

MICROSOFT CORP
Form 10-Q
January 26, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the Quarterly Period Ended December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the Transition Period From to

Commission File Number: 001-37845

MICROSOFT CORPORATION

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of

incorporation or organization)

91-1144442
(I.R.S. Employer

Identification No.)

One Microsoft Way, Redmond, Washington
(Address of principal executive offices)

98052-6399
(Zip Code)

(425) 882-8080

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(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 20, 2017
Common Stock, \$0.00000625 par value per share	7,727,529,820 shares

MICROSOFT CORPORATION

FORM 10-Q

For the Quarter Ended December 31, 2016

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PART I

Item 1

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INCOME STATEMENTS

(In millions, except per share amounts) (Unaudited)	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Revenue:				
Product	\$ 16,537	\$17,974	\$ 30,030	\$ 33,193
Service and other	7,553	5,822	14,513	10,982
Total revenue	24,090	23,796	44,543	44,175
Cost of revenue:				
Product	5,378	6,268	8,959	10,303
Service and other	4,523	3,604	8,786	6,776
Total cost of revenue	9,901	9,872	17,745	17,079
Gross margin	14,189	13,924	26,798	27,096
Research and development	3,062	2,900	6,168	5,862
Sales and marketing	4,071	3,960	7,304	7,293
General and administrative	879	1,038	1,924	2,122
Operating income	6,177	6,026	11,402	11,819
Other income (expense), net	186	(171)	286	(451)
Income before income taxes	6,363	5,855	11,688	11,368
Provision for income taxes	1,163	837	1,798	1,448
Net income	\$5,200	\$5,018	\$9,890	\$9,920

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Earnings per share:				
Basic	\$0.67	\$0.63	\$1.27	\$1.24
Diluted	\$0.66	\$0.62	\$1.26	\$1.23
Weighted average shares outstanding:				
Basic	7,755	7,964	7,772	7,980
Diluted	7,830	8,051	7,853	8,068
Cash dividends declared per common share				
	\$0.39	\$0.36	\$0.78	\$0.72

See accompanying notes.

PART I

Item 1

COMPREHENSIVE INCOME STATEMENTS

(In millions) (Unaudited)	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Net income	\$ 5,200	\$ 5,018	\$ 9,890	\$ 9,920