

<b>MICROSOFT</b> NDQ-MSFT	RECENT PRICE <b>43.08</b>	P/E RATIO <b>17.2</b> (Trailing: 16.4 Median: 16.0)	RELATIVE P/E RATIO <b>0.94</b>	DIV'D YLD <b>2.9%</b>	<b>VALUE LINE</b>
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2017-19 PROJECTIONS

Shaded area indicates recession

Ann'l Total

Price Gain Ann'l Total

High 60 (+40%) 11%

Low 50 (+15%) 7%

Price	Gain	Ann'l Total
High 60	(+40%)	11%
Low 50	(+15%)	7%

Insider Decisions											
	S	O	N	D	J	F	M	A	M		
to Buy	0	0	0	0	0	0	0	0	0	0	1
Options	0	0	1	1	1	1	0	0	0	0	0
to Sell	4	4	4	2	3	3	1	2	2		

Institutional Decisions				Percent shares traded		VL ARITH. INDEX		
to Buy	3Q2013	4Q2013	1Q2014			THIS STOCK	VL ARITH. INDEX	
763		900	894	21		1 yr.	39.5	12.9
to Sell	988	915	947	14		3 yr.	71.7	52.3
Hld's(000)	571574057365395735774			7		5 yr.	108.7	131.3

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
1.47	1.93	2.25	2.39	2.65	3.00	3.39	3.72	4.40	5.45	6.60	6.56	7.21	8.35	8.80	9.34	10.54	12.25	Revenues per sh <sup>A</sup>	15.85
.59	.84	.99	1.09	1.07	1.12	1.15	1.27	1.34	1.65	2.16	1.92	2.47	3.09	3.12	3.15	3.30	3.50	"Cash Flow" per sh	4.85
.45	.70	.85	.90	.94	.97	1.04	1.16	1.20	1.42	1.87	1.62	2.10	2.69	2.72	2.65	2.63	2.75	Earnings per sh <sup>B</sup>	4.00
--	--	--	--	--	.08	.16	.32	.34	.40	.44	.52	.52	.64	.80	.89	1.07	1.24	Div'ds Decl'd per sh <sup>E</sup>	1.75
.07	.06	.09	.10	.07	.08	.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.75	Cap'l Spending per sh	.75
1.58	2.69	4.05	4.48	4.87	5.69	6.89	4.49	3.99	3.32	3.97	4.44	5.33	6.82	7.92	9.48	10.90	11.85	Book Value per sh <sup>D</sup>	13.80
9880.0	10218	10218	10566	10718	10718	10862	10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8100	Common Shs Outst'g <sup>C</sup>	7250
42.8	49.8	NMF	35.3	32.4	26.1	25.8	22.9	21.7	19.9	16.3	13.4	13.1	9.6	10.4	11.2	14.0		Avg Ann'l P/E Ratio	14.0
2.23	2.84	NMF	1.81	1.77	1.49	1.36	1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.73		Relative P/E Ratio	.90
--	--	--	--	--	.3%	.6%	1.2%	1.3%	1.4%	1.4%	2.4%	1.9%	2.5%	2.8%	3.0%	2.9%		Avg Ann'l Div'd Yield	3.0%

<b>CAPITAL STRUCTURE as of 6/30/14</b>	36835	39788	44282	51122	60420	58437	62484	69943	73723	77811	86833	<b>99250</b>	Revenues (\$mill) <sup>A</sup>	<b>115000</b>
<b>Total Debt</b> \$22645 mill. <b>Due in 5 Yrs</b> \$5550 mill.	40.6%	44.0%	39.2%	39.1%	40.6%	39.2%	42.9%	42.8%	41.9%	40.3%	<b>38.0%</b>	<b>35.0%</b>	<b>Operating Margin</b>	<b>37.0%</b>
<b>LT Debt</b> \$20645 mill. <b>LT Interest</b> \$620 mill. (19% of Cap'l)	1186.0	855.0	903.0	1440.0	2056.0	2562.0	2673.0	2766.0	2967.0	3755.0	<b>5200</b>	<b>5700</b>	<b>Depreciation (\$mill)</b>	<b>6000</b>
<b>Leases, Uncapitalized</b> \$572.0 mill.	11330	12715	12599	14065	17681	14569	18760	23150	23171	22453	22074	<b>22800</b>	<b>Net Profit (\$mill)</b>	<b>29250</b>
	33.1%	32.0%	31.0%	30.0%	25.8%	26.5%	25.0%	17.5%	18.6%	19.6%	20.7%	<b>21.0%</b>	<b>Income Tax Rate</b>	<b>20.0%</b>
<b>No defined benefit pension plan</b>	30.8%	32.0%	28.5%	27.5%	29.3%	24.9%	30.0%	33.1%	31.4%	28.9%	25.4%	<b>23.0%</b>	<b>Net Profit Margin</b>	<b>25.4%</b>
<b>Pfd Stock</b> None	55597	31860	26568	16414	13356	22246	29529	46144	52396	64049	68621	<b>75000</b>	<b>Working Cap'l (\$mill)</b>	<b>60000</b>
	--	--	--	--	--	3746.0	4939.0	11921	10713	12601	20645	<b>21000</b>	<b>Long-Term Debt (\$mill)</b>	<b>25000</b>
<b>Common Stock</b> 8,239,000,000 shs.	74825	48115	40104	31007	36286	20558	16175	57083	66263	79044	80784	<b>96000</b>	<b>Shr. Equity (\$mill) D</b>	<b>100000</b>

	74023	48113	40104	31037	30280	35338	40173	37083	60363	70344	87004	90000	Shr. Equity (\$MILL.)	100000			
MARKET CAP: \$355 billion (Large Cap)	15.1%	26.4%	31.4%	45.2%	48.7%	33.6%	36.8%	33.8%	30.3%	24.7%	20.5%	20.0%	Return on Total Cap'l	23.5%			
CURRENT POSITION	15.1%	26.4%	31.4%	45.2%	48.7%	33.6%	36.8%	40.6%	34.9%	28.4%	24.6%	24.0%	Return on Shr. Equity	23.0%			
(\$MILL.)	12.8%	19.2%	22.6%	33.0%	37.7%	25.5%	30.7%	31.5%	25.3%	19.0%	14.7%	13.0%	Retained to Com Eq	16.0%			
Cash Assets	63040	77022	85709	15%	27%	28%	27%	23%	31%	24%	22%	28%	33%	40%	44%	All Div'ds to Net Prof	45%

Receivables	15780	17486	19544	<p><b>BUSINESS:</b> Microsoft Corp. is the largest independent maker of software. It develops and sells software products for a wide range of computing environments in consumer and enterprise markets.. Hardware products include Nokia mobile phones, the Xbox video game console, and <i>Surface</i> tablet. Revenue sources in fiscal 2014: Devices and Consumer, 43.4%; Commercial, 57.1%; Corporate and Other, -0.6%. R&amp;D, 13.1% of 2014 revenues. Employed 99,000 at 6/30/13. Stock owners: William H. Gates, 4.5%; other offs. &amp; dirs., 4.0%. BlackRock, Inc., 5.6% (10/13 proxy). Chairman: John W. Thompson. CEO: Satya Nadella. Incorporated: Washington. Address: One Microsoft Way, Redmond, Washington 98052-6399. Telephone: 425-882-8080. Internet: <a href="http://www.microsoft.com">www.microsoft.com</a>.</p>
Inventory (Avg Cst)	1137	1938	2660	
Other	5127	5020	6333	
Current Assets	85084	101466	112426	
Accts Payable	4175	4828	7432	
Debt Due	1231	2999	2000	
Unearned Revenue	18653	20639	23150	
Other	8629	8951	13043	
Current Liab.	32688	37417	45625	

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19
of change (per sh)	12.5%	10.0%	10.0%
Revenues	12.5%	10.0%	10.0%
"Cash Flow"	11.0%	12.5%	7.5%
Earnings	11.0%	12.5%	7.0%
Dividends	--	14.5%	14.5%
Book Value	5.0%	16.5%	9.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2011	16195	19953	16428	17367	69943
2012	17372	20885	17407	18059	73721
2013	16008	21456	20489	19858	77811
2014	18529	24519	20403	23382	86833
2015	23720	28000	24750	25300	90250

Fiscal Year Ends	2010 Sep.30	2011 Dec.31	2012 Mar.31	2013 Jun.30	2014 Full Fiscal Year
EARNINGS PER SHARE AB	.62	.77	.61	.69	2.69
2011	.68	.78	.60	.67	2.72
2012	.53	.76	.72	.66	2.65
2013	.62	.78	.68	.55	2.63
2014	.52	.75	.72	.76	2.75
2015					

Calendar	QUARTERLY DIVIDENDS PAID <sup>1</sup>					Full Year
	Mar.31	Jun.30	Sep.30	Dec.31		
2010	.13	.13	.16	.16	.58	
2011	.16	.16	.16	.20	.68	
2012	.20	.20	.20	.23	.83	
2013	.23	.23	.23	.28	.97	

[illegible]

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
39	2.65	3.00	3.39	3.72	4.40	5.45	6.60	6.56	7.21	8.35	8.80	9.34	10.54	12.25	Revenues per sh <sup>A</sup>	15.85
09	1.07	1.12	1.15	1.27	1.34	1.65	2.16	1.92	2.47	3.09	3.12	3.15	3.30	3.50	"Cash Flow" per sh	4.85
90	.94	.97	1.04	1.16	1.20	1.42	1.87	1.62	2.10	2.69	2.72	2.65	2.63	2.75	Earnings per sh <sup>B</sup>	4.00
--	--	.08	.16	.32	.34	.40	.44	.52	.52	.64	.80	.89	1.07	1.24	Div'ds Decl'd per sh <sup>C</sup>	1.75
10	.07	.08	.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.75	Cap'l Spending per sh	.75
48	4.87	5.69	6.89	4.49	3.99	3.32	3.97	4.44	5.33	6.82	7.92	9.48	10.90	11.85	Book Value per sh <sup>D</sup>	13.80
66	10718	10718	10862	10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8100	Common Shs Outst'g <sup>C</sup>	7250
5.3	32.4	26.1	25.8	22.9	21.7	19.9	16.3	13.4	13.1	9.6	10.4	11.2	14.0		Avg Ann'l P/E Ratio	14.0
81	1.77	1.49	1.36	1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.73		Relative P/E Ratio	.90
--	--	.3%	.6%	1.2%	1.3%	1.4%	1.4%	2.4%	1.9%	2.5%	2.8%	3.0%	2.9%		Avg Ann'l Div'd Yield	3.0%

6/30/14		36835	39788	44282	51122	60420	58437	62484	69943	73723	77811	86833	99250	Revenues (\$mill) ^	115000
5 Yrs \$5550 mill.		40.6%	44.0%	39.2%	39.1%	40.6%	39.2%	42.9%	42.8%	41.9%	40.3%	38.0%	35.0%	Operating Margin	37.0%
rest \$620 mill.		1186.0	855.0	903.0	1440.0	2056.0	2562.0	2673.0	2766.0	2967.0	3755.0	5200	5700	Depreciation (\$mill)	6000
(19% of Cap'l)		11330	12715	12599	14065	17681	14569	18760	23150	23171	22453	22074	22800	Net Profit (\$mill)	29250
mill.		33.1%	32.0%	31.0%	30.0%	25.8%	26.5%	25.0%	17.5%	18.6%	19.6%	20.7%	21.0%	Income Tax Rate	20.0%
an		30.8%	32.0%	28.5%	27.5%	29.3%	24.9%	30.0%	33.1%	31.4%	28.9%	25.4%	23.0%	Net Profit Margin	25.4%
		55597	31860	26568	16414	13356	22246	29529	46144	52396	64049	68621	75000	Working Cap'l (\$mill)	60000
shs.		--	--	--	--	--	3746.0	4939.0	11921	10713	12601	20645	21000	Long-Term Debt (\$mill)	25000
		74825	48115	40104	31097	36286	39558	46175	57083	66363	78944	89784	96000	Shr. Equity (\$mill) ^	100000
		15.1%	26.4%	31.4%	45.2%	48.7%	33.6%	36.8%	33.8%	30.3%	24.7%	20.5%	20.0%	Return on Total Cap'l	23.5%
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2013	6/30/14	12.8%	19.2%	22.6%	33.0%	37.7%	25.5%	30.7%	31.5%	25.3%	19.0%	14.7%	13.0%	Retained to Com Eq	16.0%
77022	85709	15%	27%	28%	27%	23%	31%	24%	22%	28%	33%	40%	44%	All Div'ds to Net Prof	45%

17486	19544	<b>BUSINESS:</b> Microsoft Corp. is the largest independent maker of software. It develops and sells software products for a wide range of computing environments in consumer and enterprise markets.. Hardware products include Nokia mobile phones, the Xbox video game console, and <i>Surface</i> tablet. Revenue sources in fiscal 2014: Devices and Consumer, 43.4%; Commercial, 57.1%; Corporate	and Other, -0.6%. R&D, 13.1% of 2014 revenues. Employed 99,000 at 6/30/13. Stock owners: William H. Gates, 4.5%; other offs. & dirs., 4.0%; BlackRock, Inc., 5.6% (10/13 proxy). Chairman: John W. Thompson. CEO: Satya Nadella. Incorporated: Washington. Address: One Microsoft Way, Redmond, Washington 98052-6399. Telephone: 425-882-8080. Internet: <a href="http://www.microsoft.com">www.microsoft.com</a> .
1938	2660		
5020	6333		
101466	114246		
4828	7432		
2999	2000		
20639	23150		
8951	13043	<b>Microsoft's fiscal fourth-quarter earnings report generally met with investors' approval.</b> (Years end June 30th.) True, Nokia Devices & Services (NDS), which was acquired on April 25th, was a drag on the software giant's performance. Still, this was not a surprise, and the focus	traditional PCs. That said, our sense is the Commercial business is likely to continue being the primary avenue for growth, at least in the near term. That is not to say we do not expect improvement in the Devices & Consumer group in coming quarters.
37417	45625		
Past 5 Yrs	Est'd '11-'13		
10.0%	10.0%		
12.5%	7.5%		
12.5%	7.0%		
14.5%	14.5%		
16.5%	9.5%		

(\$ mill.) <sup>A</sup>		Full Fiscal Year
31 Jun.30		
28 17367		69943
07 18059		73723
89 19858		77811
03 23382		86833
50 25300		99250
ARE AB		Full Fiscal Year
31 Jun.30		
1 .69		2.69
0 .67		2.72
2 .66		2.65
8 .55		2.63
2 .76		2.75
IS PAID E		Full Fiscal Year
30 Dec.31		
6 .16		.58
6 .20		.68
0 .23		.83
3 .28		.97

2014	.28	.28			as consumers continue to move away from	Charles Clark	August 15, 2014
(A) Fiscal year ends June 30th. (B) Diluted earnings. Quarters may not add to total. Excl. nonrec. items: '98, d3c; '99, 1c; '01, d26c; '02, d23c; '03, d5c; '04, d29c; '05, d4c;					'12, d72c; '13, d7c. Next earnings report, late October. (C) In millions, adjusted for stock split. (D) Includes intangibles. In 2013: \$14.7 billion, \$1.77 a share.	(E) Dividends historically paid in March, June, Sept., and Dec. ■ Dividend reinvestment plan available. Special dividend of \$3.00 a share paid December 2, 2004.	
						Company's Financial Strength	A++
						Stock's Price Stability	85
						Price Growth Persistence	50
						Earnings Predictability	85

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