Microsoft Ecosystem

Microsoft Corporation
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Outside Relationships

Regulators

- Subjects of US and Non-US Regulation
- US and Non-US Competition Law
- User Privacy
- Consumer Protection
- Data Storage and Protection
- Advertising
- Billing and E-Commerce
- Product Liability
- Mobile Communi-cations
- Intellectual Property Ownership
- Media and Digital Content
- Foreign Exchange and Cash Repatriation Restrictions
- Digital Platforms
- Labor and Employment
- Online Content
- Anti-Money Laundering
- Anti-Corruption
- Telecommuni-cations
- Tax
- Export, Import and Trade Restrictions
- Environment, Health and Safety
- Foreign Ownership and Investment

Capital

- Bond Holders

Suppliers

- Third Party IP and Software Developers
  - Software Applications and Services Developers
  - Intellectual Property Owners
- Selected Hardware and Components suppliers
  - Samsung (Micro-processors)
  - Intel (Micro-processors for Surface Tablets)
  - Qualcomm Atheros (Chip Set for 5G Connectivity for Smart Devices)
  - Toshiba (Micro-processors)
  - NVIDIA Corp. (Intelligent Edge-to-Cloud AI Computing and Analytics Collaboration)
  - LG Group (Gaming Patents and Automotive Infotainment Systems)
  - Delta Electronics (AI, Robotics Machine Learning for Industrial Automation, Power Supplies, and Energy Management Solutions)
  - Foxconn/Hon Hai (Smart Phone Manufacturing Royalties for Android-Related Patents Licensed by Microsoft)
  - Laird Technologies (Antennas)
  - Luxshare ICT (Cable)
  - Osram (Lighting)

Customers

- Office Customers
  - Individuals
  - Small & Medium Organizations
  - Global Enterprises
  - Public Sector Institutions
  - Internet Service Providers
  - Application Developers

Bond Financing

Intellectual Property and Software Applications Licenses

Business Regulation

Hardware Components Supply and Assembly Services (Devices Primarily Manufactured by Third Party Contract Manufacturers)

Office Licenses

Skype Licenses

LinkedIn Accounts and Subscriptions

Microsoft Corporation (Washington Corporation)

Debt Structure

Debt ($63.3B @ 6/30/20) — **Credit Ratings: Aaa (Moody's), AAA (S&P)**

- 2039 Notes: $559M @ 5.20%
- 2020-2040 Notes: $1,571M @ 3.00-4.50%
- 2021-2041 Notes: $1,270M @ 4.00-5.30%
- 2022-2042 Notes: $1,650M @ 2.13-3.50%
- 2023-2043 Notes: $2,919M @ 2.38-4.88%
- 2021-2033 Notes: $4,549M @ 2.13-3.13%
- 2020-2055 Notes: $15,549M @ 2.00-4.75%
- 2021-2056 Notes: $16,955M @ 1.55-3.95%
- 2022-2057 Notes: $12,385M @ 2.40-4.50%
- 2050-2060 Notes: $10,000M @ 2.53-2.68%

Equity Structure

Equity

Common Stock	Share Repurchase Program
Authorized: 24 Billion Shares Outstanding: 7.57 Billion Shares Recordholders: 91,674	Authorized: $40 Billion Available: $31.7 Billion Expiration: None

Governance

Board of Directors

John W. Thompson (Chair)	Satya Nadella	John W. Stanton (A, RPP)
Reid G. Hoffman	Sandra E. Peterson (C, GN)	Emma N. Walmsley (C, R)
Hugh F. Johnston (A)	Penny S. Pritzker (RPP)	Padmasree Warrior (C)
Teri L. List-Stoll (A,GN)	Charles W. Scharf (C,GN)	

Committees: Audit (A), Compensation (C); Governance & Nominating (GN); & Regulatory and Public Policy (RPP)

Management Team

CEO – Satya Nadella	EVP Cloud and AI Group – Scott Guthrie	CVP & CFO, Commercial – Dave O-Hara
EVP Worldwide Commercial Business– Judson Althoff	EVP Human Resources – Kathleen Hogan	CEO, LinkedIn – Ryan Roslansky
EVP & Chief Marketing Officer – Chris Capossela	EVP and CFO – Amy Hood	EVP & Chief Technology Officer – Kevin Scott
EVP & President, Global Sales, Marketing and Operations – Jean-Philippe Courtois	EVP, Experiences and Devices – Rajesh Jha	Chief Legal Officer – Brad Smith
EVP Corporate Strategy – Kurt DelBene	Chief Marketing Officer – Takeshi Numoto	EVP, Gaming – Phil Spencer
		EVP, Azure – Jason Zander

Corporate Matters

Human Resources

- Compensation & Benefits
- Culture
- Diversity & Inclusion
- HR Information Systems
- People Analytics & Insights
- Employee Experience, Collaboration & Innovations
- Talent, Learning & Skills

Technology & Research

- Research and Development
- Information Technology
- Engineering
- Artificial Intelligence

Sales and Marketing

- Strategic Planning
- Global Operations
- Growth Initiatives
- Cloud Services

Worldwide Commercial Business Strategy

- Enterprise
- Public Sector
- Small and Mid Market
- Services
- Developer
- Partner

Finance and Accounting

- Acquisitions
- Treasury and Cash Management Activities
- Accounting and Reporting
- Internal Audit
- Investor Relations
- Tax Planning
- Financial Planning and Analysis
- Budgeting

Legal

- Cyber Security
- Privacy
- Ethics and AI
- Human Rights
- Immigration
- Philanthropy
- Environmental Sustainability
- Antitrust
- IP Licensing
- Intellectual Property Registration & Enforcement
- Litigation Management
- Compliance

Operations

Regional Centers and Data Centers

Americas
- Corporate Headquarters in Redmond, WA
- Fargo, ND
- Puerto Rico
- Ft. Lauderdale, FL
- Reno, NV

Supported Regions: Latin America; North America

Europe Middle East and Africa
- Ireland

Supported Regions: Africa; Europe; Middle East

Asia
- Singapore

Supported Regions: India; Japan; Greater China; Asia Pacific

Data Centers
- Africa
- Australia
- Americas
- Europe
- Asia
- Middle East

Product Categories (FY2020 Worldwide Revenue $143.0B)

Productivity and Business Processes ($46.4B Worldwide Revenue in FY20, up 13% over FY19)

- **Office Commercial**
  - Office Subscriptions
  - Office 365 Security and Compliance
  - Office Portion of Microsoft 365 Commercial Subscriptions
  - Skype for Business
- **Office Consumer**
  - Microsoft 365 Consumer Subscriptions
  - Office Consumer Services: Skype; Outlook.com; OneDrive
  - Office Licenses On-Premises
- **LinkedIn**
  - Premium Subscriptions
  - Talent Solutions
  - Learning Solutions
  - Marketing Solutions
  - Sales Solutions
- **Dynamics Business Solutions**
  - Dynamics CRM On-Premises
  - Dynamics ERP On-Premises
  - Dynamics 365 (Cloud-Based Business Applications Across ERP and CRM Platforms)

Competitors: Apple; Cisco Systems; Facebook; Google; IBM; Okta; Proofpoint; Slack; Symantec; Zoom

Intelligent Cloud ($48.4B Worldwide Revenue in FY20, up 24% over FY19)

- **Server products and cloud services**
  - Azure (Cloud-to-Edge Services and Devices)
  - Windows Server
  - Azure SQL Server (Big Data Management)
  - Azure Cognitive Services (Artificial Intelligence Tools and Services)
  - Visual Studio (Website and App Development Program)
  - CALs (Client Access License for Windows Server Data Center)
  - System Center
  - Azure Machine Learning
  - GitHub (Software Code Repository and Developer Resource)
- **Enterprise Services**
  - Premier Support Services
  - Microsoft Consulting Services

Competitors: Amazon; Google; IBM; Oracle; VMWare

More Personal Computing ($48.3B Worldwide Revenue in FY20, up 6% over FY19)

- **Windows**
  - Windows Commercial (Licensing of Windows Operating System, Windows Cloud Services and Other Windows Offerings)
  - Other Non-Volume Licensing of Windows Operating System
  - MSN Advertising (Native and Display Ads on Bing and Yahoo!)
  - Patent Licensing
  - Windows IoT
  - Windows OEM Licensing
- **Devices**
  - Surface Tablet
  - Personal Computer Accessories
- **Gaming**
  - Xbox Hardware
  - Third Party Video Game Royalties
  - Xbox Video Games
  - Xbox Live
- **Search**
  - Bing Search Engine

Competitors: Amazon; Apple; Facebook; Google; Tencent

Cloud Services and Devices, Software Code Toolchain Repository for Developers, Database Management, Analytics and Machine Learning Tools and Services

Windows Commercial Volume Licensing Program Sales

Cloud , AI and Data Services Customers
- Large Organizations
- Medium to Large Organization
- Small to Medium Organization
- Government and Academic Organizations

Windows Commercial Licensees
- Large Organizations (Enterprise Agreements)
- Medium to Large Organizations (Product and Services Agreement)
- Small to Medium Organization (Open Agreements)
- Government and Academic Organizations (Select Plus Agreement)
- Cloud Services for Small and Medium Organizations (Online Subscription Agreement)
- Partner Programs (Cloud Services Plus Value-Added Services Offered by Their Systems Integrator, Managed Services Provider, or Cloud Reseller Partner)

Securities Regulation and NASDAQ Listing Rules

Dividends and Common Stock Repurchases

Equity Capital

Professional Services

Distribution Agreements with OEMs

Windows Operating System and Intellectual Property Licenses

Tablet and Xbox Hardware and Applications Sales

Internet Search Services

Outside Relationships

Customers

- Professional Services Firms
  - Compass Group (Hospitality)
  - Accenture (Strategic Consulting)
  - Wiwynn (Cloud Servers)
  - Nextant (Business Consulting)
  - AnRui Digital (Marketing)
  - Amaxra (Business Consulting)
  - Sutherland Global (Digital Transform-ation)
  - Tech Mahindra (Business Consulting)
  - Cisco
  - Infosys
  - Deloitte & Touche LLP (Audit Services)
  - Dentsu Aegis Network (Advertising)
  - Greenberg Traurig (Contracts)
  - Perkins Coie (Contracts)
  - K&L Gates (Contracts)
  - Sidley Austin (Legal Services)
  - Fish & Richardson (IP Legal Services)
  - Covington & Burling (Regulatory Legal Services)
- Multinational Original Equipment Manufacturers and Low Volume Personal Computer Manufacturers
  - Acer
  - ASUS
  - Dell
  - Fujitsu
  - Hewlett-Packard
  - Lenovo
  - Samsung
  - Sharp
  - Toshiba
- Individual and Business Customers
  - Individuals
  - Tablet Users
  - Desktop and Laptop Personal Computer Users
  - Video Gamers
  - Businesses
  - Public Sector Institutions
  - Internet Service Providers
  - Applications Developers

Suppliers

Capital

- Significant Shareholders
  - Vanguard Group (7.70%)
  - BlackRock Fund Advisors (4.55%)
  - SSgA Funds Management (3.97%)
  - Fidelity Mgmt & Research (2.73%)
  - T.Rowe Price Associates (2.35%)
  - Institutional Ownership 72.03%

Regulators

- Securities Regulators
  - US Securities and Exchange Commission
  - The NASDAQ Stock Market

Key Company Data

Share Information

- NASDAQ: MSFT
- Share Price: $261.55 at close on 4/27/2021
- Forward Annual Dividend: $2.24 per share
- Diluted earnings per share: $6.71 (FY2021)
- On July 27, 2020, there were 91,674 registered holders of record of Microsoft's common stock.
- Microsoft returned $8.9 billion to shareholders in the form of share repurchases and dividends in Q4 of FY20

Financial (12 months ending 6/30/20)

- $143.0 billion in revenue (14 % growth year over year)
- $44.3B in net income
- Cost of revenue up $4.6 billion (12%) from growth in Commercial Cloud, Surface Tablet, and Gaming
- $19.3 billion R&D expenses (up $2.2 billion, or 15%) from investments in Cloud and AI Engineering, Gaming, LinkedIn, and GitHub.
- $301.3 billion in total assets
- $63.3 billion in long-term debt
- Interest on Debt: $2.6 billion
- $51.7B billion in Commercial Cloud revenue (up 36%)
- Dynamics products and Cloud services revenue up 14%, driven by Dynamics 365 growth of 42%
- Server products and Cloud services revenue up 27%, driven by Azure growth of 56%

Resources

- 166,475 Full-Time Employees (99,475 in U.S.; 67,000 internationally)
- Operations in 210 countries

Recent Developments

- **Self-Driving Vehicles:** In January 2021, Microsoft entered a long-term strategic relationship with General Motors Cruise. Microsoft will provide cloud computing services to Cruise to aid in the commercialization of GM's line of self-driving vehicles.
- **Nuance Acquisition:** In April 2021, Microsoft acquired Nuance, a leader in speech to text software, for $19.7 billion. This acquisition represents the latest step in Microsoft's industry-specific cloud strategy, focused on the use of AI in the healthcare industry.
- **Renewable Energy:** Microsoft announced that it will source 100% of its energy supply from renewable energy by 2025. Through a collaboration, Repsol will provide a long-term supply of renewable wind and solar power to Microsoft operations in Europe.
- **Microsoft Mesh:** Microsoft recently launched a mixed-reality platform, Microsoft Mesh, powered by Azure that allows people in different physical locations to join collaborative holographic experiences.

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