

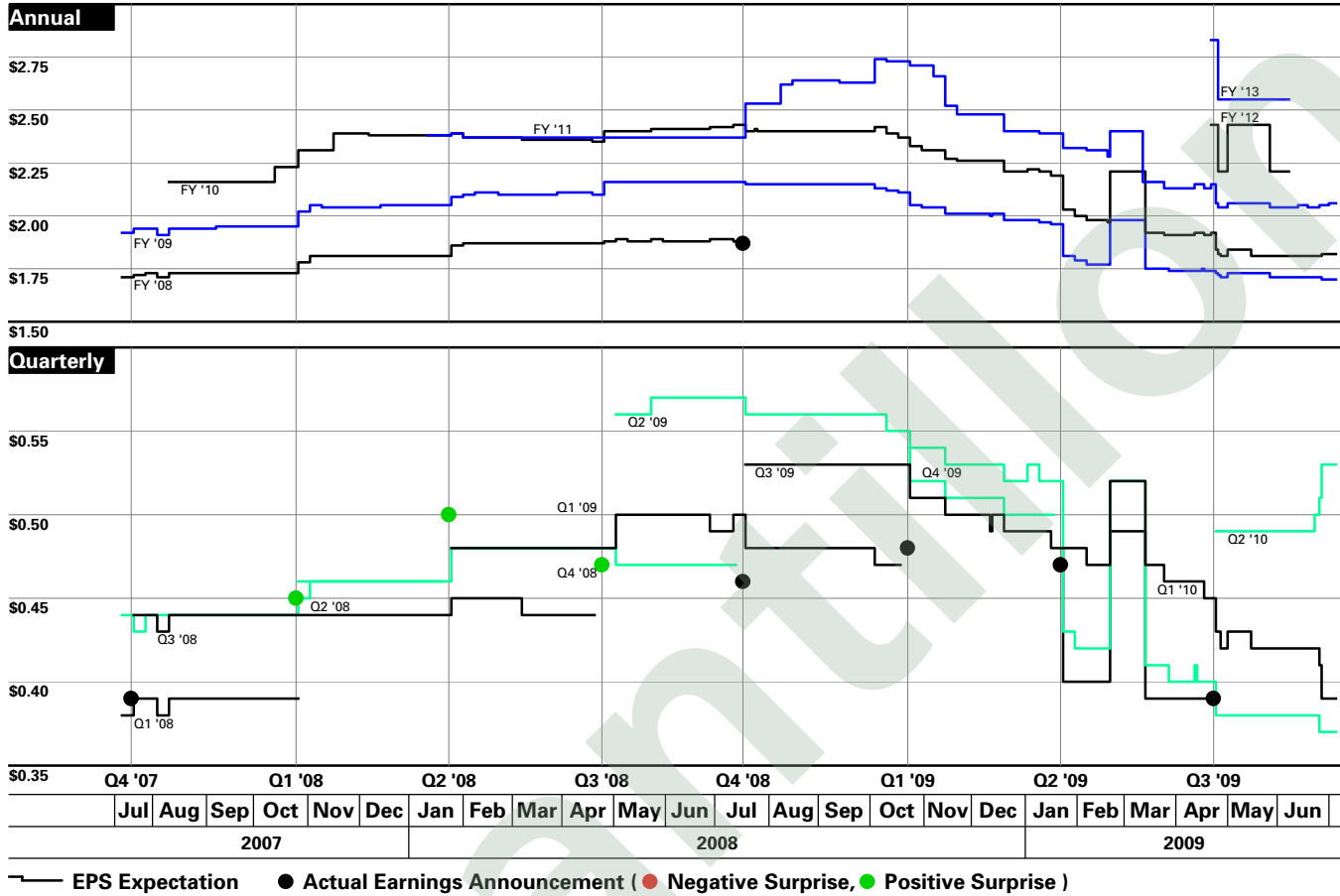
# FIRST CALL® EARNINGS VALUATION REPORT

## Microsoft Corporation (MSFT)

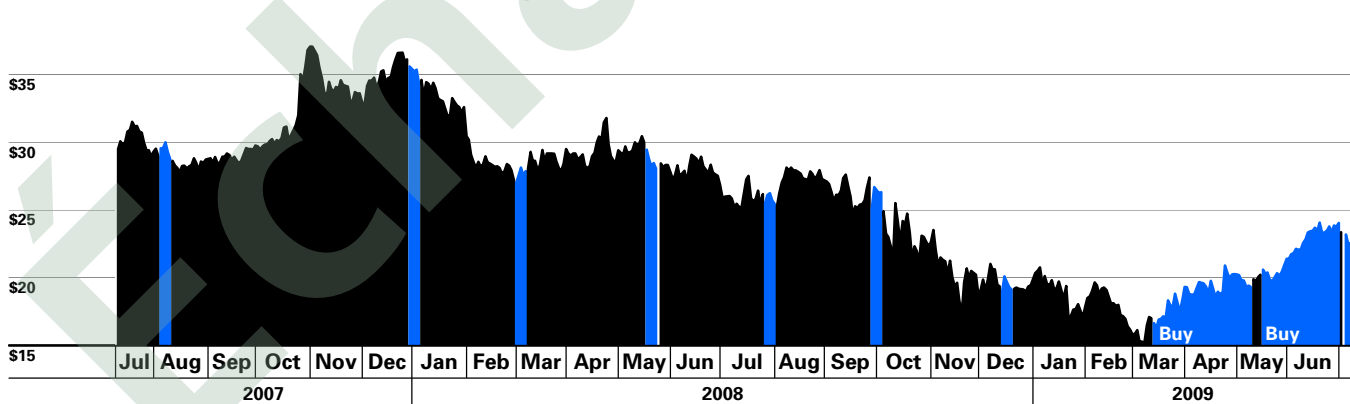
Report as of 7/8/09

### Historical EPS Consensus Expectations

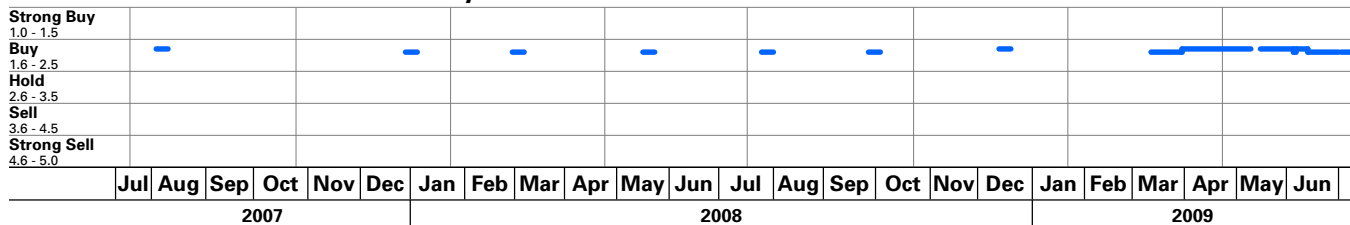
Fiscal year ends Jun.



### Stock Price and Recommendation History



### Consensus Recommendation History



# FIRST CALL® EARNINGS VALUATION REPORT

## Microsoft Corporation

continued

### Stock Price

Price as of 7/8	\$22.56
Dividend Yield	2.2%
Beta	1.0
Industry	
Sector	
Fiscal Year Ends	June

MSFT's next earnings announcement is expected on **July 23rd**.

### Expected Annual Growth Rates

Five year estimates from 5 analysts

MSFT	10.0%
Industry	11.8%
Sector	11.8%
Market	9.3%

For comparison purposes, MSFT's average growth rate during the last 5 years was 16.1% per year.

### PEG Ratio

A Way To Value Growth

	Less Expensive ←	More Expensive →
MSFT	1.36	
Industry	1.20	
Sector	1.52	
Market	1.67	

The PEG Ratio is the P/E Ratio divided by the expected growth rate. The higher the PEG ratio, the more expensive the stock.

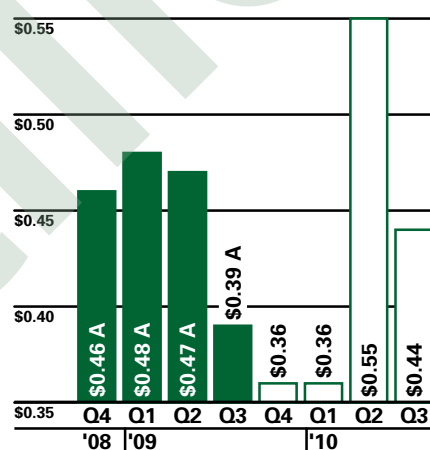
### Quarterly EPS Consensus Expectations

	Q4 '09	Q1 '10	Q2 '10	Q3 '10
Mean as of 7/7/09	\$0.36	\$0.36	\$0.55	\$0.44
Previous Mean	\$0.37	\$0.38	\$0.54	\$0.46
# of Brokers	21	16	17	17
Range (low/high)	\$0.32/0.39	\$0.31/0.46	\$0.45/0.66	\$0.38/0.50
Std. Deviation	\$0.02	\$0.04	\$0.05	\$0.03
Announce Date	7/23	Wk of 10/23		
Same Qtr. Last Yr.	\$0.46 A	\$0.48 A	\$0.47 A	\$0.39 A

### Change Over Same Quarter Last Year

Calendar Year	Sept	Dec	Mar	June
Microsoft Corporation	-25.0%	17.0%	12.8%	25.0%
Industry	-7.2%	3.5%	9.4%	15.9%
Sector	-21.4%	18.7%	32.7%	33.3%
WSJ/DJ US Index	-19.3%	202.3%	34.9%	32.5%

### Quarterly EPS Trend



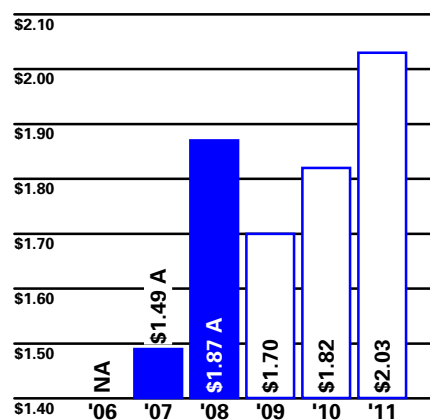
### Annual EPS Consensus Expectations

	FY '09	FY '10	FY '11
Mean as of 7/7/09	\$1.70	\$1.82	\$2.03
Previous Mean	\$1.71	\$1.83	\$2.06
# of Brokers	15	21	10
Range (low/high)	\$1.64/1.73	\$1.62/1.92	\$1.78/2.18
Std. Deviation	\$0.02	\$0.09	\$0.14
Announce Date	7/23		
Year Ago EPS	\$1.87 A		

### Change Over Previous Year

Calendar Year	'09	'10	'11
Microsoft Corporation	-11.7%	16.9%	6.2%
Industry	-3.0%	12.8%	NA
Sector	-16.8%	25.5%	NA
WSJ/DJ US Index	-11.3%	28.8%	NA

### Annual EPS Trend



# FIRST CALL® EARNINGS VALUATION REPORT

## Microsoft Corporation

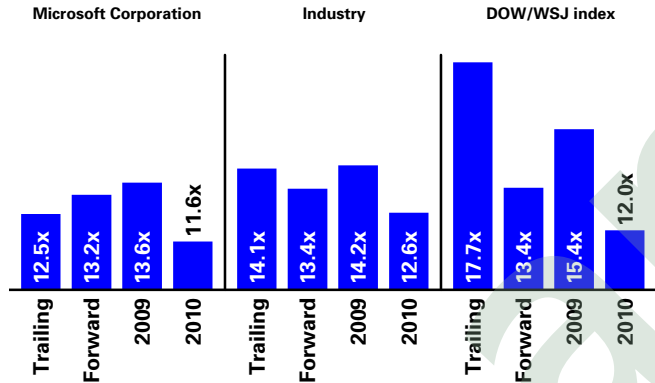
continued

### Historical P/E



FFQ is Price divided by Forward Four Quarters EPS estimate, TFQ is Price divided by Trailing Four Quarters actual EPS. Lines do not appear for any week where the P/E is not meaningful.

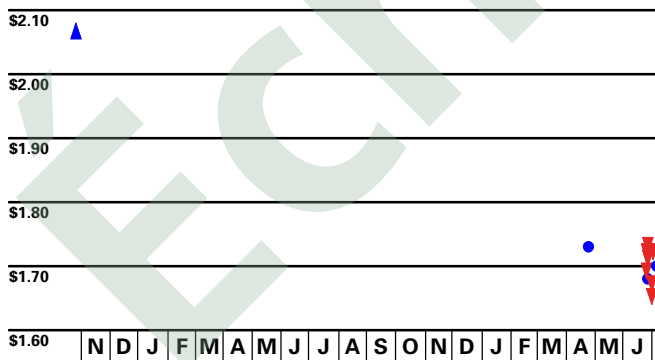
### Current P/E



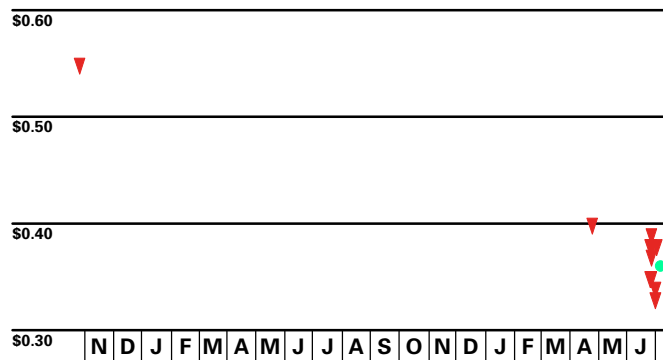
### Current Recommendation

Opinion	Analysts with Opinion
Strong Buy	11
Buy - 1.9	7
Hold	11
Underperform	
Sell	
Analysts Included in Consensus	29

### Current Distribution of Estimates for This Year (FY '09)



### Current Distribution of Estimates for This Quarter (Q4 '09)



▲ Analysts revising upwards, ▼ Analysts revising downwards, ● and initial estimates.

# FIRST CALL® EARNINGS VALUATION REPORT

## Microsoft Corporation

continued

### Earnings Notes and Announcements

Q3 '09 ● On 24-Apr-08, the company guided FY '09 estimates to between 2.13 and 2.19 -- Est at annc 2.10. On 24-Apr-08, the company guided FY '09 estimates to between 2.13 and 2.19 -- Est at annc 2.10. On 24-Apr-08, the company guided FY '09 estimates to between 2.13 and 2.19 -- Est at annc 2.10. On 24-Apr-08, the company guided FY '09 estimates to between 2.13 and 2.19 -- Est at annc 2.10. On 24-Apr-08, the company guided FY '09 estimates to between 2.13 and 2.19 -- Est at annc 2.10. On 17-Jul-08, the company guided FY '09 estimates to between 2.12 and 2.18 -- Est at annc 2.15. On 17-Jul-08, the company guided FY '09 estimates to between 2.12 and 2.18 -- Est at annc 2.15. On 17-Jul-08, the company guided FY '09 estimates to between 2.12 and 2.18 -- Est at annc 2.15. On 17-Jul-08, the company guided FY '09 estimates to between 2.12 and 2.18 -- Est at annc 2.15.

the company guided FY '09 estimates to between 2.12 and 2.18 -- Est at annc 2.15. On 17-Jul-08, the company guided FY '09 estimates to between 2.12 and 2.18 -- Est at annc 2.15. On 23-Oct-08, the company guided FY '09 estimates to between 2.00 and 2.10 -- Est at annc 2.10. On 23-Oct-08, the company guided FY '09 estimates to between 2.00 and 2.10 -- Est at annc 2.10. On 23-Oct-08, the company guided FY '09 estimates to between 2.00 and 2.10 -- Est at annc 2.10. On 23-Oct-08, the company guided FY '09 estimates to between 2.00 and 2.10 -- Est at annc 2.10. On 23-Oct-08, the company guided FY '09 estimates to between 2.00 and 2.10 -- Est at annc 2.10. On 23-Apr-09, the company met 3 expectation of \$0.39. On 23-Apr-09, the company issued this footnote: 23-Apr-09

MAR09Q 0.02 Severance charges. On 23-Apr-09, the company issued this footnote: 23-Apr-09 MAR09Q 0.04 Impairments to investments.

### Footnotes

01-Jun-09 anncd acqstn of crtn assts of Rosetta Biosoftware from Merck & Co In.

FY '08 JUN08 Estimates reflect adoption of FAS123(R).

14-Mar-07 announced acquisition of Tellme Networks Inc.

07-May-09 announced acquisition of BigPark Inc.

05-Jul-2007 JUN07Q excludes 1.05B to 1.15B Xbox 360 warranty extension costs.

26-Feb-07 announced acquisition of Medstory Inc.

FY '09 The table is on proforma basis.

26-Oct-06 DEC06Q includes 0.11 impact of deferrals .

26-Jul-06 announced acquisition of Helth Intllgnc Sftwr Azyxxi frm MedStar Hos.

29-Aug-08 announced acquisition of Greenfield Online Inc.

25-Oct-06 SEP06Q includes \$456.0M charge on stock based compensation.

17-Jul-06 completed acquisition of Softricity Inc.

FY '09 JUN09 Estimates reflect adoption of FAS123(R).

05-Jul-2007 JUN07Q includes 1.05B to 1.15B Xbox 360 warranty extension costs.

FY '07 JUN07 Estimates reflect adoption of FAS123(R).

15-Apr-08 completed acquisition of Danger Inc.

18-May-07 announced acquisition of aQuantive Inc.

11-Feb-08 announced acquisition of Danger Inc.

03-May-07 announced acquisition of ScreenTonic SA.