

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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) August 3, 2017**

**Microsoft Corporation**

(Exact Name of Registrant as Specified in Its Charter)

**Washington**  
(State or Other Jurisdiction  
of Incorporation)

**001-37845**  
(Commission  
File Number)

**91-1144442**  
(IRS Employer  
Identification No.)

**One Microsoft Way, Redmond, Washington**  
(Address of Principal Executive Offices)

**98052-6399**  
(Zip Code)

**(425) 882-8080**  
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

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))

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**

Beginning July 1, 2017, Microsoft Corporation (the "Company") elected to early adopt the new accounting standards for revenue recognition and leases. The Company is furnishing this Form 8-K under Regulation FD to present the Company's previously reported financial information on a basis consistent with the standards. Beginning with the quarter ending September 30, 2017, the Company's financial information will reflect adoption of the standards with prior periods adjusted accordingly.

### Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new standard related to revenue recognition. The Company elected to early adopt the standard effective July 1, 2017 using the full retrospective method, which requires the Company to restate each prior reporting period presented consistent with the standard.

Adoption of the standard had a material impact on the Company's consolidated income statements and balances sheets, but had no impact to cash from or used in operating, financing, or investing on the consolidated cash flows statements. The most significant impact of the standard relates to the Company's accounting for software license revenue. Specifically, for Windows 10, the Company recognizes revenue predominantly at the time of billing and delivery rather than ratably over the life of the related device. For certain multi-year, commercial software subscriptions that include both distinct software licenses and Software Assurance, the Company recognizes license revenue at the time of contract execution rather than over the subscription period. Due to the complexity of certain commercial license subscription contracts, the actual revenue recognition treatment required under the standard depends on contract-specific terms and in some instances may vary from recognition at the time of billing. Revenue recognition related to the Company's hardware, cloud offerings such as Office 365, LinkedIn, and professional services remains substantially unchanged.

### Leases

In February 2016, the FASB issued a new standard related to leases. The Company elected to early adopt the standard effective July 1, 2017 using a modified retrospective approach, which requires the Company to recognize and measure leases at the beginning of the earliest period presented. The Company elected to apply the available practical expedients on adoption.

Adoption of the standard had a material impact on the Company's consolidated balance sheets, but did not have a material impact on the consolidated income statements and had no impact to cash from or used in operating, financing, or investing on the consolidated cash flows statements. The most significant impact of the standard is the recognition of right-of-use assets and lease liabilities for operating leases on the consolidated balance sheets. The Company's accounting for capital leases remains substantially unchanged.

### Financial Information

Refer to Exhibit 99.1 for financial information on a basis consistent with the new standards for fiscal year 2017 and 2016.

The Company will host a conference call/webcast at 1:30 p.m. Pacific time (4:30 p.m. Eastern time) on August 3, 2017 to discuss the new standards. The session may be accessed on the Microsoft Investor Relations website at <http://www.microsoft.com/en-us/investor>.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, 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 Microsoft's Financial Information Restated for the New Standards

**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: August 3, 2017

/s/ FRANK H. BROD

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Frank H. Brod  
Corporate Vice President, Finance and  
Administration;  
Chief Accounting Officer

## INDEX TO EXHIBITS

**Exhibit  
No.**

**Description**

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99.1 [Microsoft's Financial Information Restated for the New Standards](#)

## MICROSOFT CORPORATION

## INCOME STATEMENTS

(In millions, except per share amounts)(Unaudited)

Year Ended June 30,	Restated for New Standards		Previously Reported		Change	
	2017	2016	2017	2016	2017	2016
<b>Revenue:</b>						
Product	\$63,811	\$67,336	\$57,190	\$61,502	\$6,621	\$5,834
Service and other	32,760	23,818	32,760	23,818	0	0
Total revenue	96,571	91,154	89,950	85,320	6,621	5,834
<b>Cost of revenue:</b>						
Product	15,175	17,880	15,175	17,880	0	0
Service and other	19,086	14,900	19,086	14,900	0	0
Total cost of revenue	34,261	32,780	34,261	32,780	0	0
Gross margin	62,310	58,374	55,689	52,540	6,621	5,834
Research and development	13,037	11,988	13,037	11,988	0	0
Sales and marketing	15,461	14,635	15,539	14,697	(78)	(62)
General and administrative	4,481	4,563	4,481	4,563	0	0
Impairment and restructuring	306	1,110	306	1,110	0	0
Operating income	29,025	26,078	22,326	20,182	6,699	5,896
Other income (expense), net	876	(439)	823	(431)	53	(8)
Income before income taxes	29,901	25,639	23,149	19,751	6,752	5,888
Provision for income taxes	4,412	5,100	1,945	2,953	2,467	2,147
Net income	\$25,489	\$20,539	\$21,204	\$16,798	\$4,285	\$3,741
<b>Earnings per share:</b>						
Basic	\$3.29	\$2.59	\$2.74	\$2.12	\$0.55	\$0.47
Diluted	\$3.25	\$2.56	\$2.71	\$2.10	\$0.54	\$0.46

Restated results reflect the adoption of the new standards related to revenue recognition and leases. Previously reported results were derived from audited financial statements included in the Annual Report on Form 10-K for the year ended June 30, 2017.

BALANCE SHEETS  
(In millions)(Unaudited)

June 30,	Restated for New Standards		Previously Reported		Change	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$7,663	\$6,510	\$7,663	\$6,510	\$0	\$0
Short-term investments (including securities loaned of \$3,694, \$204, \$3,694, and \$204)	125,318	106,730	125,318	106,730	0	0
Total cash, cash equivalents, and short-term investments	132,981	113,240	132,981	113,240	0	0
Accounts receivable, net of allowance for doubtful accounts of \$345, \$392, \$405, and \$426	22,431	20,636	19,792	18,277	2,639	2,359
Inventories	2,181	2,251	2,181	2,251	0	0
Other	5,103	6,061	4,897	5,892	206	169
Total current assets	162,696	142,188	159,851	139,660	2,845	2,528
Property and equipment, net of accumulated depreciation of \$24,179, \$19,800, \$24,179, and \$19,800	23,734	18,356	23,734	18,356	0	0
Operating lease right-of-use assets	6,555	5,198	0	0	6,555	5,198
Equity and other investments	6,023	10,431	6,023	10,431	0	0
Goodwill	35,122	17,872	35,122	17,872	0	0
Intangible assets, net	10,106	3,733	10,106	3,733	0	0
Other long-term assets	6,076	5,119	6,250	3,416	(174)	1,703
Total assets	\$250,312	\$202,897	\$241,086	\$193,468	\$9,226	\$9,429
<b>Liabilities and stockholders' equity</b>						
Current liabilities:						
Accounts payable	\$7,390	\$6,898	\$7,390	\$6,898	\$0	\$0
Short-term debt	9,072	12,904	9,072	12,904	0	0
Current portion of long-term debt	1,049	0	1,049	0	0	0
Accrued compensation	5,819	5,264	5,819	5,264	0	0
Income taxes	718	580	718	580	0	0
Short-term unearned revenue	24,013	20,177	34,102	27,468	(10,089)	(7,291)
Securities lending payable	97	294	97	294	0	0
Other	7,587	6,985	6,280	5,949	1,307	1,036
Total current liabilities	55,745	53,102	64,527	59,357	(8,782)	(6,255)
Long-term debt	76,073	40,557	76,073	40,557	0	0
Long-term unearned revenue	2,643	2,016	10,377	6,441	(7,734)	(4,425)
Deferred income taxes	5,734	6,313	531	1,476	5,203	4,837
Operating lease liabilities	5,372	4,257	0	0	5,372	4,257
Other long-term liabilities	17,034	13,562	17,184	13,640	(150)	(78)
Total liabilities	162,601	119,807	168,692	121,471	(6,091)	(1,664)
Commitments and contingencies						
Stockholders' equity:						
Common stock and paid-in capital - shares authorized 24,000; outstanding 7,708, 7,808, 7,708, and 7,808	69,315	68,178	69,315	68,178	0	0
Retained earnings	17,769	13,118	2,648	2,282	15,121	10,836
Accumulated other comprehensive income	627	1,794	431	1,537	196	257
Total stockholders' equity	87,711	83,090	72,394	71,997	15,317	11,093
Total liabilities and stockholders' equity	\$250,312	\$202,897	\$241,086	\$193,468	\$9,226	\$9,429

Restated results reflect the adoption of the new standards related to revenue recognition and leases. Previously reported results were derived from audited financial statements included in the Annual Report on Form 10-K for the year ended June 30, 2017.

## SEGMENT REVENUE AND OPERATING INCOME (LOSS)

(In millions)(Unaudited)

Year Ended June 30,	Restated for New Standards		Previously Reported		Change	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
Productivity and Business Processes	\$29,870	\$25,792	\$30,444	\$26,487	\$(574)	\$(695)
Intelligent Cloud	27,407	24,952	27,440	25,042	(33)	(90)
More Personal Computing	39,294	40,410	38,773	40,434	521	(24)
Corporate and Other	0	0	(6,707)	(6,643)	6,707	6,643
Total revenue	<u>\$96,571</u>	<u>\$91,154</u>	<u>\$89,950</u>	<u>\$85,320</u>	<u>\$6,621</u>	<u>\$5,834</u>
<b>Operating income (loss)</b>						
Productivity and Business Processes	\$11,389	\$11,756	\$11,913	\$12,418	\$(524)	\$(662)
Intelligent Cloud	9,127	9,249	9,138	9,315	(11)	(66)
More Personal Computing	8,815	6,183	8,288	6,202	527	(19)
Corporate and Other	(306)	(1,110)	(7,013)	(7,753)	6,707	6,643
Total operating income	<u>\$29,025</u>	<u>\$26,078</u>	<u>\$22,326</u>	<u>\$20,182</u>	<u>\$6,699</u>	<u>\$5,896</u>

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## QUARTERLY INFORMATION

(In millions, except per share amounts)(Unaudited)

## Fiscal Year 2017

Quarter Ended	September 30		December 31		March 31		June 30	
	Restated for New Standards	Previously Reported	Restated for New Standards	Previously Reported	Restated for New Standards	Previously Reported	Restated for New Standards	Previously Reported
Revenue	\$21,928	\$20,453	\$25,826	\$24,090	\$23,212	\$22,090	\$25,605	\$23,317
Gross margin	14,084	12,609	15,925	14,189	15,152	14,030	17,149	14,861
Operating income	6,715	5,225	7,905	6,177	6,723	5,594	7,682	5,330
Net income	5,667	4,690	6,267	5,200	5,486	4,801	8,069	6,513
Basic earnings per share	0.73	0.60	0.81	0.67	0.71	0.62	1.05	0.84
Diluted earnings per share	0.72	0.60	0.80	0.66	0.70	0.61	1.03	0.83

## Fiscal Year 2016

Quarter Ended	September 30		December 31		March 31		June 30	
	Restated for New Standards	Previously Reported	Restated for New Standards	Previously Reported	Restated for New Standards	Previously Reported	Restated for New Standards	Previously Reported
Revenue	\$20,910	\$20,379	\$25,253	\$23,796	\$21,517	\$20,531	\$23,474	\$20,614
Gross margin	13,703	13,172	15,381	13,924	13,795	12,809	15,495	12,635
Operating income	6,316	5,793	7,489	6,026	6,277	5,283	5,996	3,080
Net income	5,069	4,902	5,938	5,018	4,305	3,756	5,227	3,122
Basic earnings per share	0.63	0.61	0.75	0.63	0.55	0.48	0.67	0.40
Diluted earnings per share	0.63	0.61	0.74	0.62	0.54	0.47	0.66	0.39

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