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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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

**Date of report (Date of earliest event reported) October 23, 2014**

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**Microsoft Corporation**  
(Exact Name of Registrant as Specified in Its Charter)

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

**0-14278**  
(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)

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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))
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**Item 2.02. Results of Operations and Financial Condition**

On October 23, 2014, Microsoft Corporation issued a press release announcing its financial results for the fiscal quarter ended September 30, 2014. A copy of the press release is furnished as Exhibit 99.1 to this report.

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 Press release, dated October 23, 2014, issued by Microsoft Corporation

**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: October 23, 2014

/s/ FRANK H. BROD

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

INDEX TO EXHIBITS

Exhibit  
No.

Description

99.1 Press release dated October 23, 2014

## Microsoft Cloud Strength and Hardware Progress Drive Record First-Quarter Revenue

Strong performance across commercial and consumer segments delivers revenue of \$23.20 billion.

**REDMOND, Wash. — October 23, 2014** — Microsoft Corp. today announced revenue of \$23.20 billion for the quarter ended September 30, 2014. Gross margin, operating income and diluted earnings per share (“EPS”) for the quarter were \$14.93 billion, \$5.84 billion and \$0.54 per share, respectively.

These financial results include \$1.14 billion of integration and restructuring expenses, or an \$0.11 per share negative impact, related to both Microsoft’s restructuring plan announced in July 2014 and the ongoing integration of the Nokia Devices and Services (“NDS”) business.

The following table notes the impact of the integration and restructuring expenses on the company’s financial performance (“Noted Items”). This financial information is provided to aid investors in better understanding the company’s performance. All growth comparisons relate to the corresponding period in the last fiscal year.

(\$ in millions, except per share amounts and percentages)	Three Months Ended September 30,			
	Revenue	Gross Margin	Operating Income	Diluted EPS
2013 As Reported (GAAP)	\$18,529	\$13,384	\$6,334	\$0.62
2014 As Reported (GAAP)	\$23,201	\$14,928	\$5,844	\$0.54
% Y/Y (GAAP)	25%	12%	(8)%	(13)%
2014 Impact of Noted Items	-	-	\$(1,140)	\$(0.11)

“We are innovating faster, engaging more deeply across the industry, and putting our customers at the center of everything we do, all of which positions Microsoft for future growth,” said Satya Nadella, chief executive officer of Microsoft. “Our teams are delivering on our core focus of reinventing productivity and creating platforms that empower every individual and organization.”

“We delivered a strong start to the year, with continued cloud momentum and meaningful progress across our device businesses,” said Amy Hood, executive vice president and chief financial officer of Microsoft. “We will continue to invest in high-growth opportunities and drive efficiencies across the organization to deliver long-term shareholder value.”

Devices and Consumer revenue grew 47% to \$10.96 billion, with the following business highlights:

- Office 365 Home and Personal subscribers totaled more than 7 million, representing more than 25% sequential growth over the previous quarter.
- Surface Pro 3 momentum drove Surface revenue of \$908 million.
- New Windows consumer licensing programs drove positive unit growth while OEM non-Pro revenue declined 1%.
- Total Xbox console sales were 2.4 million, growing 102%, and Xbox One launched in 28 new markets.
- Phone hardware revenue exceeded \$2.6 billion with ongoing focus on execution discipline.

Commercial revenue grew 10% to \$12.28 billion, with the following business highlights:

- Server products and services revenue increased 13%, with double-digit growth for SQL Server, System Center and Windows Server.
- Office Commercial products and services revenue grew 5% as customers transition to Office 365.

- Commercial cloud revenue grew 128% driven by Office 365, Azure and Dynamics CRM.
- Lync, SharePoint and Exchange, our productivity server offerings, collectively grew double-digits.
- Windows volume licensing revenue increased 10%.

“Customers are embracing our latest technologies from Surface Pro 3 and Office 365 to Azure and SQL Server,” said Kevin Turner, chief operating officer of Microsoft. “Through great execution by our sales teams and our partners, we have been able to deliver our truly differentiated value to the marketplace.”

## **Business Outlook**

Microsoft will provide forward-looking guidance in connection with this quarterly earnings announcement on its earnings conference call and webcast.

## **Webcast Details**

Satya Nadella, chief executive officer, Amy Hood, executive vice president and chief financial officer, Frank Brod, chief accounting officer, John Seethoff, deputy general counsel, and Chris Suh, general manager of Investor Relations, will host a conference call and webcast at 2:30 p.m. PDT (5:30 p.m. EDT) today to discuss details of the company’s performance for the quarter and certain forward-looking information. The session may be accessed at <http://www.microsoft.com/investor>. The webcast will be available for replay through the close of business on October 23, 2015.

## **Noted Items Definition**

Integration and restructuring expenses include employee severance expenses and costs associated with the consolidation of facilities and manufacturing operations, including asset write-downs and contract termination costs, resulting from Microsoft’s restructuring plan. Integration and restructuring expenses also include systems consolidation and other business integration expenses, as well as transaction fees and direct acquisition costs, associated with the acquisition of NDS.

Integration and restructuring expenses were \$1.14 billion during the three months ended September 30, 2014, due mainly to restructuring charges of \$1.05 billion, including employee severance expenses and the write-down of certain assets in connection with the restructuring plan.

## **About Microsoft**

Founded in 1975, Microsoft (Nasdaq “MSFT”) is the worldwide leader in software, services, devices and solutions that help people and businesses realize their full potential.

## **Forward-Looking Statements**

Statements in this release that are “forward-looking statements” are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of factors such as:

- intense competition in all of Microsoft’s markets;
- increasing focus on services presents execution and competitive risks;
- significant investments in new products and services that may not be profitable;
- acquisitions, joint ventures, and strategic alliances may have an adverse effect on our business;
- impairment of goodwill or amortizable intangible assets causing a significant charge to earnings;
- Microsoft’s continued ability to earn expected revenues from its intellectual property rights;
- claims that Microsoft has infringed the intellectual property rights of others;

- the possibility of unauthorized disclosure of significant portions of Microsoft's source code;
- cyber-attacks and security vulnerabilities in Microsoft products that could reduce revenue or lead to liability;
- disclosure of personal data that could cause liability and harm to Microsoft's reputation;
- outages, data losses, and disruptions of our online services if we fail to maintain an adequate operations infrastructure;
- government litigation and regulation that may limit how Microsoft designs and markets its products;
- potential liability under anti-corruption and trade protection laws resulting from our international operations;
- Microsoft's ability to attract and retain talented employees;
- adverse results in legal disputes;
- unanticipated tax liabilities;
- our hardware and software products may experience quality or supply problems;
- exposure to increased economic and operational uncertainties from operating a global business;
- catastrophic events or geo-political conditions may disrupt our business; and
- adverse economic or market conditions may harm our business.

For more information about risks and uncertainties associated with Microsoft's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of Microsoft's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Microsoft's Investor Relations department at (800) 285-7772 or at Microsoft's Investor Relations website at <http://www.microsoft.com/investor>.

All information in this release is as of October 23, 2014. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

**For more information, press only:**

Rapid Response Team, Waggener Edstrom Worldwide, (503) 443-7070, [rrt@waggeneredstrom.com](mailto:rrt@waggeneredstrom.com)

**For more information, financial analysts and investors only:**

Chris Suh, general manager, Investor Relations, (425) 706-4400

*Note to editors:* For more information, news and perspectives from Microsoft, please visit the Microsoft News Center at <http://www.microsoft.com/news/>. Web links, telephone numbers, and titles were correct at time of publication, but may since have changed. Shareholder and financial information, as well as today's 2:30 p.m. PDT conference call with investors and analysts, is available at <http://www.microsoft.com/investor>.

## INCOME STATEMENTS

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

	Three Months Ended September 30,	
	2014	2013
Revenue	\$ 23,201	\$ 18,529
Cost of revenue	8,273	5,145
Gross margin	14,928	13,384
Research and development	3,065	2,767
Sales and marketing	3,728	3,304
General and administrative	1,151	979
Integration and restructuring	1,140	0
Operating income	5,844	6,334
Other income, net	52	74
Income before income taxes	5,896	6,408
Provision for income taxes	1,356	1,164
Net income	\$ 4,540	\$ 5,244
Earnings per share:		
Basic	\$ 0.55	\$ 0.63
Diluted	\$ 0.54	\$ 0.62
Weighted average shares outstanding:		
Basic	8,249	8,339
Diluted	8,351	8,434
Cash dividends declared per common share	\$ 0.31	\$ 0.28



## COMPREHENSIVE INCOME STATEMENTS

(In millions)(Unaudited)

	Three Months Ended September 30,	
	2014	2013
Net income	\$ 4,540	\$ 5,244
Other comprehensive income (loss):		
Net unrealized gains (losses) on derivatives (net of tax effects of \$4 and \$(3))	319	(26)
Net unrealized gains (losses) on investments (net of tax effects of \$(102) and \$492)	(189)	952
Translation adjustments and other (net of tax effects of \$(47) and \$33)	(81)	62
Other comprehensive income	49	988
Comprehensive income	\$ 4,589	\$ 6,232

BALANCE SHEETS  
(In millions)(Unaudited)

	September 30, 2014	June 30, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,302	\$ 8,669
Short-term investments (including securities loaned of \$180 and \$541)	82,891	77,040
Total cash, cash equivalents, and short-term investments	89,193	85,709
Accounts receivable, net of allowance for doubtful accounts of \$269 and \$301	12,887	19,544
Inventories	3,141	2,660
Deferred income taxes	1,784	1,941
Other	5,434	4,392
Total current assets	112,439	114,246
Property and equipment, net of accumulated depreciation of \$15,373 and \$14,793	13,229	13,011
Equity and other investments	13,943	14,597
Goodwill	20,081	20,127
Intangible assets, net	6,693	6,981
Other long-term assets	3,271	3,422
Total assets	\$ 169,656	\$ 172,384
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 6,769	\$ 7,432
Short-term debt	3,500	2,000
Current portion of long-term debt	1,748	0
Accrued compensation	3,740	4,797
Income taxes	903	782
Short-term unearned revenue	20,713	23,150
Securities lending payable	191	558
Other	7,130	6,906
Total current liabilities	44,694	45,625
Long-term debt	18,472	20,645
Long-term unearned revenue	1,825	2,008
Deferred income taxes	2,714	2,728
Other long-term liabilities	11,781	11,594
Total liabilities	79,486	82,600
Commitments and contingencies		
Stockholders' equity:		
Common stock and paid-in capital - shares authorized 24,000; outstanding 8,255 and 8,239	68,362	68,366
Retained earnings	18,051	17,710
Accumulated other comprehensive income	3,757	3,708
Total stockholders' equity	90,170	89,784
Total liabilities and stockholders' equity	\$ 169,656	\$ 172,384

## CASH FLOWS STATEMENTS

(In millions)(Unaudited)

	Three Months Ended September 30,	
	2014	2013
<b>Operations</b>		
Net income	\$ 4,540	\$ 5,244
Adjustments to reconcile net income to net cash from operations:		
Depreciation, amortization, and other	1,428	954
Stock-based compensation expense	646	635
Net recognized losses on investments and derivatives	55	93
Excess tax benefits from stock-based compensation	(502)	(205)
Deferred income taxes	301	404
Deferral of unearned revenue	8,022	7,436
Recognition of unearned revenue	(10,643)	(9,677)
Changes in operating assets and liabilities:		
Accounts receivable	6,627	6,617
Inventories	(483)	(667)
Other current assets	(280)	(556)
Other long-term assets	279	(81)
Accounts payable	(659)	(276)
Other current liabilities	(1,166)	(1,255)
Other long-term liabilities	189	(461)
<b>Net cash from operations</b>	<b>8,354</b>	<b>8,205</b>
<b>Financing</b>		
Proceeds from issuance of short-term debt, maturities of 90 days or less, net	2,999	712
Proceeds from issuance of debt	0	588
Repayments of debt	(1,500)	(1,000)
Common stock issued	216	203
Common stock repurchased	(2,888)	(2,188)
Common stock cash dividends paid	(2,307)	(1,916)
Excess tax benefits from stock-based compensation	502	205
<b>Net cash used in financing</b>	<b>(2,978)</b>	<b>(3,396)</b>
<b>Investing</b>		
Additions to property and equipment	(1,282)	(1,231)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	(141)	(15)
Purchases of investments	(24,085)	(14,768)
Maturities of investments	1,693	347
Sales of investments	16,445	11,117
Securities lending payable	(367)	(64)
<b>Net cash used in investing</b>	<b>(7,737)</b>	<b>(4,614)</b>
Effect of exchange rates on cash and cash equivalents	(6)	24
Net change in cash and cash equivalents	(2,367)	219
Cash and cash equivalents, beginning of period	8,669	3,804
Cash and cash equivalents, end of period	\$ 6,302	\$ 4,023

## SEGMENT REVENUE AND GROSS MARGIN

(In millions)(Unaudited)

	Three Months Ended September 30,	
	2014	2013
<b>Revenue</b>		
Devices and Consumer Licensing	\$ 4,093	\$ 4,484
Computing and Gaming Hardware	2,453	1,409
Phone Hardware	2,609	0
Devices and Consumer Other	1,809	1,554
Commercial Licensing	9,873	9,611
Commercial Other	2,407	1,602
Corporate and Other	(43)	(131)
Total revenue	<u>\$ 23,201</u>	<u>\$ 18,529</u>
<b>Gross Margin</b>		
Devices and Consumer Licensing	\$ 3,818	\$ 3,920
Computing and Gaming Hardware	479	205
Phone Hardware	478	0
Devices and Consumer Other	312	324
Commercial Licensing	9,100	8,805
Commercial Other	805	274
Corporate and Other	(64)	(144)
Total gross margin	<u>\$ 14,928</u>	<u>\$ 13,384</u>