

MICROSOFT NDQ-MSFT	RECENT PRICE	59.80	P/E RATIO	20.3 (Trailing: 21.0 Median: 14.0)	RELATIVE P/E RATIO	1.12	DIV'D YLD	2.6%	VALUE LINE
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2019-21 PROJECTIONS

Shaded area indicates recession

	Price	Gain	Ann'l Total Return
High	80	(+35%)	10%
Low	65	(+10%)	5%

Insider Decisions																			
	D	J	F	M	A	M	J	J	A										
to Buy	0	0	0	0	0	0	0	0	0										
Options	6	0	0	1	0	0	4	1	0										
to Sell	0	0	3	0	2	3	0	1	2										

	4Q2015	1Q2016	2Q2016		% TOT. RETURN 10/16	
to Buy	1031	1120	1089	Percent shares traded	THIS STOCK INDEX	VL ARITH.*
to Sell	1054	1018	1055		1 yr.	17.0 6.4
Hld's(000)	574531557444245612165				3 yr.	83.6 15.7
					5 yr.	158.7 76.0

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	11.78	12.35	Revenues per sh ^A	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	3.71	4.05	"Cash Flow" per sh	5.15
.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	2.79	2.95	Earnings per sh ^B	3.95
--	--	--	--	.08	.16	.32	.34	.40	.52	.52	.64	.80	.89	1.12	1.24	1.44	1.53	Div'd Decl'd per sh ^E	2.05
.09	.10	.07	.08	.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.74	1.07	.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	9.22	8.75	Book Value per sh ^D	9.45
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	7808.0	7600	Common Shs Outst'g ^C	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	18.1		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	.96		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%	2.9%		Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 9/30/16	44282	51122	60420	58437	62484	69943	73723	77811	86833	93580	91964	93750	Revenues (\$mill) ^	110000
Total Debt \$74690 mill. Due in 5 Yrs \$30086 mill.	39.2%	39.1%	40.6%	39.2%	42.9%	42.8%	41.9%	40.3%	38.0%	36.5%	37.6%	38.0%	Operating Margin	39.0%
LT Debt \$60154 mill. LT Interest \$1630 mill.	903.0	1440.0	2056.0	2562.0	2673.0	2766.0	2967.0	3755.0	5212.0	5957.0	6622.0	7650	Depreciation (\$mill)	8000
(46% of Cap'l)	1260.0	1406.5	1728.1	1466.0	1976.0	2415.0	2474.7	2445.2	2207.4	2498.5	2232.0	2200.0	Net Profit (\$mill)	2800.0

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Common Stock 7,775,350,501 shs. as of 10/14/16	40104	31097	36286	39558	46175	57083	66363	78944	89784	80083	71997	66000	Long-term Debt (\$mill)	44000
	31.4%	45.2%	48.7%	33.6%	36.8%	33.8%	30.3%	24.7%	20.3%	20.6%	20.3%	19.0%	Return on Total Cap'l	26.0%
MARKET CAP: \$465 billion (Large Cap)	31.4%	45.2%	48.7%	36.8%	40.6%	40.6%	34.9%	28.4%	24.6%	27.3%	31.0%	34.5%	Return on Shr. Equity	42.5%

CURRENT POSITION	2015	2016	9/30/16	22.6%	33.0%	37.7%	25.5%	30.7%	31.5%	25.3%	19.0%	14.7%	15.0%	15.7%	17.0%	Retained to Com Eq	20.5%
(\$MILL.)				28%	27%	23%	31%	24%	22%	28%	33%	40%	45%	49%	51%	All Div'ds to Net Prof	52%

Cash Assets	85709	96526	136932	<p>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 the <i>Xbox</i> video game console and <i>Surface</i> tablet. Revenue sources in fiscal 2016: Productivity & Business Processes, 28.8%; Intelligent Cloud, 27.2%; More Personal Computing, 44.0%. R&D, 13.0% of 2016 revenues. Employed 114,000 at 6/30/16. Stock owners: William H. Gates, 2.5%, other offs. & dirs., 0.5%; The Vanguard Group, 6.1%; BlackRock, Inc., 5.6%; (10/16 proxy). Chrmn: John Thompson. CEO: Satya Nadella. Inc.: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Tel.: 425-882-8080. Internet: www.microsoft.com.</p>
Receivables	19544	17908	11129	
Inventory (Avg Cst)	2660	2902	3122	
Other	6333	7376	6726	
Current Assets	114246	124712	157909	
Accts Payable	7432	6591	6296	
Debt Due	2000	7484	14536	
Unearned Revenue	23150	23223	26304	
Other	13043	12560	11674	
Current Liab.	45625	49858	58810	
<p>Microsoft Corp. got a good start on in its higher value-added services, which</p>				

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '19-'21
of change (per sh)			
Revenues	11.5%	9.0%	7.0%
"Cash Flow"	11.0%	7.0%	8.0%
Earnings	9.0%	4.5%	8.0%
Dividends	16.5%	17.5%	10.0%
Book Value	7.0%	12.5%	-1.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2013	16008	21456	20489	19858	77811
2014	18529	24519	20403	23382	86833
2015	23201	26470	21729	22180	93580
2016	21660	25506	22156	22642	91964
2017	22334	25100	22750	23566	93750

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				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	.70	.77	.63	.69	2.79
2017	.76	.78	.71	.70	2.95

Calendar	QUARTERLY DIVIDENDS PAID [£]				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	.36	.39		

High:	28.3	30.3	37.5	36.0	31.5	31.6	29.5	32.9	39.0	50.0	56.8	61.4	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	48.0	2019	2020	2021
LEGENDS 14.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 2/03 Options: Yes <i>Shaded area indicates recession</i>															
% TOT. RETURN 10/16 THIS STOCK: 17.0 (1 yr), 83.6 (3 yr), 158.7 (5 yr) VL ARITH. INDEX: 6.4 (1 yr), 15.7 (3 yr), 76.0 (5 yr)															

	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	11.78	12.35	Revenues per sh ^A	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	3.71	4.05	"Cash Flow" per sh	5.15	
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	2.79	2.95	Earnings per sh ^B	3.95	
08	.16	.32	.34	.40	.44	.52	.52	.64	.80	.89	1.12	1.24	1.44	1.53	Div'd Dec'l per sh ^E	2.05	
08	.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.74	1.07	.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	9.22	8.75	Book Value per sh ^D	9.45	
18	10862	10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8027.0	7808.0	7600	Common Shs Outst'g ^C	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	18.1		Avg Ann'l P/E Ratio	18.0	
4.9	1.36	1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.74	.86	.96		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%	2.9%		Avg Ann'l Div'd Yield	2.8%	

9/30/16	44282	51122	60420	58437	62484	69943	73723	77811	86833	93580	91964	93750	Revenues (\$mill) ^A	110000
5 Yrs \$30086 mill.	39.2%	39.1%	40.6%	39.2%	42.9%	42.8%	41.9%	40.3%	38.0%	36.5%	37.6%	38.0%	Operating Margin	39.0%
Interest \$1630 mill.	903.0	1440.0	2056.0	2562.0	2673.0	2766.0	2967.0	3755.0	5212.0	5957.0	6622.0	7650	Depreciation (\$mill)	8000
(46% of Cap'l)	12599	14065	17681	14569	18760	23150	23171	22453	22074	21885	22329	23000	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%	18.8%	20.0%	Income Tax Rate	20.0%
an	28.5%	27.5%	29.3%	24.9%	30.0%	33.1%	31.4%	28.9%	25.4%	23.4%	24.3%	24.5%	Net Profit Margin	25.5%
	26568	16414	13356	22246	29529	46144	52396	64049	68621	74854	80303	87000	Working Cap'l (\$mill)	95000
shs.	--	--	--	3746.0	4939.0	11921	10713	12601	20645	27808	40783	60000	Long-Term Debt (\$mill)	44000
	40104	31097	36286	39558	46175	57083	66363	78944	89784	80083	71997	66500	Shr. Equity (\$mill) ^D	66250
	31.4%	45.2%	48.7%	33.6%	36.8%	33.8%	30.3%	24.7%	20.3%	20.6%	20.3%	19.0%	Return on Total Cap'l	26.0%
Large Cap)	31.4%	45.2%	48.7%	36.8%	40.6%	40.6%	34.9%	28.4%	24.6%	27.3%	31.0%	34.5%	Return on Shr. Equity	42.5%
2016	22.6%	33.0%	37.7%	25.5%	30.7%	31.5%	25.3%	19.0%	14.7%	15.0%	15.7%	17.0%	Retained to Com Eq	20.5%
9/30/16	28%	27%	23%	31%	24%	22%	28%	33%	40%	45%	49%	51%	All Div's to Net Prof	52%

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(\$ mill.) ^A		Full Fiscal Year
31 Jun.30		
89 19858	77811	
03 23382	86833	
29 22180	93580	
56 22642	91964	
50 23566	93750	
ARE AB		Full Fiscal Year
31 Jun.30		
2 .66	2.65	
8 .55	2.63	
2 .62	2.65	
3 .69	2.79	
1 .70	2.95	
IS PAID E=		Full Year
30 Dec.31		
0 .23	.83	
3 .28	.97	
1 .31	1.18	
1 .36	1.29	
9		

<p>(A) Fiscal year ends June 30th. (B) Diluted earnings. Quarters may not add to total. Excl. nonrec. items: '01, d26c; '02, d23c; '03, d5c; '04, d29c; '05, d4c; '12, d72c; '13, d7c; '15, d\$1.17; '16, d70c. Next earnings report, mid-Jan. (C) In millions, adjusted for stock split. (D) Includes intangibles. In 2016: \$17.9 billion, \$2.29 a share.</p>	<p>(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.</p>	<p>Company's Financial Strength A++ Stock's Price Stability 75 Price Growth Persistence 65 Earnings Predictability 85</p>
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