reduced tax rate if certain requirements are met.

Dividends

Where Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to these shares if Microsoft, in its discretion, declares a dividend. The Participating Employee will be subject to tax in Austria on any dividends received, provided the Participating Employee exceeds the tax exemption available for dividends and other forms of income not subject to wage tax withholding. The Participating Employee also will be subject to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

For Microsoft Shares acquired after January 1, 2011 (and sold on or after April 1, 2012), the Participating Employee will be subject to capital gains tax at a flat rate on the difference between the sale proceeds and the Fair Market Value of the Microsoft Shares on the Date of Exercise. Different rules apply to Microsoft Shares acquired prior to January 1, 2011.

Withholding and Reporting

The Participating Employee's employer is required to withhold and report income tax and social insurance contributions (to the extent the Participating Employee has not already exceeded his/her applicable contribution ceiling) at the time he/she purchases Microsoft Shares, unless a tax exemption (which also applies to social insurance contributions) applies. It is the Participating Employee's responsibility to report and pay any taxes resulting from the sale of the Microsoft Shares or the receipt of any dividends.

12.2 Belgian Tax Consequences

The following summary is based on the income and social tax laws in effect in Belgium as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Belgian tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee generally will be subject to income tax (at the normal progressive income tax rates) on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. As Microsoft currently does not directly or indirectly charge the costs related to the ESPP to the Participating Employee's local employer and because the Participating Employee has no recourse against his/her local employer in case he/she does not receive the benefit, the Participating Employee normally should not be subject to social security contributions.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Belgium and to U.S. federal tax withheld at source. The U.S. federal tax withheld is deductible from the basis on which Belgian tax is calculated but cannot be credited against the Belgian tax.

Sale of Shares

The Participating Employee typically should not be subject to tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP.

Withholding and Reporting

Because the grant is made by Microsoft and not by the Participating Employee's local employer (the latter thus not being involved in the grant), and provided Microsoft does not charge the costs related to the ESPP to the Participating Employee's local employer, the local employer should not be obliged to withhold tax when Microsoft Shares are purchased under the ESPP and should not be obliged to report the remuneration on the Participating Employee's salary forms relating to the year of purchase. The

Participating Employee will be solely responsible for reporting the employment income personally and directly in his/her personal income tax return and for paying any taxes due upon purchase of the Microsoft Shares, the sale of Microsoft Shares or the receipt of any dividends.

12.3 Czech Republic Tax Consequences

The following summary is based on the income and social tax laws in effect in the Czech Republic as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Czech tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax (and solidarity surcharge, if applicable) on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. The Participating Employee likely will not be subject to social insurance or health insurance contributions on this amount.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in the Czech Republic and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will not be subject to tax when the Participating Employee subsequently sells the Microsoft Shares provided the Participating Employee has held the Microsoft Shares for more than three years or the gross annual income from the sale of shares does not exceed a certain amount. If the Participating Employee holds the Microsoft Shares for three years or less (and does not exceed the annual income threshold), the Participating Employee will be taxed on the difference between the sale price of the Microsoft Shares and the Fair Market Value of the Microsoft Shares on the Date of Exercise. Different rules apply to Microsoft Shares acquired prior to December 31, 2013.

Withholding and Reporting

The Participating Employee's employer is not required to withhold or report income tax when the Microsoft Shares are purchased under the ESPP. It is the Participating Employee's responsibility to report in his/her annual tax return and pay taxes resulting from the purchase of Microsoft Shares, the subsequent sale of Microsoft Shares or the receipt of any dividends.

12.4 Danish Tax Consequences

The following summary is based on the income and social tax laws in effect in Denmark as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Danish tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and social insurance contributions on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Denmark and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Microsoft Shares acquired upon purchase at a gain. The taxable amount will be the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise.

Withholding and Reporting

The Participating Employee's employer likely is not required to withhold income tax or social insurance contributions at the time the Microsoft Shares are purchased or sold. However, the employer will report the taxable amount at purchase to the Danish tax administration. It is the Participating Employee's responsibility to pay any taxes (including social insurance contributions) resulting from the purchase and the sale of the Microsoft Shares, or receipt of any dividends.

12.5 Finnish Tax Consequences

The following summary is based on the income and social tax laws in effect in Finland as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Finnish tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax, health insurance contributions, municipal income tax (if applicable), and church tax (if applicable) on the difference between the fair market value of the Microsoft Shares on the Date of Exercise and the Purchase Price.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Finland and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to capital gains tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP on the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise.

Withholding and Reporting

The Participating Employee's employer is required to withhold income tax, health insurance contributions municipal income tax (if applicable), and church tax (if applicable) due on the taxable amount. It is the Participating Employee's responsibility to report and pay any taxes resulting from the sale of the Microsoft Shares or receipt of any dividends.

12.6 French Tax and Social Security Consequences

The following summary is based on the income tax and social security laws in effect in France as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who qualify as French tax residents and are subject to the French social security regime. If the Participating Employee is a citizen or resident of another country for local law purposes or is not subject to the French social security regime or transfers employment to another country after a Purchase Period begins, the income tax and social security information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. This may not apply to each Participating Employee's particular tax or financial situation and Microsoft is not in a position to assure them of any particular tax results.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax or social security contributions when he/she enrolls in the ESPP or in new Purchase Period begins.

Payroll Deductions

Payroll deductions are after-tax contributions and, as such, they remain subject to social security contributions (including general insurance contribution, "CSG" and contribution for the reimbursement of social insurance debt, "CRDS") and are not deductible from the total taxable salary subject to personal income tax.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax (and additional surtax, if applicable) on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. The Participating Employee also will be subject to social security contributions (paid by the employer and the employee), including CSG and CRDS.

The Microsoft Shares acquired under the ESPP have to be included in the Participating Employee's personal estate for wealth tax purposes, unless a full or partial wealth tax exemption applies.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those Microsoft Shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in France, to additional social taxes in France and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld, provided formalities are fulfilled.

Taxation of dividends in France is complicated and the Participating Employee is strongly advised to consult with his or her personal tax advisor regarding the tax consequences of the Participating Employee's receipt of dividends.

Sale of Shares

When the Participating Employee subsequently sells the Microsoft Shares acquired under the ESPP, the net sale gain calculated as the difference between the net sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise, will be subject to personal income tax at progressive rates (and additional surtax, if applicable), and will be subject to additional social taxes. Further, the capital gain basis for personal income tax purposes (but not additional social taxes) may be reduced if the Participating Employee holds the shares for certain periods of time prior to sale.

Withholding and Reporting

The Participating Employee's employer is not required to withhold personal income tax (or additional surtax) when Microsoft Shares are purchased under the ESPP, provided the Participating Employee is a French resident for tax purposes. However, because the income realized upon the purchase of Microsoft Shares qualifies as additional salary under French law, the Participating Employee's employer is required to report this income on its annual declaration of salaries which is filed with the tax and social security authorities and on the Participating Employee's monthly pay slip. Also, the Participating Employee's employer will withhold the employee's portion of social security contributions due at purchase. It is the Participating Employee's responsibility to report and pay any taxes (including any wealth tax or additional surtax, if applicable) resulting from the purchase of the Microsoft Shares, the sale of Microsoft Shares or the receipt of any dividends. If the Participating Employee may be subject to the additional surtax, he/she should contact his/her own personal advisor or tax office regarding the availability of a surtax reduction.

12.7 German Tax Consequences

The following summary is based on the income and social tax laws in effect in Germany as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are German tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax at his/her marginal rate on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. The Participating Employee also will be subject to social insurance contributions on this amount to the extent he/she has not already exceeded his/her applicable contribution ceiling, solidarity surcharge on the income tax liability and church tax if he/she is a member of a recognized church in Germany.

The German Income Tax Act provides favorable tax treatment if certain conditions are met.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Germany (subject to an annual threshold exempt amount) and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

If the Participating Employee sells Microsoft Shares that were acquired on or after January 1, 2009 at a gain, the Participating Employee will be subject to capital gains tax at a flat rate plus a solidarity surcharge and church tax, if applicable, provided the Participating Employee does not own 1% or more of Microsoft's stated capital (and has not owned 1% or more at any time in the last five years) and the Microsoft Shares are not held as business assets, subject to an annual threshold exempt amount. The taxable gain will be the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise.

Withholding and Reporting

The income recognized when the Microsoft Shares are purchased will be compensation to the Participating Employee and his/her employer is required to report and withhold income tax, solidarity surcharge, church tax (if applicable) and social insurance contributions (to the extent he/she has not exceeded his/her applicable ceiling for social insurance contributions) on the taxable amount. It is the Participating Employee's responsibility to report and pay taxes resulting from the sale of Microsoft Shares or receipt of any dividends.

12.8 Irish Tax Consequences

The following summary is based on the income and social tax laws in effect in Ireland as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Irish tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and Universal Social Charge ("USC") on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. The Participating Employee also will be subject to Pay Related Social Insurance ("PRSI") on the taxable amount.

The Participating Employee must report and pay income tax, USC and PRSI under the self-assessment system which will generally involve the Participating Employee making a report and payment directly to the Revenue Commissioners within 30 days of the Date of Exercise. However, the Participating Employee should also take account of this benefit as part of his/her preliminary tax obligations for the year of purchase. Tax will be payable at the higher rate of income tax, unless the Participating Employee has obtained prior permission from the Revenue Commissioners to pay tax at the standard rate of income tax.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Ireland and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Microsoft Shares acquired under the ESPP at a gain. The taxable amount will be the difference between the sale proceeds and Fair Market Value of the Microsoft Shares on the Date of Exercise, less any expenses incidental to the sale (e.g., broker fees). The resulting amount is subject to capital gains tax to the extent it exceeds the Participating Employee's annual exemption, unless the Participating Employee is subject to tax on a remittance basis. The capital gains tax rules in Ireland can be quite complex due to the need to identify the shares that are sold (matching them with those acquired). The Participating Employee should consult his/her personal tax advisor for further advice on how best to calculate and report the gains realized upon the sale of his/her Microsoft Shares.

Withholding and Reporting

The Participating Employee's employer is not required to withhold income tax, USC or PRSI at the time the Microsoft Shares are purchased. However, the employer will report the grant of purchase rights and the purchase of Microsoft Shares under the ESPP to the Revenue Commissioners. As noted above, it is the Participating Employee's responsibility to report and pay any taxes resulting from the purchase of Microsoft Shares. In addition, the Participating Employee must report the purchase of the Microsoft Shares on his/her annual tax return and to report and pay any taxes from the sale of Microsoft Shares or receipt of any dividends.

12.9 Italian Tax Consequences

The following summary is based on the income and social tax laws in effect in Italy as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Italian tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee will be subject to income tax, social insurance contributions, municipal and regional surcharge and an extraordinary surcharge (in certain circumstances) when Microsoft Shares are purchased under the ESPP on the difference between the Purchase Price and the average price of the Microsoft Shares in the month preceding and including the Date of Exercise. Tax will be due on this amount unless a tax exemption applies.

The Participating Employee may also be subject to a foreign financial assets tax if the value of his/her financial assets held outside of Italy (including any Microsoft Shares acquired under the ESPP) exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year in the place where the financial assets are held, using documentation issued by the local broker. The Participating Employee is solely responsible for paying any foreign financial assets tax for the year concerned.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Italy and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP at a gain. The gain will be calculated as the difference between the sale price and the Purchase Price, or if the Microsoft Shares have already been subject to tax as employment income, the difference between the sale price and the sum of the Purchase Price and the amount already subject to taxation at purchase.

Alternatively, the Participating Employee may be able to elect to be subject to capital gains tax under one of two alternative capital gains tax regimes, both of which require the Participating Employee to deposit the shares acquired under the ESPP with a broker authorized by the Ministry of Finance.

Withholding and Reporting

The Participating Employee's employer is required to withhold and report income tax and social insurance contributions (including applicable surcharges) when the Microsoft Shares are purchased, unless a tax exemption applies. It is the Participating Employee's responsibility to report and pay any taxes resulting from the sale of Microsoft Shares or receipt of any dividends.

12.10 Netherlands Tax Consequences

The following summary is based on the income and social tax laws in effect in the Netherlands as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends~~,~~.

The following applies only to Participating Employees who are Dutch tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee will be subject to tax when the right to purchase Microsoft Shares under the ESPP becomes unconditional. This will likely occur at the time of purchase. The Participating Employee will be subject to income tax/wage withholding tax and social insurance contributions (to the extent the Participating Employee has not already exceeded the applicable ceiling) on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price.

The Participating Employee will also be subject to an investment yield tax based on the value of all of taxable assets (including Microsoft shares acquired under the ESPP) held by the Participating Employee on January 1 of the each year, to the extent the value of such assets exceeds the annual exempt amount.

The Participating Employee is solely responsible for paying any investment yield tax due on his/her annual tax return for the year concerned.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to U.S. federal tax withheld at source. Dividends generally are exempt from taxation in the Netherlands. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

When the Participating Employee subsequently sells the Microsoft Shares purchased under the ESPP, he/she will not be subject to any capital gains tax, provided he/she holds less than 5% of Microsoft's outstanding shares.

Withholding and Reporting

The Participating Employee's employer is required to withhold and report any wage tax and social insurance contributions on the taxable amount at purchase. For Participating Employees whose annual income is above a certain threshold, the local employer should also withhold an additional amount which represents the partial repayment of a standard tax credit (*so-called heffingskortingen*). The Participating Employee must report any taxable benefit derived from the ESPP on his/her personal income tax return.

12.11 Norwegian Tax Consequences

The following summary is based on the income and social tax laws in effect in Norway as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Norwegian tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee will be subject to income tax and social insurance contributions when Microsoft Shares are purchased under the ESPP on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price, unless an exemption applies.

The Participating Employee may be able to exclude up to 20% of the Fair Market Value of the Microsoft Shares at purchase up to a certain threshold per year from their taxable income.

Any Microsoft Shares that the Participating Employee acquires under the ESPP are considered assets and therefore, subject to wealth tax. Wealth tax is assessed at the end of each tax year and the tax is based on the value of the assets held on January 1 in the year following the relevant tax year. The Participating Employee is solely responsible for paying any wealth tax due for the year concerned.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Norway and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee is subject to tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP on the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise. Certain adjustments may be available that will reduce the capital gain.

Withholding and Reporting

The Participating Employee's employer will withhold and report income tax and social insurance contributions on the taxable amount at purchase. The Participating Employee must report any taxable benefit derived from the ESPP on his/her personal income tax return. It is also the Participating Employee's responsibility to report and pay any taxes resulting from the sale of the Microsoft Shares or receipt of any dividends.

Further, if the Participating Employee emigrate from Norway, he/she may be subject to income tax and/or capital gain tax on the purchase rights and/or Microsoft Shares held at the time of emigration. The Participating Employee should consult with his/her personal tax advisor regarding his/her tax obligations if the Participating Employee is emigrating from Norway.

12.12 Polish Tax Consequences

The following summary is based on the income and social tax laws in effect in Poland as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Polish tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

The Participating Employee likely will be subject to income tax on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. However, the tax treatment of ESPP income in Poland is uncertain as the tax authorities and courts have taken varying approaches to the taxation of equity awards. Social insurance contributions should not be due on ESPP income but this is not certain. The Participating Employee is strongly advised to consult with his/her personal tax advisor to determine whether tax is due at purchase.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Poland and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee likely will be subject to tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP on the entire sale proceeds. The portion of the Participating Employee's gain already taxed at purchase should constitute a tax deductible cost at sale and, therefore, should not be taxed again. However, it is possible that this approach may not be followed. Thus, a portion of the Participating Employee's gain may be subject to double taxation. The Participating Employee likely is not subject to social insurance contributions on this amount.

Withholding and Reporting

The Participating Employee's employer is not required to withhold or report tax when Microsoft Shares are purchased under the ESPP. It is the Participating Employee's responsibility to report and pay any tax due resulting from the purchase of Microsoft Shares under the ESPP, the sale of Microsoft Shares or receipt of any dividends.

12.13 Portuguese Tax Consequences

The following summary is based on the income and social tax laws in effect in Portugal as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Portuguese tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee likely is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax (plus solidarity and extraordinary surcharges, if applicable) on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. The taxable amount likely will not be subject to social insurance contributions.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Portugal and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP on the difference between the sale price and the Purchase Price. A tax exemption may apply up to a certain threshold on the capital gain.

Withholding and Reporting

The Participating Employee's employer is not required to withhold income tax (or solidarity and extraordinary surcharges) when Microsoft Shares are purchased under the ESPP or subsequently sold. However, the employer will report the income derived from the purchase of Microsoft Shares under the ESPP to the tax authorities. It is the Participating Employee's responsibility to report and pay any taxes resulting from the purchase of Microsoft Shares, the sale of Microsoft Shares or receipt of any dividends.

12.14 Romanian Tax Consequences

The following summary is based on the income and social tax laws in effect in Romania as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Romanian tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee likely is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee likely will be subject to income tax and social insurance contributions. Because the Participating Employee works for Microsoft, a company engaged in software design, the Participating Employee may be able to claim to an income tax exemption.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Romania and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Microsoft Shares purchased under the ESPP. If you were subject to tax on the Exercise Date, the taxable amount at sale will likely be the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Exercise Date. If you were not subject to tax on the Exercise Date, the taxable amount at sale will likely be the difference between the sale price and the Purchase Price.

Withholding and Reporting

The Participating Employee's employer may withhold and report income tax and social insurance contributions when Microsoft Shares are purchased under the ESPP. In any event, it is the Participating Employee's responsibility to report and pay any tax due resulting from the purchase of Microsoft Shares under the ESPP, the sale of Microsoft Shares or receipt of any dividends.

12.15 Swedish Tax Consequences

The following summary is based on the income and social tax laws in effect in Sweden as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are Swedish tax residents. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee likely will be subject to income tax on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. Additionally, the taxable amount will be subject to social insurance contributions payable by the Participating Employee's employer (including a general pension contribution withheld at year-end by the employer as part of the Participating Employee's income tax withholding to the extent the annual contribution maximum has not already been exceeded).

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Sweden and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

The Participating Employee will be subject to tax when he/she subsequently sells the Microsoft Shares acquired under the ESPP at a gain. The gain is calculated as the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise. As an alternative, the Participating Employee may choose to be taxed on a certain percentage of the sale proceeds since Microsoft Shares are listed on the Nasdaq.

Withholding and Reporting

The Participating Employee's employer is required to report and withhold income tax (including the general pension contribution) on the taxable amount when the Microsoft Shares are purchased. The Participating Employee must report the taxable income in his/her annual income tax return. It is the Participating Employee's responsibility to report and pay any taxes resulting from the sale of Microsoft Shares or receipt of any dividends.

12.16 United Kingdom Tax Consequences

The following summary is based on the income and social tax laws in effect in the United Kingdom as of the date of this prospectus. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the Participating Employee purchases Microsoft Shares, sells Microsoft Shares or receives dividends.

The following applies only to Participating Employees who are and will remain resident and ordinarily resident in the United Kingdom and are not subject to the remittance basis of taxation. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment to another country after a Purchase Period begins, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation, and Microsoft is not in a position to assure them of any particular tax result.

The Participating Employees should address any particular questions to a specialized advisor.

ESPP

Enrollment in the ESPP

The Participating Employee is not subject to tax when he/she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Microsoft Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference between the Fair Market Value of the Microsoft Shares on the Date of Exercise and the Purchase Price. In addition, the Participating Employee will be subject to employee's national insurance contributions ("NICs") on this amount.

The Participating Employee's employer will calculate the income tax and employee's NICs due when Microsoft Shares are purchased under the ESPP and will account for these amounts to Her Majesty's Revenue and Customs ("HMRC"). The Participating Employee is required to reimburse the employer for the amounts accounted by it to HMRC.

The Participating Employee must reimburse the employer for the income tax due (in excess of the amount withheld from the Participating Employee's salary or covered by the sale of shares, if any) within 90 days of the end of the tax year following the Date of Exercise or such other period specified in the U.K.

Income Tax (Earnings and Pensions) Act 2003 to avoid further tax consequences. If the Participating Employee fails to pay this amount to the employer within that time limit, the Participating Employee may be treated as having received a deemed benefit in kind (depending on the Participating Employee's circumstances) equal to the amount of tax not paid to the employer and the Participating Employee will have to pay further tax on this benefit. The employer is not required to withhold tax on the benefit in kind, and the Participating Employee must include this in his/her self-assessment tax return for the tax year in which the purchase occurs.

Dividends

If Microsoft Shares are acquired under the ESPP, dividends may be paid with respect to those shares if Microsoft, in its discretion, declares a dividend. Any dividends paid will be subject to tax in the U.K. and to U.S. federal tax withheld at source. The Participating Employee may be entitled to a tax credit for the U.S. federal tax withheld.

Sale of Shares

When the Participating Employee subsequently sells the Microsoft Shares acquired under the ESPP, any capital gain (i.e., the difference between the sale price and the Fair Market Value of the Microsoft Shares on the Date of Exercise) will be subject to capital gains tax. However, capital gains is payable only if the total capital gain exceeds the annual exemption amount.

Withholding and Reporting

As mentioned above, the Participating Employee's employer will withhold and report income tax and NICs on the taxable amount when Microsoft Shares are purchased under the ESPP. It is the Participating Employee's responsibility to pay and report any taxes due when he/she sells the Microsoft Shares or receives any dividends.

EXHIBITS

EXHIBIT I

MICROSOFT CORPORATION 2003 EMPLOYEE STOCK PURCHASE PLAN, AS AMENDED EFFECTIVE JANUARY 1, 2013

Employee Stock Purchase Plan

This Employee Stock Purchase Plan (the "Plan") is effective January 1, 2013, subject to prior approval by the Company's shareholders. The Plan is an amendment, restatement and continuation of the Company's 2003 Employee Stock Purchase Plan.

1. Purpose and Structure of the Plan and its Sub-Plans.

1.1 The purpose of this Plan is to provide eligible employees of the Company and Participating Companies who wish to become shareholders in the Company a convenient method of doing so. It is believed that employee participation in the ownership of the business will be to the mutual benefit of both the employees and the Company. This Plan document is an omnibus document which includes a sub-plan ("Statutory Plan") designed to permit offerings of grants to employees of certain Subsidiaries that are Participating Companies where such offerings are intended to satisfy the requirements of Section 423 of the Code (although the Company makes no undertaking nor representation to obtain or maintain qualification under Section 423 for any Subsidiary, individual, offering or grant) and also separate sub-plans ("Non-Statutory Plans") which permit offerings of grants to employees of certain Participating Companies which are not intended to satisfy the requirements of Section 423 of the Code. Section 6 of the Plan sets forth the maximum number of shares to be offered under the Plan (and its sub-plans), subject to adjustments as permitted under Sections 19 and 20.

1.2 The Statutory Plan shall be a separate and independent plan from the Non-Statutory Plans, provided, however, that the total number of shares authorized to be issued under the Plan applies in the aggregate to both the Statutory Plan and the Non-Statutory Plans. Offerings under the Non-Statutory Plans may be made to achieve desired tax or other objectives in particular locations outside the United States of America or to comply with local laws applicable to offerings in such foreign jurisdictions. Offerings under the Non-Statutory Plans may also be made to employees of entities that are not Subsidiaries.

1.3 All employees who participate in the Statutory Plan shall have the same rights and privileges under such sub-plan except for differences that may be mandated by local law and are consistent with the requirements of Code Section 423(b)(5). The terms of the Statutory Plan shall be those set forth in this Plan document to the extent such terms are consistent with the requirements for qualification under Code Section 423. The Administrator may adopt Non-Statutory Plans applicable to particular Participating Companies or locations that are not participating in the Statutory Plan. The terms of each Non-Statutory Plan may take precedence over other provisions in this document, with the exception of Sections 6, 19 and 20 with respect to the total number of shares available to be offered under the Plan for all sub-plans. Unless otherwise superseded by the terms of such Non-Statutory Plan, the provisions of this Plan document shall govern the operation of such Non-Statutory Plan. Except to the extent expressly set forth herein or where the context suggests otherwise, any reference herein to "Plan" shall be construed to include a reference to the Statutory Plan and the Non-Statutory Plans.

2. Definitions.

2.1 "Account" means the funds accumulated with respect to an individual employee as a result of deductions from such employee's paycheck (or otherwise as permitted in certain circumstances under the terms of the Plan) for the purpose of purchasing stock under this Plan. The funds allocated to an employee's Account shall remain the property of the employee at all times but may be commingled with the general funds of the Company, except to the extent such commingling may be prohibited by the laws of any applicable jurisdiction.

2.2 "Administrator" means the Committee or the persons acting within the scope of their authority to administer the Plan pursuant to a delegation of authority from the Committee pursuant to Section 22.

2.3 “Affiliate” means an entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.6 “Committee” means the Compensation Committee of the Board. The Committee may delegate its responsibilities as provided in Section in Section 22.

2.7 “Company” means Microsoft Corporation.

2.8 “Compensation” means total cash performance-based pay received by the participant from a Participating Company. By way of illustration, but not limitation, Compensation includes salary, wages, performance bonuses, commissions, incentive compensation and overtime but excludes relocation, equalization, patent and sign-on bonuses, expense reimbursements, meal allowances, commuting or automobile allowances, any payments (such as guaranteed bonuses in certain foreign jurisdictions) with respect to which salary reductions are not permitted by the laws of the applicable jurisdiction, and income realized as a result of participation in any stock plan, including without limitation any stock option, stock award, stock purchase, or similar plan, of the Company or any Subsidiary or Affiliate.

2.9 “Enrollment Agreement” means an agreement between the Company and an employee, in such form as may be established by the Company from time to time, pursuant to which the employee elects to participate in this Plan, or elects changes with respect to such participation as permitted under the Plan.

2.10 “ESPP Broker” means a stock brokerage or other entity designated by the Company to establish accounts for stock purchased under the Plan by participants.

2.11 “Fair Market Value” means the closing bid price as reported on the National Association of Securities Dealers Automated Quotation National Market System or the other primary trading market for the Company’s common stock.

2.12 “Offering Date” as used in this Plan shall be the commencement date of an offering. A different date may be set by the Committee.

2.13 “Participating Company” means the Company and any Subsidiary or Affiliate that has been designated by the Administrator to participate in the Plan. For purposes of participation in the Statutory Plan, only the Company and its Subsidiaries may be considered Participating Companies, and the Administrator shall designate from time to time which Subsidiaries will be Participating Companies in the Statutory Plan. The Administrator shall designate from time to time which Subsidiaries and Affiliates will be Participating Companies in particular Non-Statutory Plans provided, however, that at any given time, a Subsidiary that is a Participating Company in the Statutory Plan will not be a Participating Company in a Non-Statutory Plan. The foregoing designations and changes in designation by the Administrator shall not require shareholder approval. Notwithstanding the foregoing, the term “Participating Company” shall not include any Subsidiary or Affiliate that offers its employees the opportunity to participate in an employee stock purchase plan covering the Subsidiary’s or Affiliate’s common stock.

2.14 “Plan” means this Microsoft Corporation Employee Stock Purchase Plan.

2.15 “Purchase Price” is the price per share of common stock of the Company as established pursuant to Section 5 of the Plan.

2.16 “Subsidiary” means any corporation (other than the Company), domestic or foreign, that is in an unbroken chain of corporations beginning with Company if, on an Offering Date, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain, as described in Code Section 424(f).

3. Employees Eligible to Participate. Any employee of a Participating Company who is in the employ of any Participating Company on the last business day preceding the Offering Date for an offering is eligible to participate in that offering, except employees whose customary employment is for not more than five months in any calendar year.

4. Offerings. Subject to the right of the Company in its sole discretion to sooner terminate the Plan or to change the commencement date or term of any offering, commencing January 1, 2013, the Plan will operate with separate consecutive three-month offerings with the following Offering Dates: January 1, April 1, July 1, and October 1. Unless a termination of or change to the Plan has previously been made by the Company, the final offering under this Plan shall commence on October 1, 2022 and terminate on December 31, 2022. In order to become eligible to purchase shares, an employee must complete and submit an Enrollment Agreement and any other necessary documents before the Offering Date of the particular offering in which he or she wishes to participate. Participation in one offering under the Plan shall neither limit, nor require, participation in any other offering.

5. Price. The Purchase Price per share shall be ninety percent (90%) of the Fair Market Value of the stock on the last regular business day of the offering.

6. Number of Shares to be Offered. The maximum number of shares that will be offered under the Plan is two hundred million (200,000,000) shares, subject to adjustment as permitted under Section 20. These two hundred million (200,000,000) shares include shares that were available but not used under the prior version of this Plan (i.e., the Microsoft Corporation 2003 Employee Stock Purchase Plan) as well as additional shares that were made available for issuance for the first time as part of this amended and restated Plan. The shares to be sold to participants under the Plan will be common stock of the Company. If the total number of shares for which options are to be granted on any date in accordance with Section 12 exceeds the number of shares then available under the Plan or a given sub-plan (after deduction of all shares for which options have been exercised under the Plan or are then outstanding), the Company shall make a pro rata allocation of the shares remaining available in as nearly a uniform manner as it determines is practicable and equitable. In such event, the payroll deductions to be made pursuant to the authorizations therefor shall be reduced accordingly and the Company shall give written notice of the reduction to each employee affected.

7. Participation.

7.1 An eligible employee may become a participant by completing an Enrollment Agreement provided by the Company and submitting it to the Company, or with such other entity designated by the Company for this purpose, prior to the commencement of the offering to which it relates. The Enrollment Agreement may be completed at any time after the employee becomes eligible to participate in the Plan, and will be effective as of the Offering Date next following the receipt of a properly completed Enrollment Agreement by the Company (or the Company's designee for this purpose).

7.2 Payroll deductions for a participant shall commence on the Offering Date as described above and shall continue through subsequent offerings pursuant to Section 10 until the participant's termination of employment, subject to modification by the employee as provided in Section 8.1, and unless participation is earlier withdrawn or suspended by the employee as provided in Section 9.

7.3 Payroll deduction shall be the sole means of accumulating funds in a participant's Account, except in foreign countries where payroll deductions are not allowed, in which case the Company may authorize alternative payment methods.

7.4 The Company may require current participants to complete a new Enrollment Agreement at any time it deems necessary or desirable to facilitate Plan administration or for any other reason.

8. Payroll Deductions.

8.1 At the time an employee files a payroll deduction authorization, the employee shall elect to have deductions made from the employee's Compensation on each payday during the time he or she is a participant in an offering at any non-fractional percentage rate from 1% to 15%. A participant may change his or her payroll deduction percentage election, including changing the payroll deduction percentage to zero, effective as of any Offering Date by filing a revised authorization, provided the revised authorization is filed prior to such Offering Date.

8.2 All payroll deductions made for a participant shall be credited to his or her Account under the Plan. A participant may not make any separate cash payment into his or her Account nor may payment for shares be made other than by payroll deduction, except as provided under Section 7.3.

8.3 A participant may withdraw from or suspend his or her participation in the Plan as provided in Section 9, but no other change can be made during an offering with respect to that offering. A participant may also make a prospective election, by changing his or her payroll deduction percentage to zero as set forth in Section 8.1, to cease participation in the Plan effective as of the next Offering Date. Other changes permitted under the Plan may only be made with respect to an offering that has not yet commenced.

9. Withdrawal and Suspension.

9.1 An employee may withdraw from an offering, in whole but not in part, at any time prior to the first day of the last calendar month of such offering by submitting a withdrawal notice to the Company, in which event the Company will refund the entire balance of his or her Account as soon as practicable thereafter.

9.2 An employee may, at any time prior to the first day of the last calendar month of an offering, reduce to zero the percentage by which he or she has elected to have his or her Compensation reduced, thereby suspending participation in the Plan. The reduction will be effective as soon as administratively feasible after receipt of the participant's election. Shares shall be purchased in accordance with Section 13 based on the amounts accumulated in the participant's Account prior to the suspension of payroll deductions.

9.3 If an employee withdraws or suspends his or her participation pursuant to Sections 9.1 or 9.2, he or she shall not participate in a subsequent offering unless and until he or she re-enters the Plan. To re-enter the Plan, an employee who has previously withdrawn or suspended participation by reducing payroll deductions to zero must file a new Enrollment Agreement in accordance with Section 7.1. The employee's re-entry into the Plan will not become effective before the beginning of the next offering following his or her withdrawal or suspension.

10. Automatic Re-Enrollment. At the termination of each offering each participating employee who continues to be eligible to participate pursuant to Section 3 shall be automatically re-enrolled in the next offering, unless the employee has advised the Company otherwise. Upon termination of the Plan, any balance in each employee's Account shall be refunded to him.

11. Interest. No interest will be paid or allowed on any money in the Accounts of participating employees, except to the extent payment of interest is required by the laws of any applicable jurisdiction.

12. Granting of Option. On each Offering Date, this Plan shall be deemed to have granted to the participant an option for as many shares (which may include a fractional share) as he or she will be able to purchase with the amounts credited to his or her Account during his or her participation in that offering. Notwithstanding the foregoing, no participant may purchase more than 2,000 shares of stock during any single offering. This number may be adjusted as permitted pursuant to Section 20 of the Plan.

13. Exercise of Option. Each employee who continues to be a participant in an offering on the last business day of that offering shall be deemed to have exercised his or her option on that date and shall be deemed to have purchased from the Company the number of shares (which may include a fractional share) of common stock reserved for the purpose of the Plan as the balance of his or her Account on such date will pay for at the Purchase Price.

14. Tax Obligations. To the extent any (i) grant of an option to purchase shares, (ii) purchase of shares, or (iii) disposition of shares purchased under the Plan gives rise to any tax withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction) the Administrator may implement appropriate procedures to ensure that such tax withholding obligations are met. Those procedures may include, without limitation, increased withholding from an employee's current compensation, cash payments to the Company or another Participating Company by an employee, or a sale of a portion of the stock purchased under the Plan, which sale may be required and initiated by the Company.

15. Employee's Rights as a Shareholder. No participating employee shall have any right as a shareholder with respect to any shares until the shares have been purchased in accordance with Section 13 above and the stock has been issued by the Company.

16. Evidence of Stock Ownership.

16.1 Following the end of each offering, the number of shares of common stock purchased by each participant shall be deposited into an account established in the participant's name at the ESPP Broker.

16.2 A participant shall be free to undertake a disposition (as that term is defined in Section 424(c) of the Code) of the shares in his or her ESPP Broker account at any time, whether by sale, exchange, gift, or other transfer of legal title, but in the absence of such a disposition of the shares, the shares must remain in the participant's ESPP Broker account until the holding period set forth in Section 423(a) of the Code has been satisfied. With respect to shares for which the Section 423(a) holding period has been satisfied, the participant may move those shares to another brokerage account of participant's choosing.

16.3 Notwithstanding the above, a participant who is not subject to income taxation under the Code may move his or her shares to another brokerage account of his or her choosing at any time, without regard to the satisfaction of the Section 423(a) holding period.

17. Rights Not Transferable. No employee shall be permitted to sell, assign, transfer, pledge, or otherwise dispose of or encumber either the payroll deductions credited to his or her Account or an option or any rights with regard to the exercise of an option or rights to receive shares under the Plan other than by will or the laws of descent and distribution, and such right and interest shall not be liable for, or subject to, the debts, contracts, or liabilities of the employee. If any such action is taken by the employee, or any claim is asserted by any other party in respect of such right and interest whether by garnishment, levy, attachment or otherwise, the action or claim will be treated as an election to withdraw funds in accordance with Section 9. During the employee's lifetime, only the employee can make decisions regarding the participation in or withdrawal from an offering under the Plan.

18. Termination of Employment. Upon termination of employment for any reason whatsoever, including but not limited to death or retirement, the balance in the Account of a participating employee shall be paid to the employee or his or her estate. Whether and when employment is deemed terminated for purposes of this Plan shall be determined by the Administrator in its sole discretion and may be determined without regard to statutory notice periods or other periods following termination of active employment.

19. Amendment or Discontinuance of the Plan. The Committee and the Board shall have the right at any time and without notice to amend, modify or terminate the Plan; provided, that no employee's existing rights under any offering already made under Section 4 hereof may be adversely affected thereby, and provided further that no such amendment of the Plan shall, except as provided in Section 20, increase the total number of shares to be offered under the Plan above the limit specified in Section 6 unless shareholder approval is obtained therefor.

20. Changes in Capitalization. In the event of reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, offerings of rights, or any other change in the structure of the common shares of the Company, the Committee may make such adjustment, if any, as it may deem appropriate in the number, kind, and the price of shares available for purchase under the Plan, and in the number of shares which an employee is entitled to purchase including, without limitation, closing an offering early and permitting purchase on the last business day of the reduced offering period, or terminating an offering and refunding participants' Account balances.

21. Share Ownership. Notwithstanding anything in the Plan to the contrary, no employee shall be permitted to subscribe for any shares under the Plan if the employee, immediately after such subscription, owns shares (including all shares that may be purchased under outstanding subscriptions under the Plan) possessing 5% or more of the total combined voting power or value of all classes of shares of the Company or of its parent or subsidiary corporations. For the foregoing purposes the rules of Section 424(d) of the Code shall apply in determining share ownership, and shares the employee may purchase under outstanding options shall be treated as owned by the employee. In addition, no employee shall be allowed to subscribe for any shares under the Plan that permit his or her rights to purchase shares under all "employee stock purchase plans" of the Company and its parent or subsidiary corporations to accrue at a rate that exceeds $25,000 of Fair Market Value of such shares (determined at the time such right to subscribe is granted) for each calendar year in which the right to subscribe is outstanding at any time. Notwithstanding the above, lower limitations may be imposed with respect to participants in a Non-Statutory Plan or participants in the Statutory Plan who are subject to laws of another jurisdiction where lower limitations are required.

22. Administration and Board Authority.

22.1 The Plan shall be administered by the Board. The Board has delegated its full authority under the Plan to the Committee, and the Committee may further delegate any or all of its authority under this Plan to such senior officer(s) of the Company as it may designate. Notwithstanding any such delegation of authority, the Board may itself take any action under the Plan in its discretion at any time, and any reference in this Plan document to the rights and obligations of the Committee shall be construed to apply equally to the Board. Any references to the Board mean only the Board. The authority that may be delegated by the Committee includes, without limitation, the authority to (i) establish Non-Statutory Plans and determine the terms of such sub-plans, (ii) designate from time to time which Subsidiaries will participate in the Statutory Plan, which Subsidiaries and Affiliates will be Participating Companies, and which Participating Companies will participate in a particular Non-Statutory Plan, (iii) determine procedures for eligible employees to enroll in or withdraw from a sub-plan, setting or changing payroll deduction percentages, and obtaining necessary tax withholdings, (iv) allocate the available shares under the Plan to the sub-plans for particular offerings, and (v) adopt amendments to the Plan or any sub-plan including, without limitation, amendments to increase the shares available for issuance under the Plan pursuant to Section 20 (but not including increases in the available shares above the maximum permitted by Sections 6 and 20 which shall require Board and shareholder approval).

22.2 The Administrator shall be vested with full authority and discretion to construe the terms of the Plan and make factual determinations under the Plan, and to make, administer, and interpret such rules and regulations as it deems necessary to administer the Plan, and any determination, decision, or action of the Administrator in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive, and binding upon all participants and any and all persons claiming under or through any participant. The Administrator may retain outside entities and professionals to assist in the administration of the Plan including, without limitation, a vendor or vendors to perform enrollment and brokerage services. The authority of the Administrator will specifically include, without limitation, the power to make any changes to the Plan with respect to the participation of employees of any Subsidiary or Affiliate that is organized under the laws of a country other than the United States of America when the Administrator deems such changes to be necessary or appropriate to achieve a desired tax treatment in such foreign jurisdiction or to comply with the laws applicable to such non-U.S. Subsidiaries or Affiliates. Those changes may include, without limitation, the exclusion of particular Subsidiaries or Affiliates from participation in the plan; modifications to eligibility criteria, maximum number or value of shares that may be purchased in a given period, or other requirements set forth herein; and procedural or administrative modifications. Any modification relating to offerings to a particular Participating Company will apply only to that Participating Company, and will apply equally to all similarly situated employees of that Participating Company. The rights and privileges of all employees granted options under the Statutory Plan shall be the same. To the extent any changes approved by the Administrator would jeopardize the tax-qualified status of the Statutory Plan, the change shall cause the Participating Companies affected thereby to be considered Participating Companies under a Non-Statutory Plan or Non-Statutory Plans instead of the Statutory Plan.

23. Notices. All notices or other communications by a participant to the Company or other entity designated for a particular purpose under or in connection with the Plan shall be deemed to have been duly given when received by the Company or other designated entity, or when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

24. Termination of the Plan. This Plan will terminate at the earliest of the following:

(a) December 31, 2022;

(b) The date of the filing of a Statement of Intent to Dissolve by the Company or the effective date of a merger or consolidation wherein the Company is not to be the surviving corporation, which merger or consolidation is not between or among corporations related to the Company. Prior to the occurrence of either of such events, on such date as the Company may determine, the Company may permit a participating employee to exercise the option to purchase shares for as many shares as the balance of his or her Account will allow at the price set forth in accordance with Section 5. If the employee elects to purchase shares, any remaining balance of the employee’s Account will be refunded to the employee after that purchase;

(c) The date the Board acts to terminate the Plan in accordance with Section 19; and

(d) The date when all shares reserved under the Plan have been purchased.

25. Limitations on Sale of Stock Purchased Under the Plan. The Plan is intended to provide common stock for investment and not for resale. The Company does not, however, intend to restrict or influence any employee in the conduct of the employee’s own affairs. An employee, therefore, may sell stock purchased under the Plan at any time the employee chooses, subject to compliance with any applicable Federal, state or foreign securities laws. THE EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE COMPANY’S STOCK.

26. Governmental Regulation/Compliance with Applicable Law/Separate Offering. The Company’s obligation to sell and deliver shares of the Company’s common stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance, or sale of such shares. In addition, the terms of an offering under this Plan, or the rights of an employee under an offering, may be modified to the extent required by applicable law. For purposes of this Plan, the Administrator also may designate separate offerings under the Plan (the terms of which need not be identical) in which eligible employees of one or more Participating Companies will participate, even if the dates of the offerings are identical.

27. No Employment/Service Rights. Nothing in the Plan shall confer upon any employee the right to continue in employment for any period of specific duration, nor interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary or Affiliate employing such person), or of any employee, which rights are hereby expressly reserved by each, to terminate such person's employment at any time for any reason, with or without cause.

28. Dates and Times. All references in the Plan to a date or time are intended to refer to dates and times determined pursuant to U.S. Pacific Time. Business days for purposes of the Plan are U.S. business days.

29. Masculine and Feminine, Singular and Plural. Whenever used in the Plan, a pronoun shall include the opposite gender and the singular shall include the plural, and the plural shall include the singular, whenever the context shall plainly so require.

30. Governing Law. The Plan shall be governed by the laws of the State of Washington, U.S.A., without regard to Washington laws that might cause other law to govern under applicable principles of conflicts of law.

EXHIBIT II

CURRENT REPORT ON FORM 8-K FURNISHED BY MICROSOFT CORPORATION TO THE SEC ON APRIL 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) April 23, 2015

Microsoft Corporation
(Exact Name of Registrant as Specified in Its Charter)

Washington
(State or Other Jurisdiction of Incorporation)

0-14278	**91-1144442**
(Commission File Number)	**(IRS Employer Identification No.)**
One Microsoft Way, Redmond, Washington	**98052-6399**
(Address of Principal Executive Offices)	**(Zip Code)**

(425) 882-8080
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On April 23, 2015, Microsoft Corporation issued a press release announcing its financial results for the fiscal quarter ended March 31, 2015. A copy of the press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

99.1 Press release, dated April 23, 2015, issued by Microsoft Corporation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROSOFT CORPORATION
(Registrant)

Date: April 23, 2015

/s/ FRANK H. BROD

Frank H. Brod
Corporate Vice President, Finance and Administration;
Chief Accounting Officer

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press release dated April 23, 2015

Exhibit 99.1

Strength in Microsoft Cloud Highlights Q3 Results

Increasing usage of Microsoft Azure, Office 365, Bing and Xbox Live contributes to Q3 growth

REDMOND, Wash. — April 23, 2015 — Microsoft Corp. today announced that revenues for the quarter ended March 31, 2015 grew to $21.7 billion. Gross margin, operating income, and diluted earnings per share ("EPS") for the quarter were $14.6 billion, $6.6 billion, and $0.61 per share, respectively.

These financial results include $190 million of integration and restructuring expenses, or a $0.01 per share negative impact, related to Microsoft's restructuring plan announced in July 2014 and the ongoing integration of the Nokia Devices and Services ("NDS") business.

During the quarter, Microsoft returned $7.5 billion to shareholders in the form of share repurchases and dividends.

The following table notes the impact of the integration and restructuring expenses on the company's financial performance ("Noted Items"). This financial information is provided to aid investors in better understanding the company's performance. All growth comparisons relate to the corresponding period in the last fiscal year.

	Three Months Ended March 31,			
($ in millions, except per share amounts)	2014 As Reported (GAAP)	2015 As Reported (GAAP)	% Y/Y (GAAP)	2015 Impact of Noted Items
Revenue	**$ 20,403**	**$ 21,729**	**6%**	**-**
Gross Margin	**$ 14,425**	**$ 14,568**	**1%**	**-**
Operating Income	**$ 6,974**	**$ 6,594**	**(5)%**	**$(190)**
Diluted EPS	**$ 0.68**	**$ 0.61**	**(10)%**	**$(0.01)**

The strengthening of the U.S. dollar compared to foreign currencies had a significant impact on results in the quarter. Excluding the effect of foreign exchange rate changes on the GAAP amounts, on a constant currency basis, revenue and gross margin would have grown 9% and 4%, respectively, and operating income and EPS would have declined 4% and 7%, respectively.

"Customers continue to choose Microsoft to transform their business and as a result we saw incredible growth across our cloud services this quarter," said Satya Nadella, chief executive officer at Microsoft. "Next week at Build we're excited to share more about how we're empowering every individual and organization on the planet to achieve more with the next generation of our platforms."

"We executed with strong operational and financial discipline again this quarter, and are seeing positive impact from our investments in key growth areas," said Amy Hood, chief financial officer at Microsoft. "We remain focused on maximizing shareholder value and again increased our overall return of capital to shareholders."

Devices and Consumer revenue grew 8% (up 11% in constant currency) to $9.0 billion, with the following business highlights:

- Office 365 Consumer subscribers increased to over 12.4 million, up 35% sequentially
- Windows OEM Pro revenue declined 19%, as Pro mix returned to pre-Windows XP end-of-support levels and the business PC market declined
- Windows OEM non-Pro revenue declined 26%, primarily due to channel inventory drawdown and ongoing mix shift to opening price point devices
- Search advertising revenue grew 21% (up 24% in constant currency), with Bing U.S. market share at 20.1%, up 150 basis points over prior year

- Xbox Live usage grew over 30%, driven by increased users and deeper user engagement
- Surface revenue of $713 million, up 44% (up 53% in constant currency) driven by Surface Pro 3
- Phone Hardware revenue of $1.4 billion, with 8.6 million Lumia units sold

Commercial revenue grew 5% (up 7% in constant currency) to $12.8 billion, with the following business highlights:

- Commercial cloud revenue grew 106% (up 111% in constant currency) driven by Office 365, Azure and Dynamics CRM Online, and is now on an annualized revenue run rate of $6.3 billion
- Server products and services revenue grew 12% (up 16% in constant currency), with premium versions of Windows Server, System Center Server and SQL Server together growing 25%
- Office Commercial products and services revenue declined 2% (up 1% in constant currency); transactional revenue was impacted by the continued transition to Office 365 and declines in business PC sales following the XP refresh cycle
- Windows volume licensing revenue declined 2% (up 1% in constant currency), with transactional revenue declining following the XP refresh cycle partially offset by annuity revenue growth

“We remain focused on strong execution from our sales teams. Around the world we’re seeing high interest in deployment of our cloud and server products, as well as participation in the enterprise early adopter program for Windows 10,” said Kevin Turner, chief operating officer at Microsoft.

Business Outlook

Microsoft will provide forward-looking guidance in connection with this quarterly earnings announcement on its earnings conference call and webcast.

Webcast Details

Satya Nadella, chief executive officer, Amy Hood, executive vice president and chief financial officer, Frank Brod, chief accounting officer, John Seethoff, deputy general counsel, and Chris Suh, general manager of Investor Relations, will host a conference call and webcast at 2:30 p.m. PDT (5:30 p.m. EDT) today to discuss details of the company’s performance for the quarter and certain forward-looking information. The session may be accessed at http://www.microsoft.com/investor . The webcast will be available for replay through the close of business on April 23, 2016.

Constant Currency

We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented below should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.

Financial Performance Constant Currency Reconciliation

	Three Months Ended March 31,				
($ in millions, except per share amounts)	2014 As Reported (GAAP)	2015 As Reported (GAAP)	Constant Currency Impact	%Y/Y (GAAP)	% Y/Y Constant Currency
Revenue	**$20,403**	**$21,729**	**$(534)**	**6%**	**9%**
Gross Margin	**$14,425**	**$14,568**	**$(396)**	**1%**	**4%**
Operating Income	**$6,974**	**$6,594**	**$(87)**	**(5)%**	**(4)%**
Diluted EPS	**$0.68**	**$0.61**	**$(0.02)**	**(10)%**	**(7)%**

Segment Revenue Constant Currency Reconciliation

	Three Months Ended March 31,				
($ in millions)	2014 As Reported (GAAP)	2015 As Reported (GAAP)	Constant Currency Impact	%Y/Y (GAAP)	% Y/Y Constant Currency
Licensing	$4,597	$3,476	$(96)	(24)%	(22)%
Computing & Gaming Hardware	1,872	1,800	(79)	(4)%	0%
Phone Hardware	0	1,397	N/A	N/A	N/A
Other	1,824	2,280	(59)	25%	28%
Total Devices and Consumer	**$8,293**	**$8,953**	**$(234)**	**8%**	**11%**
Licensing	10,335	10,036	(222)	(3)%	(1)%
Other	1,902	2,760	(78)	45%	49%
Total Commercial	**$12,237**	**$12,796**	**$(300)**	**5%**	**7%**

Noted Items Definition

Integration and restructuring expenses were $190 million during the three months ended March 31, 2015. Integration and restructuring expenses include employee severance expenses and costs associated with the consolidation of facilities and manufacturing operations, including asset write-downs and contract termination costs, resulting from Microsoft's restructuring plan. Integration and restructuring expenses also include systems consolidation and other business integration expenses, as well as transaction fees and direct acquisition costs, associated with the acquisition of NDS.

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services, devices, and solutions that help people and businesses realize their full potential.

Forward-Looking Statements

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of factors such as:

- intense competition in all of Microsoft's markets;
- increasing focus on services presents execution and competitive risks;
- significant investments in new products and services that may not be profitable;
- acquisitions, joint ventures, and strategic alliances may have an adverse effect on our business;
- impairment of goodwill or amortizable intangible assets causing a significant charge to earnings;
- Microsoft's continued ability to protect and earn revenues from its intellectual property rights;
- claims that Microsoft has infringed the intellectual property rights of others;
- the possibility of unauthorized disclosure of significant portions of Microsoft's source code;
- cyber-attacks and security vulnerabilities in Microsoft products and services that could reduce revenue or lead to liability;
- disclosure of personal data that could cause liability and harm to Microsoft's reputation;
- outages, data losses, and disruptions of our online services if we fail to maintain an adequate operations infrastructure;
- government litigation and regulation that may limit how Microsoft designs and markets its products;

- potential liability under trade protection and anti-corruption laws resulting from our international operations;
- Microsoft’s ability to attract and retain talented employees;
- adverse results in legal disputes;
- unanticipated tax liabilities;
- Microsoft’s hardware and software products may experience quality or supply problems;
- exposure to increased economic and operational uncertainties from operating a global business;
- catastrophic events or geo-political conditions may disrupt our business; and
- adverse economic or market conditions may harm our business.

For more information about risks and uncertainties associated with Microsoft’s business, please refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections of Microsoft’s SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Microsoft’s Investor Relations department at (800) 285-7772 or at Microsoft’s Investor Relations website at http://www.microsoft.com/investor .

All information in this release is as of April 23, 2015. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company’s expectations.

For more information, press only:

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For more information, financial analysts and investors only:

Chris Suh, general manager, Investor Relations, (425) 706-4400

Note to editors: For more information, news and perspectives from Microsoft, please visit the Microsoft News Center at http://www.microsoft.com/news/ . Web links, telephone numbers, and titles were correct at time of publication, but may since have changed. Shareholder and financial information, as well as today’s 2:30 p.m. PDT conference call with investors and analysts, is available at http://www.microsoft.com/investor .

MICROSOFT CORPORATION

INCOME STATEMENTS

(In millions, except per share amounts)(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
Revenue	**$ 21,729**	$ 20,403	**$ 71,400**	$ 63,451
Cost of revenue	**7,161**	5,978	**25,570**	19,445
Gross margin	**14,568**	14,425	**45,830**	44,006
Research and development	**2,984**	2,743	**8,952**	8,258
Sales and marketing	**3,709**	3,542	**11,752**	11,129
General and administrative	**1,091**	1,166	**3,339**	3,342
Integration and restructuring	**190**	0	**1,573**	0
Operating income	**6,594**	6,974	**20,214**	21,277
Other income (expense), net	**(77)**	(17)	**49**	(34)
Income before income taxes	**6,517**	6,957	**20,263**	21,243
Provision for income taxes	**1,532**	1,297	**4,875**	3,781
Net income	**$ 4,985**	$ 5,660	**$ 15,388**	$ 17,462
Earnings per share:				
Basic	**$ 0.61**	$ 0.68	**$ 1.87**	$ 2.10
Diluted	**$ 0.61**	$ 0.68	**$ 1.86**	$ 2.08
Weighted average shares outstanding:				
Basic	**8,167**	8,284	**8,215**	8,317
Diluted	**8,237**	8,367	**8,293**	8,411
Cash dividends declared per common share	**$ 0.31**	$ 0.28	**$ 0.93**	$ 0.84

MICROSOFT CORPORATION

COMPREHENSIVE INCOME STATEMENTS

(In millions)(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
Net income	**$ 4,985**	$ 5,660	**$ 15,388**	$ 17,462
Other comprehensive income (loss):				
Net unrealized gains (losses) on derivatives (net of tax effects of **$21** , $1, **$31** , and $(1))	**401**	(31)	**967**	(14)
Net unrealized gains (losses) on investments (net of tax effects of **$68** , $37, **$(158)** , and $774)	**125**	68	**(295)**	1,502
Translation adjustments and other (net of tax effects of **$(174)** , $9, **$(432)** , and $53)	**(438)**	18	**(909)**	101
Other comprehensive income (loss)	**88**	55	**(237)**	1,589
Comprehensive income	**$ 5,073**	$ 5,715	**$ 15,151**	$ 19,051

MICROSOFT CORPORATION

BALANCE SHEETS

(In millions)(Unaudited)

	March 31, 2015	June 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	**$ 7,414**	$ 8,669
Short-term investments (including securities loaned of **$76** and $541)	**88,024**	77,040
Total cash, cash equivalents, and short-term investments	**95,438**	85,709
Accounts receivable, net of allowance for doubtful accounts of **$268** and $301	**12,427**	19,544
Inventories	**2,469**	2,660
Deferred income taxes	**1,688**	1,941
Other	**6,376**	4,392
Total current assets	**118,398**	114,246
Property and equipment, net of accumulated depreciation of **$16,839** and $14,793	**14,375**	13,011
Equity and other investments	**12,019**	14,597
Goodwill	**21,728**	20,127
Intangible assets, net	**6,963**	6,981
Other long-term assets	**3,200**	3,422
Total assets	**$ 176,683**	$ 172,384
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	**$ 6,690**	$ 7,432
Short-term debt	**1,725**	2,000
Current portion of long-term debt	**2,499**	0
Accrued compensation	**3,902**	4,797
Income taxes	**758**	782
Short-term unearned revenue	**18,232**	23,150
Securities lending payable	**96**	558
Other	**6,846**	6,906
Total current liabilities	**40,748**	45,625
Long-term debt	**27,644**	20,645
Long-term unearned revenue	**1,966**	2,008
Deferred income taxes	**2,919**	2,728
Other long-term liabilities	**13,274**	11,594
Total liabilities	**86,551**	82,600
Commitments and contingencies		

Stockholders' equity:		
Common stock and paid-in capital—shares authorized 24,000; outstanding **8,113** and 8,239	**68,475**	68,366
Retained earnings	**18,186**	17,710
Accumulated other comprehensive income	**3,471**	3,708
Total stockholders' equity	**90,132**	89,784
Total liabilities and stockholders' equity	**$ 176,683**	$ 172,384

MICROSOFT CORPORATION

CASH FLOWS STATEMENTS

(In millions)(Unaudited)

	Three Months Ended March 31, 2015	2014	Nine Months Ended March 31, 2015	2014
Operations				
Net income	**$ 4,985**	$ 5,660	**$ 15,388**	$ 17,462
Adjustments to reconcile net income to net cash from operations:				
Depreciation, amortization, and other	**1,515**	1,255	**4,464**	3,470
Stock-based compensation expense	**641**	602	**1,920**	1,828
Net recognized losses (gains) on investments and derivatives	**(55)**	(40)	**(179)**	100
Excess tax benefits from stock-based compensation	**(31)**	(22)	**(555)**	(247)
Deferred income taxes	**253**	(190)	**868**	38
Deferral of unearned revenue	**10,163**	10,175	**28,385**	27,456
Recognition of unearned revenue	**(11,209)**	(10,139)	**(33,347)**	(30,394)
Changes in operating assets and liabilities:				
Accounts receivable	**3,655**	2,501	**6,904**	4,243
Inventories	**(430)**	(324)	**157**	38
Other current assets	**(111)**	340	**(550)**	(311)
Other long-term assets	**(108)**	(73)	**341**	(469)
Accounts payable	**(390)**	(716)	**(912)**	(390)
Other current liabilities	**200**	870	**(1,952)**	3

Other long-term liabilities	**492**	200	**1,332**	(110)
Net cash from operations	**9,570**	10,099	**22,264**	22,717
Financing				
(Repayments) proceeds from issuance of short-term debt, maturities of 90 days or less, net	**(6,575)**	0	**1,222**	0
Proceeds from issuance of debt	**10,680**	0	**10,680**	8,850
Repayments of debt	**0**	(300)	**(1,500)**	(1,888)
Common stock issued	**146**	141	**483**	461
Common stock repurchased	**(5,131)**	(1,845)	**(10,164)**	(6,146)
Common stock cash dividends paid	**(2,532)**	(2,322)	**(7,386)**	(6,570)
Excess tax benefits from stock-based compensation	**31**	22	**555**	247
Other	**316**	0	**601**	(39)
Net cash used in financing	**(3,065)**	(4,304)	**(5,509)**	(5,085)
Investing				
Additions to property and equipment	**(1,391)**	(1,192)	**(4,163)**	(4,155)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	**(162)**	(157)	**(3,097)**	(311)
Purchases of investments	**(30,218)**	(21,323)	**(73,470)**	(49,217)
Maturities of investments	**5,561**	2,336	**9,643**	4,134
Sales of investments	**21,063**	16,006	**53,616**	39,477
Securities lending payable	**(334)**	46	**(463)**	149
Net cash used in investing	**(5,481)**	(4,284)	**(17,934)**	(9,923)
Effect of exchange rates on cash and cash	**(36)**	2	**(76)**	59

equivalents				
Net change in cash and cash equivalents	**988**	1,513	**(1,255)**	7,768
Cash and cash equivalents, beginning of period	**6,426**	10,059	**8,669**	3,804
Cash and cash equivalents, end of period	**$ 7,414**	$ 11,572	**$ 7,414**	$ 11,572

MICROSOFT CORPORATION

SEGMENT REVENUE AND GROSS MARGIN

(In millions)(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Nine Months Ended March 31, 2015	Nine Months Ended March 31, 2014
Revenue				
Devices and Consumer Licensing	**$ 3,476**	$ 4,597	**$ 11,736**	$ 14,625
Computing and Gaming Hardware	**1,800**	1,872	**8,250**	7,751
Phone Hardware	**1,397**	0	**6,290**	0
Devices and Consumer Other	**2,280**	1,824	**6,525**	5,252
Commercial Licensing	**10,036**	10,335	**30,588**	30,852
Commercial Other	**2,760**	1,902	**7,760**	5,284
Corporate and Other	**(20)**	(127)	**251**	(313)
Total revenue	**$ 21,729**	$ 20,403	**$ 71,400**	$ 63,451
Gross Margin				
Devices and Consumer Licensing	**$ 3,210**	$ 4,017	**$ 10,904**	$ 12,918
Computing and Gaming Hardware	**414**	258	**1,353**	874
Phone Hardware	**(4)**	0	**805**	0
Devices and Consumer Other	**566**	391	**1,428**	1,102
Commercial Licensing	**9,275**	9,432	**28,301**	28,317
Commercial Other	**1,144**	475	**2,849**	1,164
Corporate and Other	**(37)**	(148)	**190**	(369)
Total gross margin	**$ 14,568**	$ 14,425	**$ 45,830**	$ 44,006

CROSS-REFERENCE LISTS

ANNEX I

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE REGISTRATION DOCUMENT (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

Item #	**Item contents**	**Chapter/Exhibit**	**Page/Section**
1.	**Persons Responsible**		
1.1.	All persons responsible for the information given in the prospectus;	Prospectus	4 (Company Representative for Prospectus)
1.2.	A declaration by those responsible for the prospectus.	Prospectus	4 (Company Representative for Prospectus)
2.	**Statutory Auditors**		
2.1.	Names and addresses of the issuer's auditors;	Part II - Section B	53 (10.2 Independent Registered Public Accounting Firm)
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.	Not applicable	Not applicable
3.	**Selected Financial Information**		
3.1.	Selected historical financial information	Part II - Section B	52 - 53 (10.1 Selected Financial Data)
3.2.	Interim periods	Part II - Section B	52 - 53 (10.1 Selected Financial Data)
4.	**Risk Factors**	Part II - Section A	14 - 24 (Risk Factors)
5.	**Information about the Issuer**		

Item #	Item contents	Chapter/Exhibit	Page/Section
5.1.	**History and Development of the Issuer**		
5.1.1.	the legal and commercial name of the issuer;	Part I - Section B	5 (B.1 Legal and Commercial Name of the Issuer)
12.	**Trend Information**		
12.1.	Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus;	Exhibit II	All pages
12.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year.	Part II - Section A	14 - 24 (Risk Factors)
		Exhibits II	All pages
13.	**Profit Forecasts or Estimates**	Not applicable	Not applicable
14.	**Administrative, Management, Supervisory Bodies and Senior Management**		
14.1	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies;	Part II - Section B	40 - 43 (7.1 Board of Directors as of May 15, 2015) and 48 - 49 (8.1 Directors' and Executive Officers' Holdings of Shares and Options)
	b) partners with unlimited liability, in the case of a limited partnership with a share capital;	Not applicable	Not applicable
	c) founders, if the issuer has been established for fewer than five years; and	Not applicable	Not applicable
	d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	Part II - Section B	43 - 44 (7.2 Executive Officers as of May 15, 2015) and 48 - 49 (8.1

Item #	Item contents	Chapter/Exhibit	Page/Section
			Directors' and Executive Officers' Holdings of Shares and Options)
	The nature of any family relationship between any of those persons.	Part II - Section B	44 (7.3 Fraudulent Offences and Bankruptcy, Etc.)
	In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information: (a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies.	Part II - Section B	40 - 43 (7.1 Board of Directors as of May 15, 2015) and 43 - 44 (7.2 Executive Officers as of May 15, 2015)
	(b) any convictions in relation to fraudulent offences for at least the previous five years; (c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years; (d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.	Part II - Section B	44 (7.3 Fraudulent Offences and Bankruptcy, Etc.)

Item #	Item contents	Chapter/Exhibit	Page/Section
	If there is no such information to be disclosed, a statement to that effect is to be made.		
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests.	Part II - Section B	44 - 47 (7.4 Conflicts of Interest)
17.	**Employees**		
17.2.	With respect to each person referred to in points (a) and (d) of the first subparagraph of item 14.1. provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.	Part II - Section B	48 - 49 (8.1 Directors' and Executive Officers' Holdings of Shares and Options)
17.3	Description of any arrangements for involving the employees in the capital of the issuer.	Exhibit I	All sections
		Part II - Section B	49 - 51 (8.2 Employee Stock and Savings Plans)
20.7.	**Dividend policy**		
20.7.1	The amount of the dividend per share for each financial year for the period covered by the historical financial information	Part II - Section B	29 - 30 (Dividend Rights)
20.8.	Legal and arbitration proceedings	Part II - Section B	34 - 39 (5.3 Indirect and Contingent Indebtedness)
20.9.	Significant change in the issuer's financial or trading position	Not Applicable	Not Applicable
23.	**Third Party Information and Statement by Experts and Declarations of Any Interest**		
23.1.	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer.	Not applicable	Not applicable
23.2.	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced.	Not applicable	Not applicable
24.	**Documents On Display**	Part II - Section B	53 - 54 (XI.

Item #	**Item contents**	**Chapter/Exhibit**	**Page/Section**
			Documents on Display)

ANNEX III

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE SECURITIES NOTE (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Chapter/Exhibit	Page/Section
1.	**Persons Responsible**		
1.1.	All persons responsible for the information given in the prospectus.	Prospectus	4 (Company Representative for Prospectus)
1.2.	A declaration by those responsible for the prospectus.	Prospectus	4 (Company Representative for Prospectus)
2.	**Risk Factors**	Part II - Section A	14 - 24 (Risk Factors)
		Part II - Section B	29 (4.4 Currency of the Securities Issue)
3.	**Key Information**		
3.1	Working capital statement	Part II - Section B	51 - 52 (IX. Working Capital Statement)
3.2	Capitalization and indebtedness	Part II - Section B	33 - 39 (V. Statement of Capitalization and Indebtedness as of March 31, 2015)
3.4	Reasons for the offer and use of proceeds	Part II - Section B	25 (1.1 Purpose of the ESPP)
4.	**Information Concerning the Securities to be Offered/ Admitted to Trading**		
4.1	Type and the class of the securities being offered, including the security identification code.	Part II - Section B	28 (4.1 Type and the Class of the Securities being Offered, Including the Security Identification

Item #	Item contents	Chapter/Exhibit	Page/Section
			Code)
4.2	Legislation under which the securities have been created.	Part II - Section B	28 (4.2 Legislation Under Which the Securities Have Been Created)
4.3	Form of securities, name and address of the entity in charge of keeping the records.	Part II - Section B	28 - 29 (4.3 Form of Securities, Name and address of the Entity in Charge of Keeping the Records)
4.4	Currency of the securities issue.	Part II - Section B	29 (4.4 Currency of the Securities Issue)
4.5	Rights attached to the securities	Part II - Section B	29 - 32 (4.5 Rights Attached to the Securities)
4.6	Statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued.	Part II - Section B	25 (1.1 Purpose of the ESPP)
		Exhibit I	Section 1 (Subheader)
4.7	Expected issue date of the securities.	Part II - Section B	25 (1.3 Purchase Period)
4.8	Description of any restrictions on the free transferability of the securities.	Part II - Section B	27 - 28 (III. Delivery and Sale of the Shares) and 32 -33 (4.6 Transferability)
4.9	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.	Part II - Section B	33 (4.7 General Provisions Applying to Business Combinations)
4.11	Information on taxes on the income from the securities withheld at source	Part II - Section B	54 - 71 (XII. Tax Consequences)

Item #	Item contents	Chapter/Exhibit	Page/Section
5.	**Terms and Conditions of the Offer**		
5.1	**Conditions, offer statistics, expected timetable and action required to apply for the offer**		
5.1.1	Conditions to which the offer is subject.	Part II - Section B	25 - 28 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
		Exhibit I	All sections
5.1.2	Total amount of the issue/offer.	Part II - Section B	39 (6.2 Net Proceeds)
5.1.3	Time period during which the offer will be open and description of the application process.	Part II - Section B	25 - 28 (I. The Outline, II. Eligibility and III. Delivery and Sale of the Shares)
5.1.4	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	Part II - Section B	26 (1.7 Amendment or Discontinuance of the ESPP) and 27 (2.5 Termination of Employment of Participating Employees)
5.1.5	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	Part II - Section B	27 (2.4 Discontinuance of Participation of Participating Employees)
5.1.6	Minimum and /or maximum amount of application.	Exhibit I	Section 6
5.1.7	Period during which an application may be withdrawn.	Part II - Section B	25 (1.2 Shares Offered Under the ESPP), 26 (2.2 Participation of Eligible Employees) and

Item #	Item contents	Chapter/Exhibit	Page/Section
			27 (2.4 Discontinuance of Participation of Participating Employees)
5.1.8	Method and time limits for paying up the securities and for delivery of the securities.	Part II - Section B	26 (1.5 Purchase of Stock), 26 - 27 (2.3 Payroll Deductions) and 27 - 28 (III. Delivery and Sale of the Shares)
5.3	**Pricing**		
5.3.1.	An indication of the price at which the securities will be offered.	Part II - Section B	25 (1.4 Purchase Price)
5.3.2.	Process for the disclosure of the offer price.	Part II - Section B	25 (1.4 Purchase Price) and 28 - 29 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
5.3.3.	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn.	Part II - Section B	32 (No Preemptive, Redemptive or Conversion Provisions)
5.3.4	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year.	Not applicable	Not applicable
5.4.	**Placing and Underwriting**		

Item #	Item contents	Chapter/Exhibit	Page/Section
5.4.2	Name and address of any paying agents and depository agents in each country.	Part II - Section B	28 - 29 (4.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
6.	**Admission to Trading and Dealing Arrangements**		
6.1	Whether the securities offered are or will be the object of an application for admission to trading.	Part II - Section B	28 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
6.2	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	Part II - Section B	28 (4.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
8.	**Expense of the Issue/Offer**		
8.1.	The total net proceeds and an estimate of the total expenses of the issue/offer.	Part II - Section B	39 (6.2 Net Proceeds)
9.	**Dilution**		
9.1.	The amount and percentage of immediate dilution resulting from the offer.	Part II - Section B	39 (6.1 Maximum Dilution)
9.2.	In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.	Not applicable	Not applicable
10.	**Additional Information**		
10.1.	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	Not applicable	Not applicable
10.3.	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide	Not applicable	Not applicable

Item #	Item contents	Chapter/Exhibit	Page/Section
	such persons’ name, business address, qualifications and material interest if any in the issuer.		
10.4.	Where information has been sourced from a third party.	Not applicable	Not applicable