



State of California

Secretary of State

CORPORATE DISCLOSURE STATEMENT 97

(Domestic Stock and Foreign Corporations)

There is no fee for filing the Corporate Disclosure Statement.

IMPORTANT — PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FILED
In the office of the Secretary of State
of the State of California

NOV 29 2010

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1. CORPORATE NAME

Microsoft Corporation

C1868807

INDEPENDENT AUDITOR

2. NAME OF THE INDEPENDENT AUDITOR THAT PREPARED THE MOST RECENT AUDITOR'S REPORT

Deloitte & Touche

3. DESCRIPTION OF OTHER SERVICES, IF ANY, PERFORMED BY THE INDEPENDENT AUDITOR NAMED IN ITEM 2

See attached description

4. NAME OF THE INDEPENDENT AUDITOR EMPLOYED BY THE CORPORATION ON THE DATE OF THIS STATEMENT, IF DIFFERENT FROM ITEM 2

DIRECTORS AND EXECUTIVE OFFICERS

5. NAMES OF DIRECTORS	COMPENSATION	SHARES	OPTIONS	BANKRUPTCY	FRAUD
1) See attached spreadsheet				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
2)				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
3)				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

IF THE CORPORATION HAS ADDITIONAL DIRECTORS, COMPLETE ITEM B OF THE ATTACHMENT (FORM SI-PTA).

6a. NAMES OF EXECUTIVE OFFICERS	COMPENSATION	SHARES	OPTIONS	BANKRUPTCY	FRAUD
1) See attached spreadsheet				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
2)				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
3)				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
4)				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
5)				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

6b. CHIEF EXECUTIVE OFFICER (if not named in 6a)	COMPENSATION	SHARES	OPTIONS	BANKRUPTCY	FRAUD
				<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

6c. ADDITIONAL EXECUTIVE OFFICERS (if not named in 6a or 6b)	BANKRUPTCY	FRAUD
1)	<input type="checkbox"/> BANKRUPTCY	<input type="checkbox"/> FRAUD
2)	<input type="checkbox"/> BANKRUPTCY	<input type="checkbox"/> FRAUD
3)	<input type="checkbox"/> BANKRUPTCY	<input type="checkbox"/> FRAUD

IF MORE SPACE IS NEEDED, ENTER ADDITIONAL INFORMATION IN ITEM D OF THE ATTACHMENT (FORM SI-PTA).

LOANS TO MEMBERS OF THE BOARD OF DIRECTORS

7. NAMES OF DIRECTORS	DESCRIPTION OF LOAN (INCLUDING AMOUNT AND TERMS)
1)	
2)	
3)	

IF THE CORPORATION HAS MADE ADDITIONAL LOANS TO DIRECTORS, COMPLETE ITEM C OF THE ATTACHMENT (FORM SI-PTA).

ADDITIONAL STATUTORY DISCLOSURES

8. Has an order for relief been entered in a bankruptcy case with respect to the corporation during the preceding 10 years? ☐ YES ☒ NO
9. Has the corporation or any of its subsidiaries been a party to, or any of their property been subject to, any material pending legal proceedings, as specified by Item 103, Part 229 of SEC Regulation S-K? If yes, attach a description. ☒ YES ☐ NO
10. Has the corporation been found legally liable in any material legal proceeding during the preceding five years? If yes, attach a description. ☒ YES ☐ NO
11. By submitting this Corporate Disclosure Statement to the Secretary of State, the corporation certifies the information contained herein, including any attachments, is true and correct.

Keith R. Dolliver

TYPE OR PRINT NAME OF PERSON COMPLETING THE FORM

SIGNATURE

Assistant Secretary

TITLE

DATE

11/28/2010



State of California Secretary of State

ATTACHMENT TO CORPORATE DISCLOSURE STATEMENT (Domestic Stock and Foreign Corporations)

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IMPORTANT — READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

A. CORPORATE NAME Microsoft Corporation

B. ADDITIONAL DIRECTORS (Continued from Item 5 on Form SI-PT)

NAMES OF DIRECTORS	COMPENSATION	SHARES	OPTIONS	BANKRUPTCY	FRAUD
4) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
5) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
6) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
7) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
8) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
9) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
10) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
11) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
12) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
13) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
14) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
15) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
16) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
17) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
18) _____	_____	_____	_____	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

IF THE CORPORATION HAS ADDITIONAL DIRECTORS, ATTACH ADDITIONAL PAGES AS NEEDED.

C. ADDITIONAL LOANS TO MEMBERS OF THE BOARD OF DIRECTORS (Continued from Item 7 on Form SI-PT)

NAMES OF DIRECTORS	DESCRIPTION OF LOAN (INCLUDING AMOUNT AND TERMS)
4) _____	_____
5) _____	_____
6) _____	_____
7) _____	_____
8) _____	_____

IF THE CORPORATION HAS MADE ADDITIONAL LOANS TO DIRECTORS, ATTACH ADDITIONAL PAGES AS NEEDED.

D. ADDITIONAL INFORMATION (Please reference item number from Form SI-PT or Form SI-PTA, as applicable)

Item 3 from Form SI-PT - See attached description
 Item 5 from Form SI-PT - See attached spreadsheet
 Item 6 from Form SI-PT - See attached spreadsheet
 Item 9 from Form SI-PT - See attached description
 Item 10 from Form SI-PT - See attached description

Corporate Name: **Microsoft Corporation**

California Disclosure Statement
Item 3 of Form SI-PT

Services provided by the Independent Auditor other than audits of statutory financial statements of the domestic and international entities as required include: assurance and related services; audits and attest services not required by statute or regulations; audits of employee benefit plans; due diligence related to mergers, acquisitions, and investments; revenue and license compliance procedures related to performance of the review or audit of Microsoft's financial statements; accounting consultations about the application of generally accepted accounting principles to proposed transactions; software licensing compliance services; tax compliance and return preparation; tax planning and advice; volume licensing training activities, and economic, industry, and accounting subscriptions and surveys.

DIRECTORS

Corporate Disclosure Statement Items 5 of Form SI-PT

Corporate Name: MICROSOFT CORPORATION

5. Name of Director	Fees Paid in Cash (\$)	Stock Awards (\$)	Total Compensation (\$)	Shares	Options	Bankruptcy	Fraud
Steven A. Ballmer	N/A	N/A	1,276,627	(1)	0	No	No
James I. Cash, Jr.	50,000	60,000	110,000	(2)(3)	0	No	No
Dina Dublon	100,000	120,000	220,000	(2)(4)	0	No	No
William H. Gates III	80,000	120,000	200,000	(2)	0	No	No
Raymond V. Gilmartin	90,000	120,000	210,000	(2)	0	No	No
Reed Hastings	80,000	120,000	200,000	(2)(5)	0	No	No
Maria Klawe	80,000	120,000	200,000	(2)	0	No	No
David F. Marquardt	90,000	120,000	210,000	(2)	0	No	No
Charles H. Noski	100,000	120,000	220,000	(2)(6)	0	No	No
Helmut Panke	90,000	120,000	210,000	(2)	0	No	No

(1) Mr. Ballmer was an employee in fiscal year 2010. His employee compensation includes, salary, bonus, 401(k) matching, and the value of imputed income received under our broad-based flexible benefits program. During fiscal year 2010 Mr. Ballmer received no compensation for serving as a director, except that he, like all directors, is eligible to be reimbursed for any expenses incurred in attending Board and committee meetings.

(2) Non-employee directors receive a total annual retainer of \$200,000 per year with \$120,000 of the retainer provided in the form of a stock award. Each Committee chair and each member of the Audit Committee receives an additional annual retainer of \$10,000. The retainer is paid quarterly in arrears. Quarterly periods are measured beginning on the date of the annual shareholders meeting and each three months after that date. At the end of each quarterly period each director is paid 25% of the total annual retainer, provided he or she continues to serve as a director as of the last day of the performance period. Under our Deferred Compensation Plan for Non-Employee Directors, non-employee directors may elect to defer and convert to equity all or part of their annual cash retainer, and to defer receipt of all or part of their annual equity retainer. Amounts deferred by non-employee directors are maintained in bookkeeping accounts that are deemed invested in Microsoft common stock, and dividends paid on our common stock are deemed to be invested in our common stock. Accounts in the Plan are distributed in shares of Microsoft common stock, with payments either in installments beginning on separation from Board service or in a lump amount paid no later than the fifth anniversary after separation from Board service.

(3) Dr. Cash retired from the Board of Directors effective November 19, 2009. He elected to defer the stock award component of his compensation.

(4) Ms. Dublon elected to defer the stock award component of her compensation in connection with the August 18, 2009, November 18, 2009, and February 18, 2010 payments.

(5) Mr. Hastings elected to defer both the cash and stock award components of his compensation.

(6) Mr. Noski elected to defer both the cash and stock award components of his compensation in connection with the August 18, 2009, November 18, 2009, and February 18, 2010 payments.

(7) The "Shares" column consists of aggregate director stock awards outstanding as of June 30, 2010. Stock awards outstanding comprise deferred stock awards and cash compensation deferred to stock and dividend equivalents on deferred stock, which are paid in stock.

10-990791

EXECUTIVE OFFICERS

Corporate Disclosure Statement
Item 6
of Form SI-PT

Corporate Name: MICROSOFT CORPORATION

6a. Name of Officer	Compensation (\$)	Shares (#)	Options (#)	Bankruptcy	Fraud
Robert J. Bach	7,354,016	(1)	(3)	No	No
Stephen A. Elop	7,302,736	(1)	(3)	No	No
Christopher P. Liddell	5,469,104	(2)	(3)	No	No
Steven J. Sinofsky	7,285,031	(1)	(3)	No	No
B. Kevin Turner	7,914,509	(1)	(3)	No	No

(1) All amounts in this column are calculated using the grant date fair value under Accounting Standards Codification Topic 718 based on the market price as of the date of grant of common stock awarded, reduced by the present value of estimated future dividends because the awards are not entitled to receive dividends prior to vesting. Our discretionary awards including Incentive Plan awards are subject to the Compensation Committee's use of negative discretion, precluding a grant date until after the fiscal year end; accordingly, the grant date reported for these awards is the service inception date, which is the first day of the fiscal year for which the award is made. As a result, these amounts do not reflect the amount of compensation actually received by the listed executive officers for the fiscal year.

(2) Mr. Liddell left the Company effective December 31, 2009. He did not receive an Incentive Plan award for fiscal year 2010.

(3) For Incentive Plan awards, the Committee's use of negative discretion precludes a grant date until after the fiscal year end; accordingly, the grant date reported in this table for these awards is the July 1, 2009 service inception date, the first day of fiscal year 2010. The awards vest in equal one-fourth increments on September 21, 2010, August 31, 2011, August 31, 2012 and August 31, 2013, subject to continued employment.

Corporate Name: **Microsoft Corporation**

**California Disclosure Statement
Item 9 of Form SI-PT**

In January 2008, the Commission opened a competition law investigation that relates primarily to interoperability with respect to our Microsoft Office family of products. This investigation resulted from complaints filed with the Commission by a trade association of Microsoft's competitors. We made a number of proposals to address the Commission's competition law concerns. The Commission announced on December 16, 2009 that it welcomed and would consider these proposals.

In March 2004, the European Commission issued a competition law decision that, among other things, ordered us to license certain Windows server protocol technology to our competitors. In March 2007, the European Commission issued a statement of objections claiming that the pricing terms we proposed for licensing the technology as required by the March 2004 decision were "not reasonable." Following additional steps we took to address these concerns, the Commission announced on October 22, 2007 that we were in compliance with the March 2004 decision and that no further penalty should be imposed from that date. In February 2008, the Commission issued a fine of \$1.4 billion (€899 million) related to the period prior to October 22, 2007. In May 2008, we filed an application with the European Court of First Instance to annul the fine.

Corporate Name: **Microsoft Corporation**

**California Disclosure Statement
Item 10 of Form SI-PT**

On December 16, 2009, the European Commission announced it had adopted a decision that makes legally binding commitments offered by Microsoft to address the Commission's concerns regarding competition in Web browsing software. This decision ends the Commission's investigation. It does not address whether a violation of European Commission competition law occurred. The commitments we offered broadly ensure that computer manufacturers will remain free to install any browser on the PCs they ship, and they provide for a Web browser "choice screen" to be offered to end users throughout Europe. The Commission had opened its investigation in January 2008 following a complaint filed with the Commission by Opera Software ASA.

We are subject to a Consent Decree and Final Judgment ("Final Judgments") that resolved lawsuits brought by the U.S. Department of Justice, 18 states, and the District of Columbia in two separate actions. The Final Judgments imposed various constraints on our Windows operating system businesses. Originally, the Final Judgments were scheduled to expire in November 2007. In 2006, we voluntarily agreed to extend certain elements of the Final Judgments to November 2009. The U.S. Department of Justice and other states advised the Court that they would not seek any extension of the Final Judgments to which they are party. In January 2008, the court issued a decision granting the states' motion to extend these additional provisions of the Final Judgments until November 2009. On April 16, 2009, we agreed with the Department of Justice and the states, respectively, to extend the Final Judgments to May 2011, and submitted to the U.S. District Court for the District of Columbia joint motions for this extension. Following a status conference before the Court on April 22, 2009, the Court entered an order approving the extension.

Microsoft and Alcatel-Lucent have been parties to a number of legal proceedings beginning in 2003 relating to certain patents of each of the companies. Because some of these actions began before the merger of Alcatel and Lucent in 2006, for simplicity we refer to the post-merger entity of Alcatel-Lucent throughout this discussion.

- In 2003 we filed an action in U.S. District Court in California seeking a declaratory judgment that we do not infringe certain Alcatel-Lucent patents. Alcatel-Lucent has asserted claims under these patents against computer manufacturers that sell computers with our operating system and application software pre-installed. In February 2007, the jury returned a verdict in Alcatel-Lucent's favor in the first of a series of patent trials, and awarded \$1.5 billion in damages. In August 2007, on our motions for judgment as a matter of law, the trial court overturned the jury verdict and dismissed plaintiff's claims on multiple grounds. Alcatel-Lucent appealed, and in September 2008, the court of appeals affirmed the trial court's dismissal of the claim. In April 2008, a jury returned a verdict in Alcatel-Lucent's favor in a trial on a consolidated group of one video and three user interface patents. The jury concluded that Microsoft had infringed two user interface patents and awarded \$367 million in damages. In June 2008, the trial judge increased the amount of damages to \$512 million, to include \$145 million of interest. Microsoft has appealed.
- In March 2006, Alcatel-Lucent filed a lawsuit against us in U.S. District Court in California, claiming Windows Vista, Windows Media Player, and the Xbox 360 infringe one of its patents. The Alcatel-Lucent patent, together with five other patents, was then assigned to a separate entity, the Multimedia Patent Trust ("MPT"). Alcatel-Lucent created the MPT immediately prior to the companies' merger and transferred these patents to the trust. In response, we asserted counterclaims that Alcatel-Lucent infringes 10 Microsoft patents by its sale of various products.
- In November 2006, Alcatel-Lucent filed two patent infringement cases against us in U.S. District Court in Texas, asserting Mediaroom and various networking functionalities violate seven of its patents. In April 2007, we asserted infringement counterclaims based on four of our patents relating to functionality similar to that accused by Alcatel-Lucent.

- In February 2007, we filed a complaint against Alcatel-Lucent with the International Trade Commission claiming Alcatel-Lucent is infringing four Microsoft patents related to our unified communications technology and seeking to prevent the import into the U.S. of certain Alcatel-Lucent unified communications products.

In December 2008, we entered into a settlement agreement resolving all of the matters described above, except one of the two patents the jury concluded we had infringed in the April 2008 verdict. This settlement did not have a significant impact on our financial statements. Approximately \$500 million remains in dispute in the remaining matter.

In February 2006, the Korean Fair Trade Commission ("KFTC") issued a formal written ruling against us in its investigation of the company under Korean competition law. The KFTC held that our integration of Windows Media Player and Windows Messenger in the Windows client operating system and the integration of Windows Media Services in Windows server constituted an abuse of monopoly power and unlawful tying in violation of the Korean Fair Trade Act. After discussions with the Korean Fair Trade Commission ("KFTC"), we announced on October 13, 2006 that we would make versions of Windows Vista available in Korea contemporaneously with the worldwide launch. These versions had modifications designed to address specific requirements of the decision of the KFTC announced in February 2006.