

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) **January 18, 2023**

Microsoft Corporation

Washington
(State or Other Jurisdiction
of Incorporation)

001-37845
(Commission
File Number)

91-1144442
(IRS Employer
Identification No.)

One Microsoft Way, Redmond, Washington

98052-6399

(425) 882-8080
www.microsoft.com/investor

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, \$0.00000625 par value per share	MSFT	NASDAQ
3.125% Notes due 2028	MSFT	NASDAQ
2.625% Notes due 2033	MSFT	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

On January 18, 2023, Microsoft Corporation announced to its employees a series of actions it is taking in response to macroeconomic conditions and changing customer priorities. These actions include workforce reductions of approximately 10,000 employees by the end of the third fiscal quarter of 2023, changes to our hardware portfolio, and lease consolidation to create higher density across our workspaces. Collectively these actions will result in a charge of \$1.2 billion in the second quarter of our 2023 fiscal year, representing a \$0.12 negative impact to diluted earnings per share.

This Form 8-K contains forward-looking statements, which are any predictions, projections or other statements about future events based on current expectations and assumptions that are subject to risks and uncertainties, which are described in our filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Microsoft undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

- 99.1 [Employee email dated January 18, 2023](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROSOFT CORPORATION
(Registrant)

Date: January 18, 2023

/s/ ALICE L. JOLLA

Alice L. Jolla
Corporate Vice President and Chief Accounting
Officer

Subject: Focusing on our short- and long-term opportunity

We're living through times of significant change, and as I meet with customers and partners, a few things are clear. First, as we saw customers accelerate their digital spend during the pandemic, we're now seeing them optimize their digital spend to do more with less. We're also seeing organizations in every industry and geography exercise caution as some parts of the world are in a recession and other parts are anticipating one. At the same time, the next major wave of computing is being born with advances in AI, as we're turning the world's most advanced models into a new computing platform.

This is the context in which we as a company must strive to deliver results on an ongoing basis, while investing in our long-term opportunity. I'm confident that Microsoft will emerge from this stronger and more competitive, but it requires us to take actions grounded in three priorities.

First, we will align our cost structure with our revenue and where we see customer demand. Today, we are making changes that will result in the reduction of our overall workforce by 10,000 jobs through the end of FY23 Q3. This represents less than 5 percent of our total employee base, with some notifications happening today. It's important to note that while we are eliminating roles in some areas, we will continue to hire in key strategic areas. We know this is a challenging time for each person impacted. The senior leadership team and I are committed that as we go through this process, we will do so in the most thoughtful and transparent way possible.

Second, we will continue to invest in strategic areas for our future, meaning we are allocating both our capital and talent to areas of secular growth and long-term competitiveness for the company, while divesting in other areas. These are the kinds of hard choices we have made throughout our 47-year history to remain a consequential company in this industry that is unforgiving to anyone who doesn't adapt to platform shifts. As such, we are taking a \$1.2B charge in Q2 related to severance costs, changes to our hardware portfolio, and the cost of lease consolidation as we create higher density across our workspaces.

And third, we will treat our people with dignity and respect, and act transparently. These decisions are difficult, but necessary. They are especially difficult because they impact people and people's lives—our colleagues and friends. We are committed to ensuring all those whose roles are eliminated have our full support during these transitions. U.S.-benefit-eligible employees will receive a variety of benefits, including above-market severance pay, continuing healthcare coverage for six months, continued vesting of stock awards for six months, career transition services, and 60 days' notice prior to termination, regardless of whether such notice is legally required. Benefits for employees outside the U.S. will align with the employment laws in each country.

When I think about this moment in time, the start of 2023, it's showtime—for our industry and for Microsoft. As a company, our success must be aligned to the world's success. That means every one of us and every team across the company must raise the bar and perform better than the competition to deliver meaningful innovation that customers, communities, and countries can truly benefit from. If we deliver on this, we will emerge stronger and thrive long into the future; it's as simple as that.

I want to extend my deepest thanks and gratitude to everyone who has contributed to Microsoft up to this point and to all of you who will continue to contribute as we chart our path ahead. Thank you for the focus, dedication, and resilience you demonstrate for Microsoft and our customers and partners each day.

Satya