

<b>MICROSOFT</b> NDQ-MSFT	RECENT PRICE	<b>49.78</b>	P/E RATIO	<b>18.6</b> (Trailing: 18.5) Median: 14.0)	RELATIVE P/E RATIO	<b>1.00</b>	DIV'D YLD	<b>2.9%</b>	<b>VALUE LINE</b>
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**2019-21 PROJECTIONS**

Shaded area indicates recession

	Price	Gain	Ann'l Total Return
High	80	(+60%)	15%
Low	65	(+30%)	10%

Insider Decisions										
	J	A	S	O	N	D	J	F	M	
to Buy	0	0	0	0	0	0	0	0	0	<p>% TOT RETURN 4/16</p>
Options	0	0	14	0	0	6	0	0	1	
to Sell	2	0	0	4	0	0	0	0	3	

Institutional Decisions				Percent		21		14		7		THIS STOCK		VL ARITH.*		% TOT. RETURN 4/16	
to Buy	2Q2015	3Q2015	4Q2015	shares	traded							1 yr.	3 yr.	5 yr.			
to Buy	813	975	1031									5.3	-3.4				
to Sell	1102	929	1054									63.6	29.5				
Hld's(000)	57889845	76955057	45315									121.1	47.7				

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
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	11.66	11.75	12.55	Revenues per sh <sup>A</sup>	15.70
.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	3.31	3.47	3.55	3.85	"Cash Flow" per sh	5.00
.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	2.65	2.66	2.85	Earnings per sh <sup>B</sup>	3.95
--	--	--	--	.08	.16	.32	.34	.40	.44	.52	.64	.80	.89	1.12	1.24	1.39	1.53	Div'd Decl'd per sh <sup>E</sup>	2.05
.09	.10	.07	.08	.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.74	.90	.75	Cap'l Spending per sh	.60
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	9.98	9.45	9.65	Book Value per sh <sup>D</sup>	10.95
10218	10566	10718	10718	10862	10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8027.0	7800	7600	Common Shs Outst'g <sup>C</sup>	7000
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	17.0	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	18.0
NMF	1.81	1.77	1.49	1.36	1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.74	.86			Relative P/E Ratio	1.12
--	--	--	.3%	.6%	1.2%	1.3%	1.4%	1.4%	2.4%	1.9%	2.5%	2.8%	3.0%	3.0%	2.7%			Avg Ann'l Div'd Yield	2.8%

<b>CAPITAL STRUCTURE as of 3/31/16</b>	44282	51122	60420	58437	62484	69943	73723	77811	86833	93580	<b>91630</b>	<b>95250</b>	Revenues (\$mill) <sup>A</sup>	110000
<b>Total Debt \$46394 mill. Due in 5 Yrs \$15800 mill.</b>	39.2%	39.1%	40.6%	39.2%	42.9%	42.8%	41.9%	40.3%	38.0%	36.5%	<b>37.5%</b>	<b>38.5%</b>	Operating Margin	39.0%
<b>LT Debt \$40896 mill. LT Interest \$1100 mill.</b>	903.0	1440.0	2056.0	2562.0	2673.0	2766.0	2967.0	3755.0	5212.0	5957.0	<b>6275</b>	<b>6550</b>	Depreciation (\$mill)	7000
(35% of Cap'l)	1260.0	1406.5	1728.1	1466.0	1976.0	2415.0	2474.7	2445.2	2207.4	2408.5	<b>2432.0</b>	<b>2288.0</b>	Net Profit (\$mill)	28000

leases, Uncapitalized \$572.0 mill.	12399	14003	17081	14309	18700	23130	23171	22433	22074	21883	21330	22000	Net Profit (\$mill)	20000
	31.0%	30.0%	25.8%	26.5%	25.0%	17.5%	18.6%	19.6%	20.7%	23.3%	21.5%	22.5%	Income Tax Rate	22.0%
No defined benefit pension plan	28.5%	27.5%	29.3%	24.9%	30.0%	33.1%	31.4%	28.9%	25.4%	23.4%	23.3%	23.8%	Net Profit Margin	25.5%
Pfd Stock None	26568	16414	13356	22246	29529	46144	52396	64049	68621	74854	85000	90000	Working Cap. (\$mill)	95000

<b>Common Stock</b> 7,860,466,856 shs. as of 4/15/16.	401.04	310.97	362.86	395.58	461.75	570.83	789.44	800.83	737.50	731.50	Long-term Debt (\$mil)	48000
	31.4%	45.2%	48.7%	33.6%	36.8%	33.8%	30.3%	24.7%	20.3%	20.6%	Shr. Equity (\$mil) <sup>D</sup>	76500
<b>MARKET CAP: \$391 billion (Large Cap)</b>	31.4%	45.2%	48.7%	36.8%	40.6%	40.6%	34.9%	28.4%	24.6%	27.3%	Return on Total Cap'l	23.0%
											Return on Shr. Equity	36.5%

CURRENT POSITION	2014	2015	3/31/16	22.6%	33.0%	37.7%	25.5%	30.7%	31.5%	25.3%	19.0%	14.7%	15.0%	14.0%	15.0%	Retained to Com Eq	17.5%
(\$MILL.)				28%	27%	23%	31%	24%	22%	28%	33%	40%	45%	52%	52%	All Div'ds to Net Prof	52%

Cash Assets	85709	96526	105552	<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 2015: Devices and Consumer, 44.3%; Commercial, 55.4%; Corporate and Other, 0.2%. R&amp;D, 12.9% of 2015 revenues. Employed 117,350 at 6/30/15. Stock owners: William H. Gates, 2.8%, other offs. &amp; dirs., 1%; BlackRock, Inc., 5.8%; The Vanguard Group, 5.2% (10/15 proxy). Chrmn: John Thompson. CEO: Satya Nadella. Inc.: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Tel.: 425-882-8080. Internet: <a href="http://www.microsoft.com">www.microsoft.com</a>.</p>
Receivables	19544	17908	12247	
Inventory (Avg Cst)	2660	2902	2450	
Other	6333	7376	8172	
Current Assets	114246	124712	128421	
Accts Payable	7432	6591	6759	
Debt Due	2000	7484	5498	
Unearned Revenue	23150	23223	20876	
Other	13043	12560	10921	
Current Liab.	45625	49858	44354	<p><b>Microsoft's financial performance for</b> proving as the rate of investment</p>

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
Revenues	12.0%	9.0%	7.0%
"Cash Flow"	11.0%	8.5%	7.0%
Earnings	9.5%	7.0%	7.0%
Dividends	19.0%	17.0%	11.0%
Book Value	6.0%	17.0%	1.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2013	16008	21456	20489	19858	77811
2014	18529	24519	24043	23382	86833
2015	23201	26470	21729	22180	93580
2016	21660	25693	22076	22201	91630
2017	22250	26250	23250	23500	95250

Fiscal Year Ends	EARNINGS PER SHARE <sup>AB</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2013	.53	.76	.72	.66	2.65
2014	.62	.78	.68	.55	2.63
2015	.65	.77	.62	.62	2.65
2016	.67	.78	.62	.59	2.66
2017	.69	.79	.69	.68	2.85

Calendar	QUARTERLY DIVIDENDS PAID <sup>E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.20	.20	.20	.23	.83
2013	.23	.23	.23	.28	.97
2014	.28	.28	.31	.31	1.18
2015	.31	.31	.31	.36	1.29
2016	.36				

High:	28.3	30.3	37.5	36.0	31.5	31.6	29.5	32.9	39.0	50.0	56.8	56.8		Target	Price	Range											
Low:	23.8	21.5	26.6	17.5	14.9	22.7	23.7	26.3	26.3	34.6	39.7	48.2		2019	2020	2021											
<b>LEGENDS</b> 14.0 x "Cash Flow" p sh ..... Relative Price Strength 2-for-1 split 2/03 Options: Yes <i>Shaded area indicates recession</i>																											
<b>% TOT. RETURN 4/16</b> <table border="1"> <thead> <tr> <th></th> <th>THIS STOCK</th> <th>VL ARITH.* INDEX</th> </tr> </thead> <tbody> <tr> <td>1 yr.</td> <td>5.3</td> <td>-3.4</td> </tr> <tr> <td>3 yr.</td> <td>63.6</td> <td>29.5</td> </tr> <tr> <td>5 yr.</td> <td>121.1</td> <td>47.7</td> </tr> </tbody> </table>														THIS STOCK	VL ARITH.* INDEX	1 yr.	5.3	-3.4	3 yr.	63.6	29.5	5 yr.	121.1	47.7			
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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
00	3.39	3.72	4.40	5.45	6.60	6.56	7.21	8.35	8.80	9.34	10.54	11.66	11.75	12.55	Revenues per sh <sup>A</sup>	15.70	
12	1.15	1.27	1.34	1.65	2.16	1.92	2.47	3.09	3.12	3.15	3.31	3.47	3.55	3.85	"Cash Flow" per sh	5.00	
97	1.04	1.16	1.20	1.42	1.87	1.62	2.10	2.69	2.72	2.65	2.63	2.65	2.66	2.85	Earnings per sh <sup>B</sup>	3.95	
08	.16	.32	.34	.40	.44	.52	.52	.64	.80	.89	1.12	1.24	1.39	1.53	Div'd Decl'd per sh <sup>E</sup>	2.05	
08	.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.74	.90	.75	Cap'l Spending per sh	.60	
69	6.89	4.49	3.99	3.32	3.97	4.44	5.33	6.82	7.92	9.48	10.90	9.98	9.45	9.65	Book Value per sh <sup>D</sup>	10.95	
18	10862	10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8027.0	7800	7600	Common Shs Outst'g <sup>C</sup>	7000	
61	25.8	22.9	21.7	19.9	16.3	13.4	13.1	9.6	10.4	11.2	14.0	17.0	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	18.0	
49	1.36	1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.74	.86			Relative P/E Ratio	1.12	
%	.6%	1.2%	1.3%	1.4%	1.4%	2.4%	1.9%	2.5%	2.8%	3.0%	3.0%	2.7%			Avg Ann'l Div'd Yield	2.8%	

3/31/16	44282	51122	60420	58437	62484	69943	73723	77811	86833	93580	91630	95250	Revenues (\$mill) <sup>A</sup>	110000
5 Yrs \$15800 mill.	39.2%	39.1%	40.6%	39.2%	42.9%	42.8%	41.9%	40.3%	38.0%	36.5%	37.5%	38.5%	Operating Margin	39.0%
Invest \$1100 mill.	903.0	1440.0	2056.0	2562.0	2673.0	2766.0	2967.0	3755.0	5212.0	5957.0	6275	6500	Depreciation (\$mill)	7000
(35% of Cap'l)	12599	14065	17681	14569	18760	23150	23171	22453	22074	21885	21330	22680	Net Profit (\$mill)	28000
mill.	31.0%	30.0%	25.8%	26.5%	25.0%	17.5%	18.6%	19.6%	20.7%	23.3%	21.5%	22.5%	Income Tax Rate	22.0%
an	28.5%	27.5%	29.3%	24.9%	30.0%	33.1%	31.4%	28.9%	25.4%	23.4%	23.3%	23.8%	Net Profit Margin	25.5%
	26568	16414	13356	22246	29529	46144	52396	64049	68621	74854	85000	90000	Working Cap'l (\$mill)	95000
shs.	--	--	--	3746.0	4939.0	11921	10713	12601	20645	27808	40250	42000	Long-Term Debt (\$mill)	48000
	40104	31097	36286	39558	46175	57083	66363	78944	89784	80083	73750	73150	Shr. Equity (\$mill) <sup>D</sup>	76500
	31.4%	45.2%	48.7%	33.6%	36.8%	33.8%	30.3%	24.7%	20.3%	20.6%	19.0%	20.0%	Return on Total Cap'l	23.0%
Large Cap)	31.4%	45.2%	48.7%	36.8%	40.6%	40.6%	34.9%	28.4%	24.6%	27.3%	29.0%	31.0%	Return on Shr. Equity	36.5%
2015	22.6%	33.0%	37.7%	25.5%	30.7%	31.5%	25.3%	19.0%	14.7%	15.0%	14.0%	15.0%	Retained to Com Eq	17.5%
3/31/16	28%	27%	23%	31%	24%	22%	28%	33%	40%	45%	52%	52%	All Div's to Net Prof	52%

95626	105552	<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 2015: Devices and Consumer, 44.3%; Commercial, 55.4%; Corporate and Other, 0.2%. R&D, 12.9% of 2015 revenues. Employed 117,350 at 6/30/15. Stock owners: William H. Gates, 2.8%;, other offs. & dirs., 1%; BlackRock, Inc., 5.8%; The Vanguard Group, 5.2% (10/15 proxy). Chrmn: John Thompson. CEO: Satya Nadella. Inc.: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Tel.: 425-882-8080. Internet: <a href="http://www.microsoft.com">www.microsoft.com</a> .
17908	12247	
2902	2450	
7376	8172	
124712	128421	
6591	6759	
7484	5498	<b>Microsoft's financial performance for its fiscal third quarter was respectable, in our view.</b> (Years end June 30th.) That said, Wall Street had expected a somewhat stronger showing at the bottom line, and MSFT shares lost a degree of market support in the wake of the company proving as the rate of investment eventually moderates, allowing service-oriented revenue and associated costs to better align. <b>Meanwhile, the company continues having good success with <i>Windows 10</i>.</b> The new operating system is finding good
23223	20876	
12560	10921	
49858	44354	
Past 5 Yrs.	Est'd '13-'15 to '19-'21	
9.0%	7.0%	
8.5%	7.0%	
7.0%	7.0%	
17.0%	11.0%	
17.0%	1.5%	

(\$ mill.) <sup>A</sup>		Full Fiscal Year
31 Jun.30		
89 19858	77811	
03 23382	86833	
29 22180	93580	
76 22201	91630	
50 23500	95250	
ARE <sup>AB</sup>		Full Fiscal Year
31 Jun.30		
2 .66	2.65	
8 .55	2.63	
2 .62	2.65	
2 .59	2.66	
9 .68	2.85	
IS PAID <sup>E</sup>		Full Year
30 Dec.31		
0 .23	.83	
3 .28	.97	
1 .31	1.18	
1 .36	1.29	

<p><b>(A)</b> Fiscal year ends June 30th. <b>(B)</b> Diluted earnings. Quarters may not add to total. Excl. nonrec. items: '99, '01; '01, d26c; '02, d23c; '03, d5c; '04, d29c; '05, d4c; '12, d72c;</p>	<p>'13, d7c; '15, d\$1.17. Next earnings report, late July. <b>(C)</b> In millions, adjusted for stock split. <b>(D)</b> Includes intangibles. In 2015: \$16.9 billion, \$2.11 a share.</p>	<p><b>(E)</b> Dividends historically paid in March, June, Sept., and Dec. ■ Dividend reinvestment plan available. Special dividend of \$3.00 a share paid December 2, 2004.</p>	<p><b>Company's Financial Strength</b>  <b>Stock's Price Stability</b>  <b>Price Growth Persistence</b>  <b>Earnings Predictability</b></p>	<p><b>A++</b>  <b>75</b>  <b>65</b>  <b>90</b></p>
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