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) January 19, 2012

Microsoft Corporation

(Exact Name of Registrant as Specified in Its Charter)

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)

| ck 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 isions (<i>see</i> 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)) |

Item 2.02. Results of Operations and Financial Condition

On January 19, 2012, Microsoft Corporation issued a press release announcing its financial results for the fiscal quarter ended December 31, 2011. 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 January 19, 2012, issued by Microsoft Corporation

SIGNATURE

| Pursuant to the requirements of the | Securities Exchange Act of 193 | 34, the registrant has duly | caused this report to | be signed on its behalf l | by the undersigned |
|-------------------------------------|--------------------------------|-----------------------------|-----------------------|---------------------------|--------------------|
| hereunto duly authorized. | | | | | |

MICROSOFT CORPORATION

(Registrant)

Date: January 19, 2012

/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 January 19, 2012

Microsoft Reports Record Revenue of \$20.9 Billion in Second Quarter

Strong business demand and holiday sales drive record revenue and EPS.

REDMOND, Wash. — **Jan. 19, 2012** — Microsoft Corp. today announced quarterly revenue of \$20.89 billion for the quarter ended Dec. 31, 2011, a 5% increase from the prior year period. Operating income, net income, and diluted earnings per share for the quarter were \$7.99 billion, \$6.62 billion, and \$0.78 per share, compared with \$8.17 billion, \$6.63 billion and \$0.77 per share, respectively, in the prior year period. Prior year results include recognition of \$224 million of deferred revenue related to the Office 2010 technology guarantee program.

"We delivered solid financial results, even as we prepare for a launch year that will accelerate many of our key products and services," said Steve Ballmer, chief executive officer at Microsoft. "Coming out of the Consumer Electronics Show, we're seeing very positive reviews for our new phones and PCs, and a strong response to our new Metro style design that will unify consumer experiences across our phones, PCs, tablets, and television in 2012."

The Microsoft Business Division reported \$6.28 billion in second quarter revenue, a 3% increase from the prior year period, and a 7% increase excluding the prior year recognition of deferred revenue for the Office 2010 technology guarantee program. Nearly 200 million licenses of Office 2010 have been sold in the 18 months since launch. Revenue from Exchange and SharePoint grew by 10% or more over the prior year period, and revenue from Lync and Dynamics CRM grew by more than 30%.

The Server & Tools business posted \$4.77 billion in second quarter revenue, an 11% increase from the prior year period, reflecting double-digit revenue growth in Windows Server and SQL Server premium editions and more than 20% growth in System Center revenue.

"We saw strong demand for our business products and services, despite the soft PC market and continuing economic uncertainty in key parts of the world," said Peter Klein, chief financial officer at Microsoft. "We delivered record earnings per share by continuing to manage our costs while investing for future growth."

The Windows and Windows Live Division posted revenue of \$4.74 billion, a 6% decline from the prior period. Microsoft has sold over 525 million Windows 7 licenses since launch.

The Online Services Division reported revenue of \$784 million, a 10% increase from the prior year period. Bing organic US market share grew to 15.1% while Bing-powered US market share, including Yahoo! properties, was approximately 27%.

The Entertainment & Devices Division posted revenue of \$4.24 billion, an increase of 15% from the prior period. The Xbox 360 installed base now totals approximately 66 million consoles and 18 million Kinect sensors. Xbox LIVE now has 40 million members worldwide, an increase of 33% from the prior year period.

"In addition to the continued strength of our commercial business, this holiday season was the strongest in Microsoft history, thanks to good sales execution and compelling products like Xbox 360 and Kinect," said Kevin Turner, chief operating officer at Microsoft. "We are seeing a lot of excitement for new devices, from Windows 7 Ultrabooks to new Windows Phones, as well as growing anticipation for Windows 8."

Business Outlook

Microsoft is revising operating expense guidance downward to \$28.5 billion to \$28.9 billion for the full year ending June 30, 2012.

Webcast Details

Peter Klein, chief financial officer, Frank Brod, chief accounting officer, and Bill Koefoed, general manager of Investor Relations, will host a conference call and webcast at 2:30 p.m. PST (5:30 p.m. EST) 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 Jan. 19, 2013.

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services 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:

- · execution and competitive risks in transitioning to cloud-based computing;
- · challenges to Microsoft's business model;
- · intense competition in all of Microsoft's markets;
- · Microsoft's continued ability to protect 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;
- · actual or perceived security vulnerabilities in Microsoft products that could reduce revenue or lead to liability;
- improper disclosure of personal data that could result in liability and harm to Microsoft's reputation;
- outages and disruptions of services provided to customers directly or through third parties if Microsoft fails to maintain an adequate operations infrastructure;
- government litigation and regulation affecting how Microsoft designs and markets its products;
- · Microsoft's ability to attract and retain talented employees;
- · delays in product development and related product release schedules;
- · significant business investments that may not gain customer acceptance and produce offsetting increases in revenue;
- unfavorable changes in general economic conditions, disruption of our partner networks or sales channels, or the availability of credit that affect demand for Microsoft's products and services or the value of our investment portfolio;
- · adverse results in legal disputes;
- unanticipated tax liabilities;
- · quality or supply problems in Microsoft's consumer hardware or other vertically integrated hardware and software products;
- impairment of goodwill or amortizable intangible assets causing a charge to earnings;

- exposure to increased economic and regulatory uncertainties from operating a global business;
- · geopolitical conditions, natural disaster, cyberattack or other catastrophic events disrupting Microsoft's business; and
- acquisitions, joint ventures and strategic alliances that adversely affect the business.

For further information regarding 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 January 19, 2012. 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

For more information, financial analysts and investors only:

Bill Koefoed, general manager, Investor Relations, (425) 706-3703

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. PST conference call with investors and analysts, is available at http://www.microsoft.com/investor/.

INCOME STATEMENTS

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

| | | nths Ended aber 31, 2010 | Six Mont Decem 2011 | |
|--|----------|--------------------------------|---------------------------|----------|
| Revenue | \$20,885 | \$19,953 | \$38,257 | \$36,148 |
| Operating expenses: | | | | |
| Cost of revenue | 5,638 | 4,833 | 9,415 | 7,972 |
| Research and development | 2,371 | 2,185 | 4,700 | 4,381 |
| Sales and marketing | 3,762 | 3,825 | 6,662 | 6,631 |
| General and administrative | 1,120 | 945 | 2,283 | 1,883 |
| Total operating expenses | 12,891 | 11,788 | 23,060 | 20,867 |
| Operating income | 7,994 | 8,165 | 15,197 | 15,281 |
| Other income | 245 | 332 | 348 | 446 |
| Income before income taxes | 8,239 | 8,497 | 15,545 | 15,727 |
| Provision for income taxes | 1,615 | 1,863 | 3,183 | 3,683 |
| Net income | \$ 6,624 | \$ 6,634 | \$12,362 | \$12,044 |
| Earnings per share: | | | | |
| Basic | \$ 0.79 | \$ 0.78 | \$ 1.47 | \$ 1.41 |
| Diluted | \$ 0.78 | \$ 0.77 | \$ 1.46 | \$ 1.39 |
| Weighted average shares outstanding: | | | | |
| Basic | 8,402 | 8,497 | 8,397 | 8,555 |
| Diluted | 8,465 | 8,570 | 8,489 | 8,646 |
| Cash dividends declared per common share | \$ 0.20 | \$ 0.16 | \$ 0.40 | \$ 0.32 |

BALANCE SHEETS (In millions)(Unaudited)

| | December 31, 2011 | June 30, 2011 ⁽¹⁾ |
|--|----------------------|---------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,610 | \$ 9,610 |
| Short-term investments (including securities loaned of \$831 and \$1,181) | 41,126 | 43,162 |
| Total cash, cash equivalents, and short-term investments | 51,736 | 52,772 |
| Accounts receivable, net of allowance for doubtful accounts of \$321 and \$333 | 13,643 | 14,987 |
| Inventories | 1,351 | 1,372 |
| Deferred income taxes | 2,169 | 2,467 |
| Other | 3,614 | 3,320 |
| Total current assets | 72,513 | 74,918 |
| Property and equipment, net of accumulated depreciation of \$10,546 and \$9,829 | 8,010 | 8,162 |
| Equity and other investments | 7,550 | 10,865 |
| Goodwill | 19,670 | 12,581 |
| Intangible assets, net | 2,581 | 744 |
| Other long-term assets | 1,919 | 1,434 |
| Total assets | \$ 112,243 | \$108,704 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,884 | \$ 4,197 |
| Accrued compensation | 2,677 | 3,575 |
| Income taxes | 921 | 580 |
| Short-term unearned revenue | 13,985 | 15,722 |
| Securities lending payable | 849 | 1,208 |
| Other | 3,057 | 3,492 |
| Total current liabilities | 25,373 | 28,774 |
| Long-term debt | 11,932 | 11,921 |
| Long-term unearned revenue | 1,349 | 1,398 |
| Deferred income taxes | 1,082 | 1,456 |
| Other long-term liabilities | 8,386 | 8,072 |
| Total liabilities | 48,122 | 51,621 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock and paid-in capital - shares authorized 24,000; outstanding 8,382 and 8,376 | 63,902 | 63,415 |
| Retained earnings (deficit), including accumulated other comprehensive income of \$826 and \$1,863 | 219 | (6,332) |
| Total stockholders' equity | 64,121 | 57,083 |
| Total liabilities and stockholders' equity | \$ 112,243 | \$108,704 |

Derived from audited financial statements.

CASH FLOW STATEMENTS (In millions) (Unaudited)

| Operations S, 6,24 \$ 6,634 \$ 12,032 \$ 2,040 Adjustments to reconcile net income to net cash from operations: 678 678 1,337 Stock-based compensation expense 575 553 1,333 1,081 Net recognized gains on investments and derivatives (112) (226) 1,412 (256) Excest stack benefits from stock-based compensation 41 117 416 (260) Deferred income taxes 14 117 416 (260) Deferred income taxes 4,63 1,363 1,271 (1,613) Recognition of unearned revenue (8,05) (7,01) (1,610) (1,610) Recognition of unearned revenue 3,652 (3,70) 1,081 4,04 Inventories 81 30 1,091 4,04 Inventories 81 30 1,081 4,04 Inventories 30 1,18 4,04 1,00 1,00 1,00 1,0 1,0 1,0 1,0 1,0 1,0 1,0 1,0 <th></th> <th>Three Mon Decemb 2011</th> <th></th> <th>Six Mont Decemb 2011</th> <th></th> | | Three Mon Decemb 2011 | | Six Mont Decemb 2011 | |
|--|--|-----------------------------|----------|----------------------------|-----------|
| Adjustments to reconcile net income to net cash from operations: 8 6.3 1,404 1,375 Stock-based compensation expense 575 553 1,133 1,081 Net recognized gains on investments and derivatives (112) (26) (142) (25) Excess tax benefits from stock-based compensation 14 (11) 416 (26) Deferred income taxes 14 (11) 416 (26) Deferral of unearned revenue (8,05) (7,01) (15,10) (21,15) Recognition of unearned revenue (8,05) (8,27) 1,081 404 Changes in operating assets and liabilities: 891 300 (29) (88) Other Lourent assets 891 300 (29) (88) Other Lourent assets 30 118 45 180 Other Lourent assets 30 118 45 180 Other Lourent assets 30 18 45 180 Other Lourent assets 30 18 45 28 O | Operations | | | | |
| Depreciation, amortization, and other \$678 \$663 \$1,404 \$1,357 \$1505 \$153 \$1,333 \$1,0351 \$1055 \$1505 \$1505 \$1,333 \$1,0351 \$1055 \$1505 \$1,333 \$1,0351 \$1055 \$1555 \$1,333 \$1,0351 \$1055 \$1555 \$1,333 \$1,0351 \$1,055 \$1555 \$1,333 \$1,0351 \$1,055 | Net income | \$ 6,624 | \$ 6,634 | \$ 12,362 | \$ 12,044 |
| Stock-based compensation expenses 755 533 1,133 1,081 Net recognized gains on investments and derivatives (11) (226) (142) (255) Excess tax benefits from stock-based compensation (4) (4) (7) (90) Deferend income taxes 14 (11) 416 (265) Deferal dinearned revenue (8,057) (7,514) (3,634) 12,638 12,158 Changes in operating assets and liabilities: 391 380 (29) (88) Changes in operating assets and liabilities: 391 380 (29) (88) Other current sectivable 391 380 (29) (88) Other current sectivable 391 380 (29) (88) Other current sectivable 391 (40) (10 | Adjustments to reconcile net income to net cash from operations: | | | | |
| Net recognized gains on investments and derivatives (112) (226) (142) (255) Excess tax benefits from stock-based compensation (4) (4) (74) (8) Deferred income taxes 14 (117) (365) (265) Deferral of uneamed revenue (8,057) (7,010) (15,105) (15,105) Recognition of uneamed revenue (8,057) (7,010) (15,105) (15,105) Recognition of uneamed revenue (8,057) (7,010) (15,105) (15,105) Recognition of uneamed revenue (8,057) (7,010) (15,105) | Depreciation, amortization, and other | 678 | 663 | 1,404 | 1,357 |
| Excess tax benefits from stock-based compensation | Stock-based compensation expense | 575 | 553 | 1,133 | 1,081 |
| Deferred income taxes | Net recognized gains on investments and derivatives | (112) | (226) | (142) | (255) |
| Deferral of uneamed revenue 7,544 6,834 13,683 12,715 Recognition of uneamed revenue (8,057) (7,301) (15,105) (14,163) Changes in operating assets and liabilities: 3 1,081 40.4 Accounts receivable 891 380 (29) (88) Other current assets 605 77 865 131 Other long-term assets 605 77 865 131 Other long-term disbilities 30 118 (45) 180 Accounts payable 176 216 (266) (184) Other long-term liabilities 394 (500) (599) (1,411) Other long-term liabilities 394 (500) (590) (1,412) Expession liabilities 394 <t< td=""><td>Excess tax benefits from stock-based compensation</td><td>(4)</td><td>(4)</td><td>(74)</td><td>(9)</td></t<> | Excess tax benefits from stock-based compensation | (4) | (4) | (74) | (9) |
| Recognition of uneamed revenue (8,657) (7,301) (15,710) (14,163) Changes in operating assets and liabilities: 3(3,652) (3,270) 1,081 404 Inventories 891 380 (29) (88) Other current assets 605 (77) 865 131 Other long-term assets 30 118 (45) 180 Accounts payable 176 216 (266) (184) Other long-term liabilities 394 (500) (599) (1411) Other long-term liabilities 5,862 4186 4355 12,300 Term debr read properations 5,862 4,186 4355 12,300 Term debr repayments, maturities of 90 days or less, net 0 1,000 0 4,81 Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 4,81 Repayments of debt, maturities longer than 90 days 0 0 0 0 4,81 Common stock repurchased 1,004 1,650 5,052 2, | Deferred income taxes | | (117) | 416 | (265) |
| Changes in operating assets and liabilities: 3.652 3.270 1.081 404 Accounts receivable 381 380 (29) (88) Other Innertories 605 (77) 865 131 Other current assets 30 118 (45) 180 Accounts payable 176 216 (266) (184) Other current liabilities 334 (500) (599) (1411) Other long-term liabilities 156 283 276 843 Net cash from operations 5862 416 1435 12,380 Financing 0 (1,000) 0 (184) Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 4,221 Repayents of debt, maturities longer than 90 days 0 0 0 0 4,221 Repayents of debt, maturities longer than 90 days 0 0 0 0 4,421 4 4 4 4 4 4 4 4 4 4 <td>Deferral of unearned revenue</td> <td>7,544</td> <td>6,834</td> <td>13,683</td> <td>12,715</td> | Deferral of unearned revenue | 7,544 | 6,834 | 13,683 | 12,715 |
| Accounts receivable (3,652) (3,70) 1,081 404 Inventories 891 380 (29) (88) Other current assets 605 (77) 865 131 Other long-term assets 30 118 (45) 180 Accounts payable 176 216 (266) (184) Other long-term liabilities 394 (500) (599) (1,411) Other long-term liabilities 156 283 276 843 Net cash from operations 5,862 4,186 14,355 12,380 Financing 0 (1,000) 0 (186) Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 4,221 Repayments of debt, maturities longer than 90 days 0 0 0 180 Common stock repurchased (1,042) (5,052) (2,976) (9,451 Common stock repurchased (1,042) (5,052) (2,976) (9,451 Excess tax benefits from stock-based compensation | Recognition of unearned revenue | (8,057) | (7,301) | (15,710) | (14,163) |
| Inventories | Changes in operating assets and liabilities: | | | | |
| Other current assets 605 (77) 865 131 Other long-term assets 30 118 45 180 Accounts payable 176 216 (266) (180) Other current liabilities 394 (500) (599) (1,411) Other long-term liabilities 156 283 276 843 Net cash from operations 5,662 4186 4,355 12,300 Net cash from operations 0 (1,000) (1,000) (1,000) | Accounts receivable | (3,652) | (3,270) | 1,081 | 404 |
| Other long-term assets 30 118 (45) 180 Accounts payable 176 216 (266) (184) Other current liabilities 394 (500) (599) (1,411) Other long-term liabilities 5,662 4,166 14,355 12,306 Net cash from operations 5,862 4,166 14,355 12,306 Financing 0 0 0 0 4,721 Short-term debt repayments, maturities of 90 days or less, net 0 0 0 4,721 Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 0 661 4,83 Common stock repurchased 1,042 0,502 2,976 (9,512 Common stock repurchased 1,048 1,043 3,024 (2,811) Exercities lene fiting thinting from the cash and cash equivalents </td <td>Inventories</td> <td>891</td> <td>380</td> <td>(29)</td> <td>(88)</td> | Inventories | 891 | 380 | (29) | (88) |
| Accounts payable 176 216 (266) (184) Other Current liabilities 394 (500) (599) (1,411) Other long-term liabilities 156 283 276 883 Net cash from operations 5,862 4,186 14,355 12,380 Financing 8 4,186 14,355 12,380 Proceeds from issuance of debt, maturities of 90 days or less, net 0 0 0 4,186 Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 (814) Repayments of debt, maturities longer than 90 days 0 0 0 (814) Common stock resulted for debt, maturities longer than 90 days 1 0 0 0 (814) Common stock resulted for debt, maturities of 90 days or less, and file of debt, maturities of 160,183 1,636 606 544 837 Common stock resulted file of debt, maturities of 160,184 4 4 4 9 9 1,651 1,652 1,630 1,632 1,632 1,632 1,632 1,632< | Other current assets | 605 | (77) | 865 | 131 |
| Other current liabilities 394 (500) (599) (1,411) Other long-term liabilities 156 283 276 843 Net cash from operations 5,862 4,186 14,355 12,300 Financing 5,862 4,186 14,355 12,300 Short-term debt repayments, maturities of 90 days or less, net 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 4,721 Common stock issued 10 0 0 0 (814) Common stock cash dividends paid (1,042) 5,052 (2,976) (9,451) Common stock cash dividends paid 1,683 1,363 3,024 (2,811) Excess tax benefits from stock-based compensation 4 4 74 9 Other 2,513 (6,751) (5,382) (7,390) Investing 4 49 9 (4 9 | Other long-term assets | 30 | 118 | (45) | 180 |
| Other long-term liabilities 156 283 276 843 Net cash from operations 5,862 4,186 14,355 12,380 Financing Term cash activities of 90 days or less, net 0 (1,000) 0 4,721 Short-term debt repayments, maturities longer than 90 days 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 814 Common stock issued 208 660 544 837 Common stock repurchased 11,683 1,363 1,302 (2,945) Common stock cash dividends paid 1,683 1,363 1,302 (2,945) Excess tax benefits from stock-based compensation 4 4 7 9 Other 0 0 0 0 0 25 Net cash used in financing 4 4 7 9 Metable 4 4 7 9 Investing 4 4 4 4 4 4 </td <td>Accounts payable</td> <td>176</td> <td>216</td> <td>(266)</td> <td>(184)</td> | Accounts payable | 176 | 216 | (266) | (184) |
| Net cash from operations 5,862 4,186 14,355 12,380 Financing Tenancing Tenancing Tenancing 0 (1,000) 0 (1,86) Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 0 814 Common stock issued 208 660 544 837 Common stock repurchased (1,042) (5,052) (2,976) (9,451) Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 4 4 4 7 4 9 Other 0 0 0 0 25 (3,90) (2,53) (7,30) Investing 4 | Other current liabilities | 394 | (500) | (599) | (1,411) |
| Financing Short-term debt repayments, maturities of 90 days or less, net 0 (1,000) 0 (186) Procedes from issuance of debt, maturities longer than 90 days 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 814 Common stock issued 208 660 544 837 Common stock cash dividends paid (1,042) (5,052) (2,976) (9,451) Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 25 Net cash used in financing (2,513) (6,751) (5,382) (7,390) Investing 4 4 74 9 9 0 0 0 25 0 25 1,309 1,055 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 1,050 | Other long-term liabilities | 156 | 283 | 276 | 843 |
| Short-term debt repayments, maturities of 90 days or less, net 0 (1,000) 0 (186) Proceeds from issuance of debt, maturities longer than 90 days 0 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 814 Repayments of debt, maturities longer than 90 days 0 0 0 837 Common stock issued 208 660 544 837 Common stock repurchased (1,642) (5,052) (2,976) (9,451) Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 0 (25) Net cash used in financing (498) (491) (934) (1,052) Additions to property and equipment (498) (491) (9,502) (69) Purchases of investments (8,627) (69) (9,502) (69) Adurities of investments (8,061) 1,336 | Net cash from operations | 5,862 | 4,186 | 14,355 | 12,380 |
| Proceeds from issuance of debt, maturities longer than 90 days 0 0 4,721 Repayments of debt, maturities longer than 90 days 0 0 0 (814) Common stock issued 208 660 544 837 Common stock repurchased (1,042) (5,052) (2,976) (9,451) Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 0 (25) Net cash used in financing 4 4 74 9 Investing 4 4 74 9 Additions to property and equipment 498 (491) 934 (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) 5,896 (21,346) (13,313) Maturities of investments (3,06) 1,836 8,886 | Financing | | | | |
| Repayments of debt, maturities longer than 90 days 0 0 (814) Common stock issued 208 660 544 837 Common stock repurchased (1,042) (5,052) (2,976) (9,451) Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 0 0 0 0 25 Other 0 0 0 0 0 25 Net cash used in financing (2,513) (6,751) (5,382) 7,390 Investing 498 (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (8,047) (5,896) (21,346) (13,313) Maturities of investments (8,047) (5,896) (21,346) (13,313) Securities lending payable (292) 447 (358) (1,747) Securities lending payable (2,504) | | 0 | (1,000) | 0 | (186) |
| Common stock issued 208 660 544 837 Common stock repurchased (1,042) (5,052) (2,976) (9,451) Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 0 (2,55) Net cash used in financing (2,513) (6,51) (5,382) (7,390) Investing 4 491 (9,502) (7,390) Additions to property and equipment 498 491 (9,344) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Ret cash used in investing (5,568) (1,00) <t< td=""><td>Proceeds from issuance of debt, maturities longer than 90 days</td><td>0</td><td>0</td><td>0</td><td>4,721</td></t<> | Proceeds from issuance of debt, maturities longer than 90 days | 0 | 0 | 0 | 4,721 |
| Common stock repurchased (1,042) (5,052) (2,976) (9,451) Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 0 (25) Net cash used in financing (2,513) (6,751) (5,382) (7,300) Investing Acquisition to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,866 2,706 Securities lending payable (292) 447 (358) 1,174 Securities lending payable (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (2,271) (4,138) 1,000 | Repayments of debt, maturities longer than 90 days | 0 | 0 | 0 | (814) |
| Common stock cash dividends paid (1,683) (1,363) (3,024) (2,481) Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 (25) Net cash used in financing (2,513) (6,751) (5,382) (7,390) Investing Additions to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (2,271) (4,138) 1,000 (1,482) | Common stock issued | 208 | 660 | 544 | 837 |
| Excess tax benefits from stock-based compensation 4 4 74 9 Other 0 0 0 (25) Net cash used in financing (2,513) (6,751) (5,382) (7,390) Investing 4 498 (491) (934) (1,055) Additions to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Net change in cash and cash equivalents (| Common stock repurchased | (1,042) | (5,052) | (2,976) | (9,451) |
| Other 0 0 0 (25) Net cash used in financing (2,513) (6,751) (5,382) (7,390) Investing Additions to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Common stock cash dividends paid | (1,683) | (1,363) | (3,024) | (2,481) |
| Net cash used in financing (2,513) (6,751) (5,382) (7,390) Investing Investing (498) (491) (934) (1,055) Additions to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Excess tax benefits from stock-based compensation | 4 | 4 | 74 | 9 |
| Investing (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Other | 0 | 0 | 0 | (25) |
| Additions to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Net cash used in financing | (2,513) | (6,751) | (5,382) | (7,390) |
| Additions to property and equipment (498) (491) (934) (1,055) Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Investing | | | | |
| Acquisition of companies, net of cash acquired, and purchases of intangible and other assets (8,627) (69) (9,502) (69) Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Ü | (498) | (491) | (934) | (1,055) |
| Purchases of investments (10,047) (5,896) (21,346) (13,313) Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | | , , | | | |
| Maturities of investments 6,061 1,836 8,886 2,706 Sales of investments 7,835 2,603 15,371 4,030 Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | | (10,047) | (5,896) | (21,346) | |
| Securities lending payable (292) 447 (358) 1,174 Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Maturities of investments | 6,061 | 1,836 | | 2,706 |
| Net cash used in investing (5,568) (1,570) (7,883) (6,527) Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Sales of investments | 7,835 | 2,603 | 15,371 | 4,030 |
| Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Securities lending payable | (292) | 447 | (358) | 1,174 |
| Effect of exchange rates on cash and cash equivalents (52) (3) (90) 55 Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | Net cash used in investing | (5,568) | (1,570) | (7,883) | (6,527) |
| Net change in cash and cash equivalents (2,271) (4,138) 1,000 (1,482) Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | | | | | |
| Cash and cash equivalents, beginning of period 12,881 8,161 9,610 5,505 | | | | | |
| | | | | | |
| | Cash and cash equivalents, end of period | \$ 10,610 | \$ 4,023 | \$ 10,610 | \$ 4,023 |

SEGMENT REVENUE AND OPERATING INCOME (LOSS) (In millions) (Unaudited)

| | | Three Months Ended December 31, 2011 2010 | | Six Months Ended December 31, 2011 2010 | |
|------------------------------------|----------|---|----------|---|--|
| Revenue | | | <u></u> | | |
| Windows & Windows Live Division | \$ 4,736 | \$ 5,056 | \$ 9,604 | \$ 9,843 | |
| Server and Tools | 4,772 | 4,288 | 9,022 | 8,149 | |
| Online Services Division | 784 | 713 | 1,425 | 1,260 | |
| Microsoft Business Division | 6,279 | 6,110 | 11,886 | 11,312 | |
| Entertainment and Devices Division | 4,237 | 3,698 | 6,198 | 5,493 | |
| Unallocated and other | 77 | 88 | 122 | 91 | |
| Consolidated | \$20,885 | \$19,953 | \$38,257 | \$36,148 | |
| Operating income (loss) | | | | | |
| Windows & Windows Live Division | \$ 2,850 | \$ 3,214 | \$ 6,101 | \$ 6,502 | |
| Server and Tools | 1,996 | 1,711 | 3,593 | 3,248 | |
| Online Services Division | (458) | (559) | (971) | (1,132) | |
| Microsoft Business Division | 4,152 | 4,087 | 7,839 | 7,570 | |
| Entertainment and Devices Division | 528 | 666 | 877 | 1,050 | |
| Corporate-level activity | (1,074) | (954) | (2,242) | (1,957) | |
| Consolidated | \$ 7,994 | \$ 8,165 | \$15,197 | \$15,281 | |