Microsoft 2  NDQ:MSFT

RECENT PRICE  47.60 PE RATIO  18.7% Trailing: 19.6% (Median: 14.3) RELATIVE PE RATIO  0.97 DIV YLD  2.6% VALUE LINE  2018 2019 2020

TARGET PRICE RANGE

RATED 5/15 2 5/18

SOME OF THE FACTS ARE PRESENTED IN A DIFFERENT FORMAT THAN THE ORIGINAL DOCUMENT.

BUSINESS: 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 Surface tablet. Revenue sources in fiscal 2014 included the following: 21% for Office; 21% for Server and Tools; 19% for Cloud and Online Services; 15% for Devices; and 12% for Other. In December 2014, the company announced a $40 billion share repurchase program.

Microsoft's fiscal third-quarter earnings met with most investors' approval. (Years end June 30th.) Although the financial results were better than many had envisioned, the real story was the progress the software giant is making in its transition to a productivity and platform company that fully embraces the secular move to cloud architecture. The trio of Azure Office, 365 and Dynamic CRM continue providing the momentum for the cloud business into the second quarter. On point, the percentage of Commercial's revenues related to annuity revenue has been rising and reached 82% at the end of the March quarter. Meanwhile, the trial of Xbox Live, Office 365, and Bing is working to provide a similar lift to the Devices & Consumer group. True, the Windows operating system is a factor here, but business activity in this regard has generally dropped back to that experienced prior to end of support for Windows XP. That said, Windows 10 is now on deck, and this version of the operating system will encompass a much broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with the broader vision that in the past, in keeping with 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