

# Bull / Bear Presentation

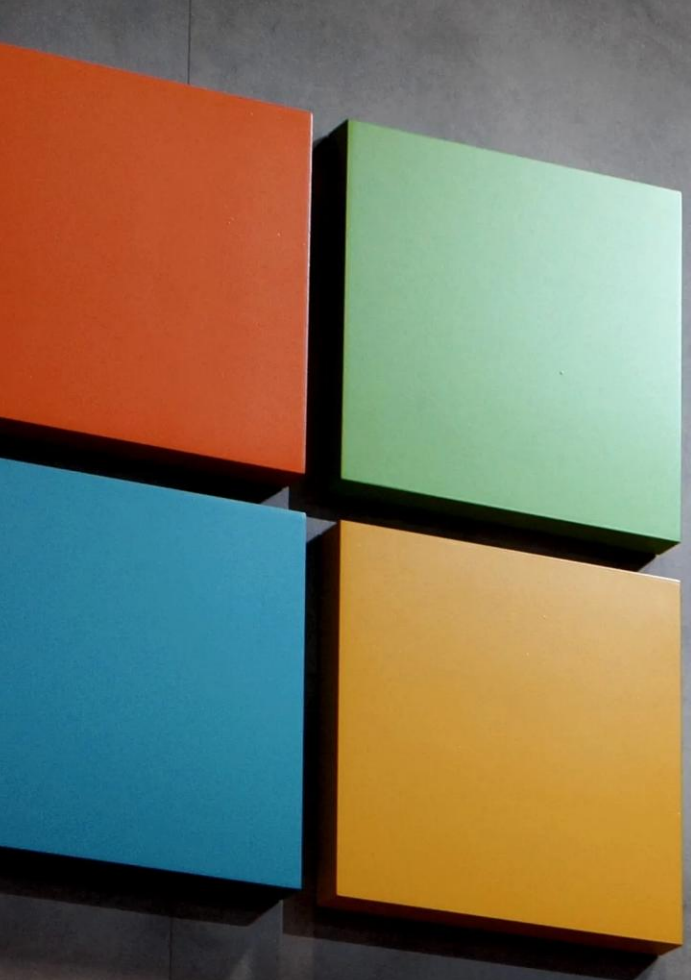


**Microsoft**

# GAME PLAN



Base Team	Bull Team	Bear Team
Company Overview- Valerie Villareal	Moat- Sam Finley	Competitor Analysis- Oscar Page
Revenue Breakdown- Charles Mikhail	Growth Opportunities- David Villareal	Risk Factors- Jaiden
Management & Cap. Alloc.- Christian	Valuation and Conclusion- Christian	Valuation & Conclusion- Jaiden
Interpretation of Financial Statements- Max Guzman		
Value Bands- Jackson Lauwe		
Intraportfolio Analysis- Andy Garcia		



Base Team

Miicrosoft



# Company Overview

Valerie Villareal

4/28/2026



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# What is Microsoft?



- Global Technology Company
- Known for Windows, Office, and Azure
- Provides Cloud and AI Solution
- Makes Money Through subscriptions, cloud services, hardware and advertising





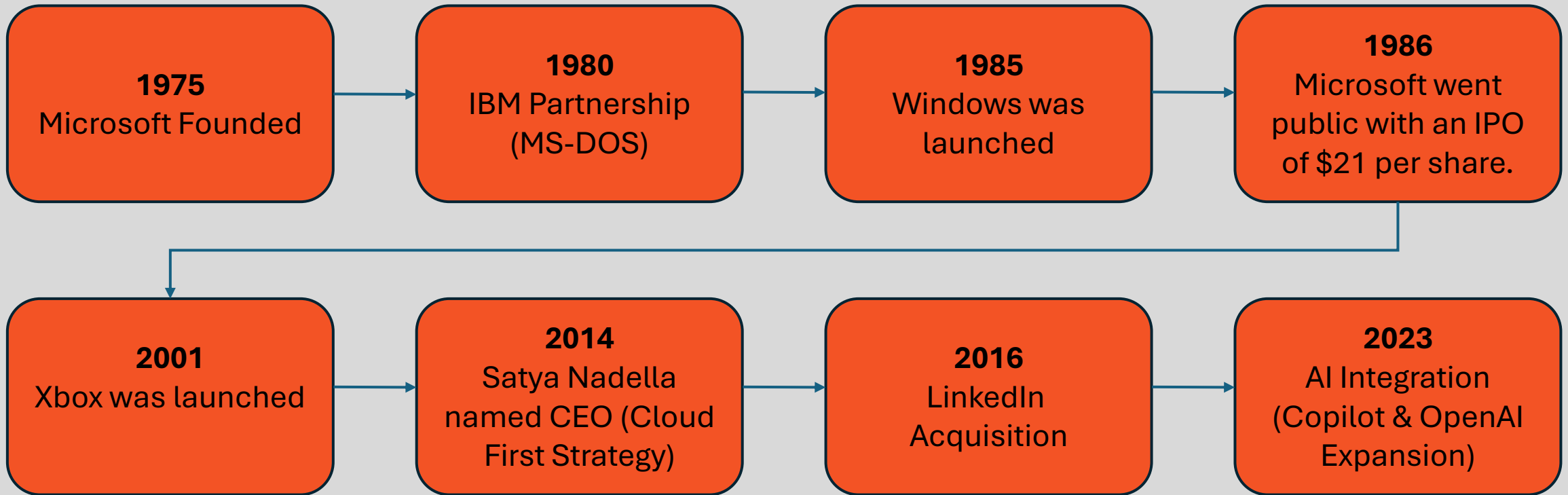
# Company Overview

- Ticker: MSFT
- Market Cap: \$2.9 Trillion
- Stock Price: \$360.00
- Employees: 228,000
- Revenue (TTM): 305.45 Billion
- Headquarters: Redmond, Washington





# Company History



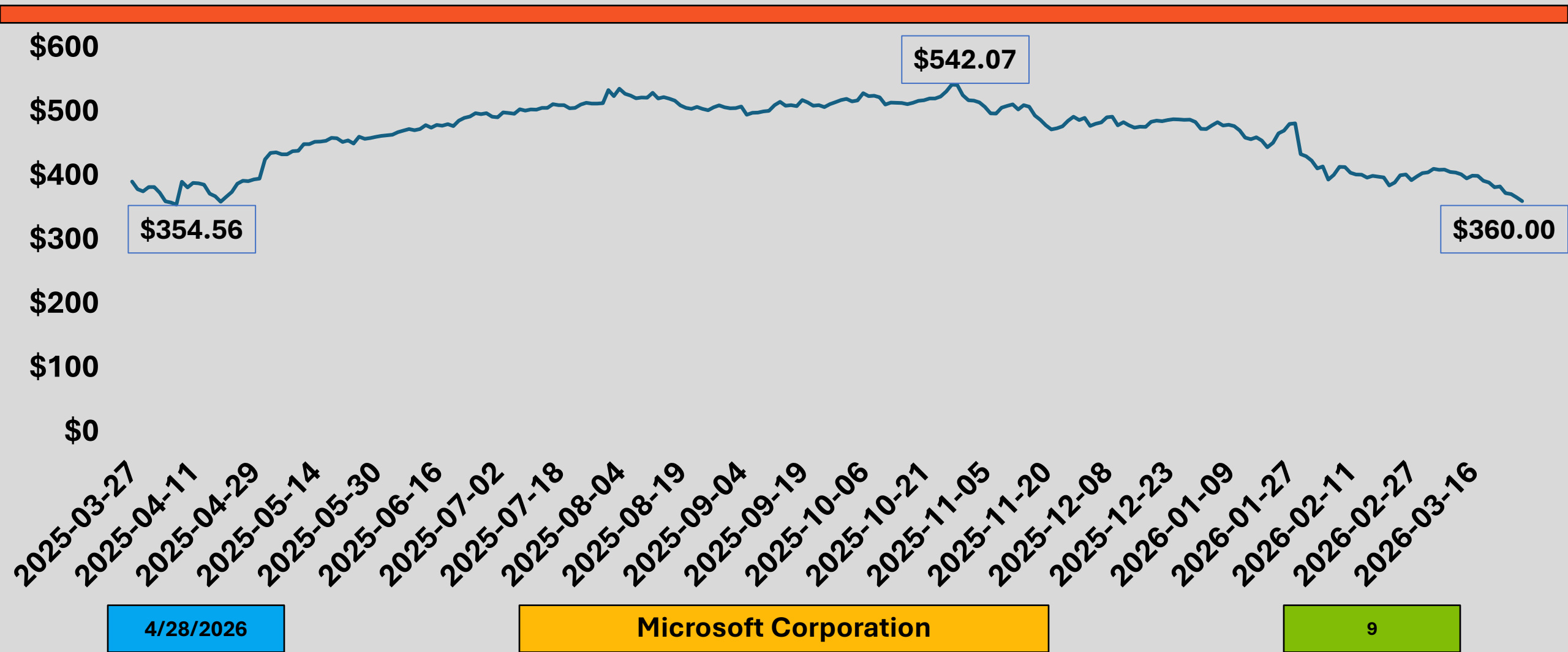


# Recent News

- March 17th, 2026- Reorganization of Copilot teams to focus on superintelligence efforts.
- March 18th, 2026- Microsoft considers legal action over OpenAI-Amazon Cloud deal.
- 2025-2026- Increased investment in AI infrastructure to support cloud services.



# 52 Week Price Performance





# Revenue Breakdown

Charles Mikhail

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# How Microsoft Makes Money



Cloud Services

Computing Devices

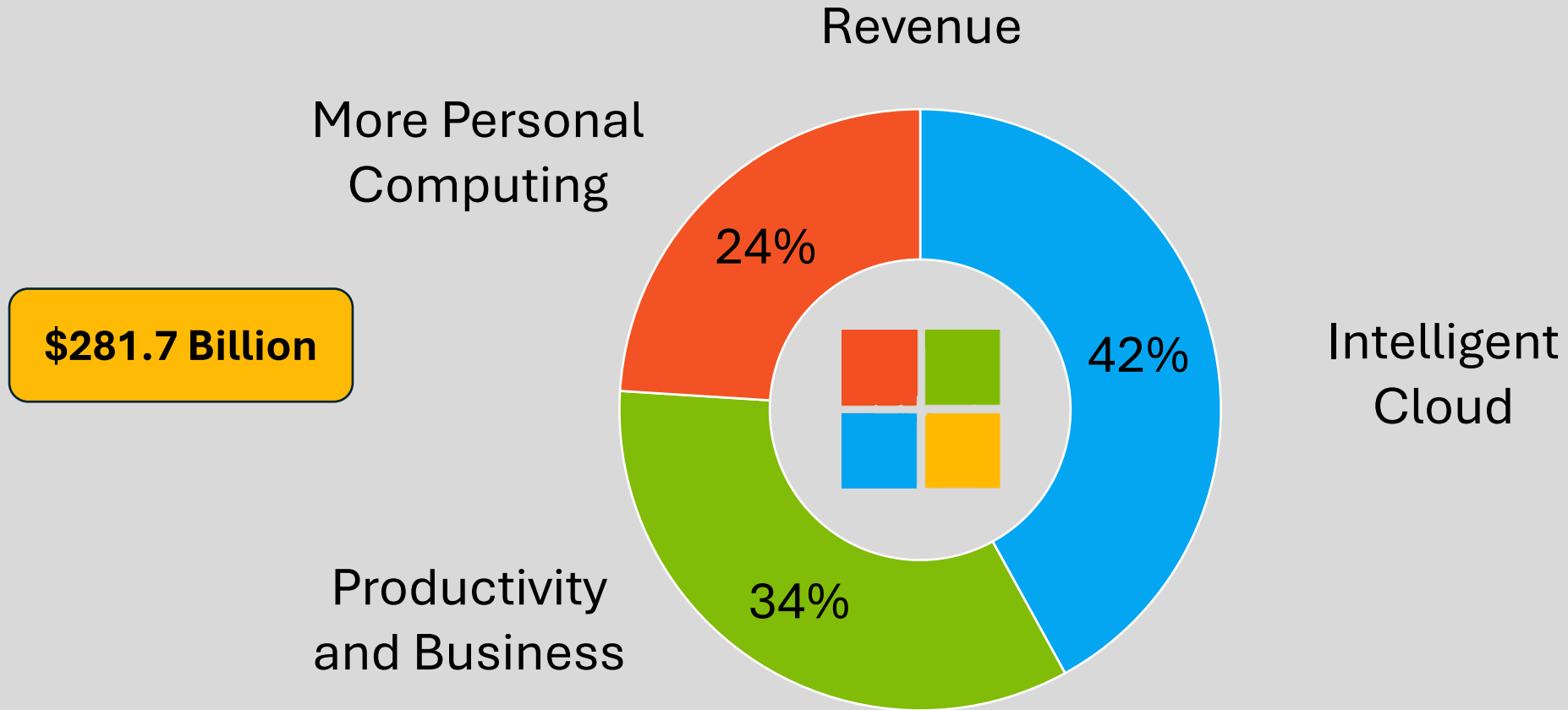
Productivity

# Microsoft Revenue Categories



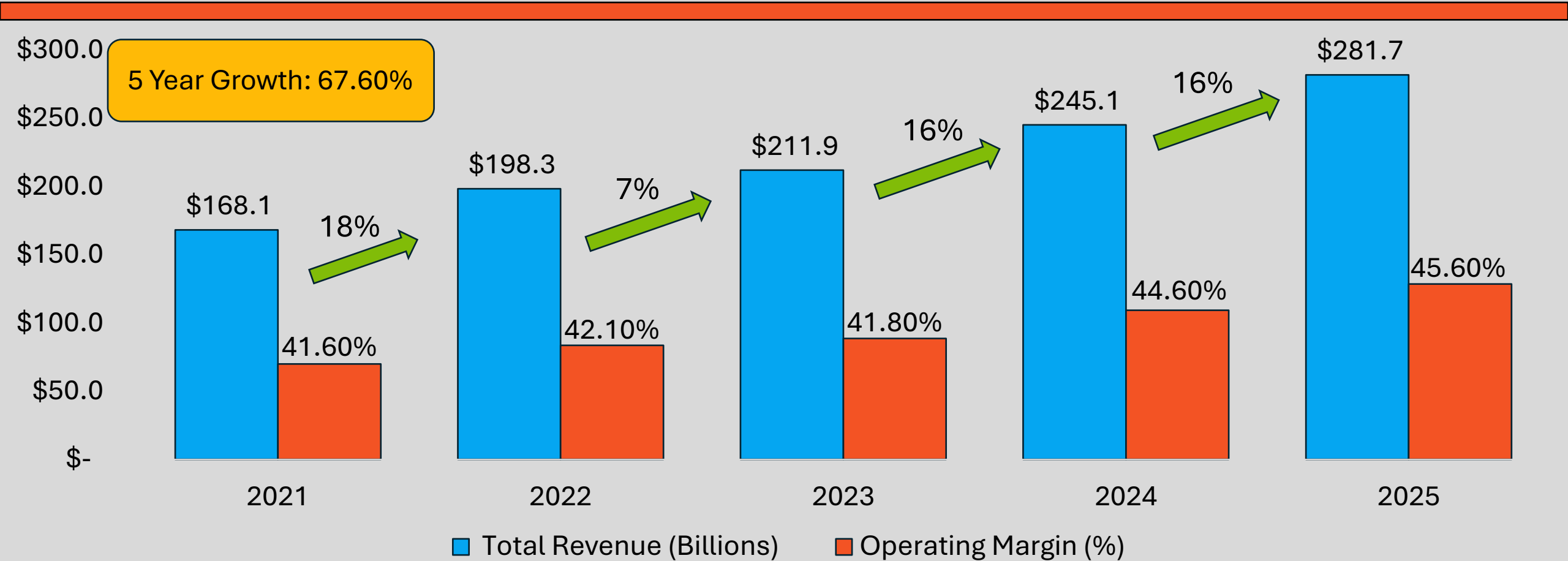


# Revenue





# Revenue Growth In Billions USD



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# Intelligent Cloud



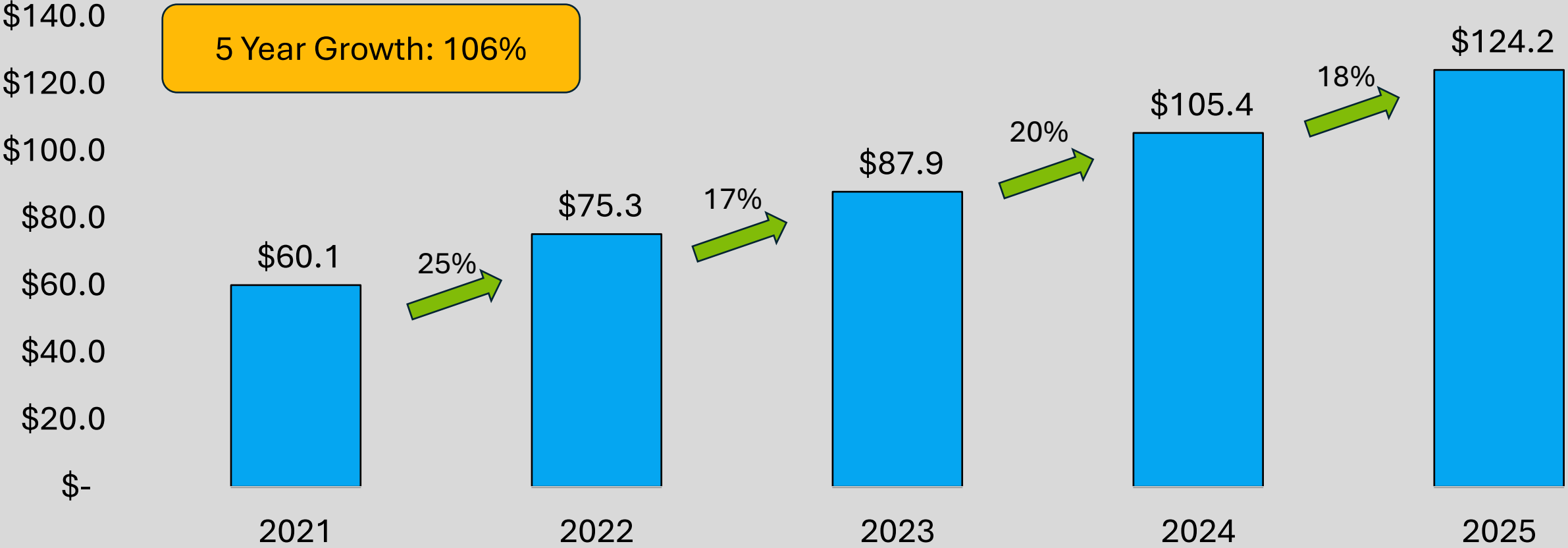
Azure Cloud  
Services

Other Cloud  
Products

Enterprise Partners

# Intelligent Cloud Revenue Growth

In Billions



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# Productivity and Business



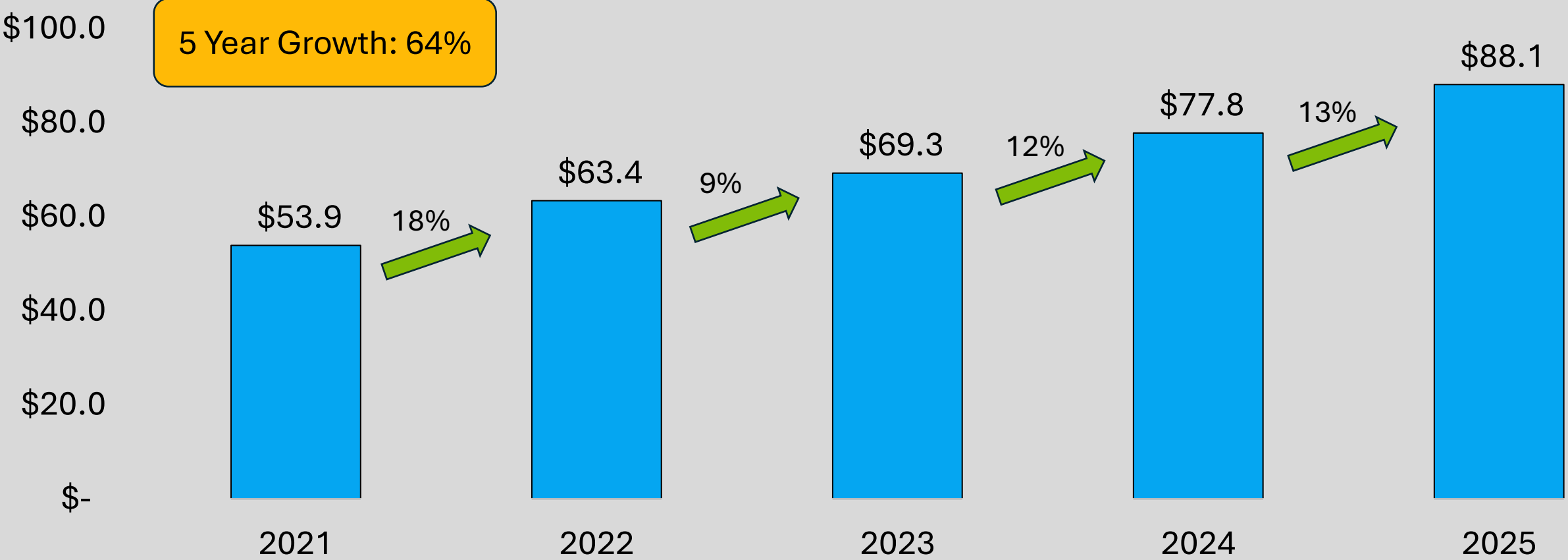
Office 365

LinkedIn

Dynamics

# Productivity and Business Growth

In Billions



5 Year Growth: 64%

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# More Personal Computing



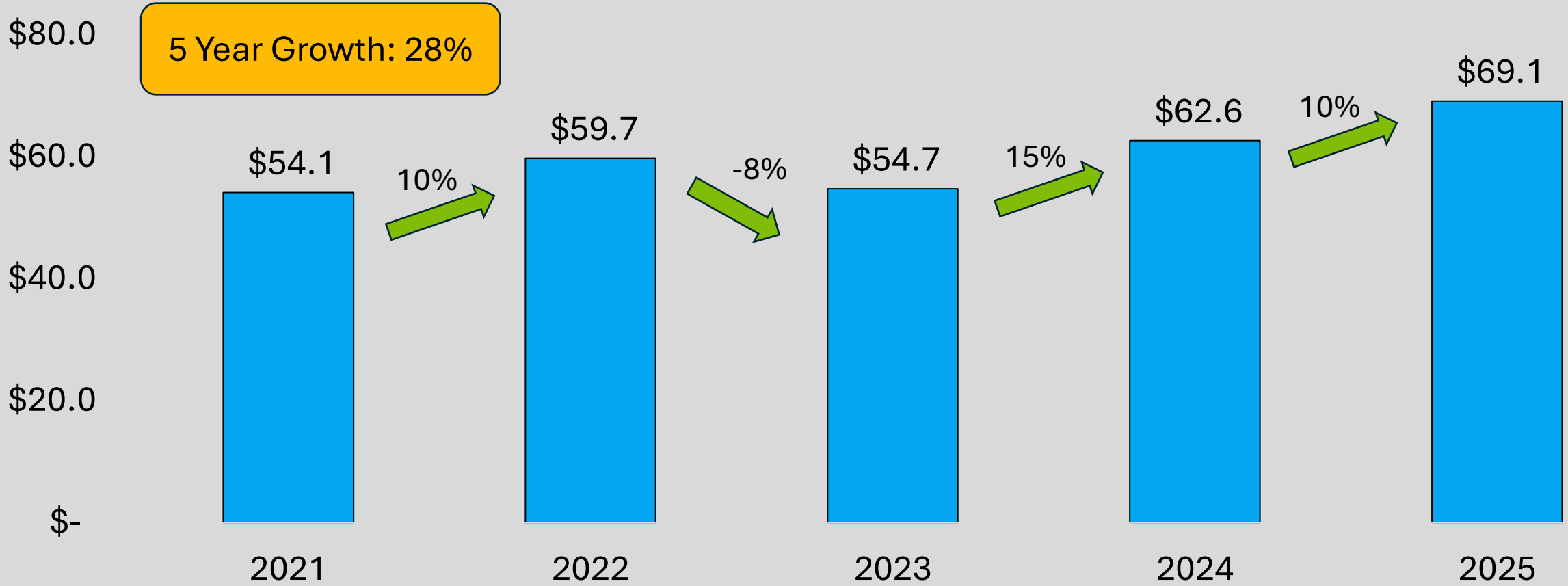
Windows

Gaming

Search and News  
Advertising

# More Personal Computing Growth

In Billions



5 Year Growth: 28%

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# OpenAI



Shares

Percentage of  
Revenue

How It Earns Money



# Management

Christian Cadena

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# Chief Executive Officer



- Satya Nadella
- Appointed CEO in February 2014
- Tenure of 34 years at Microsoft
- Experienced and Capable ✓



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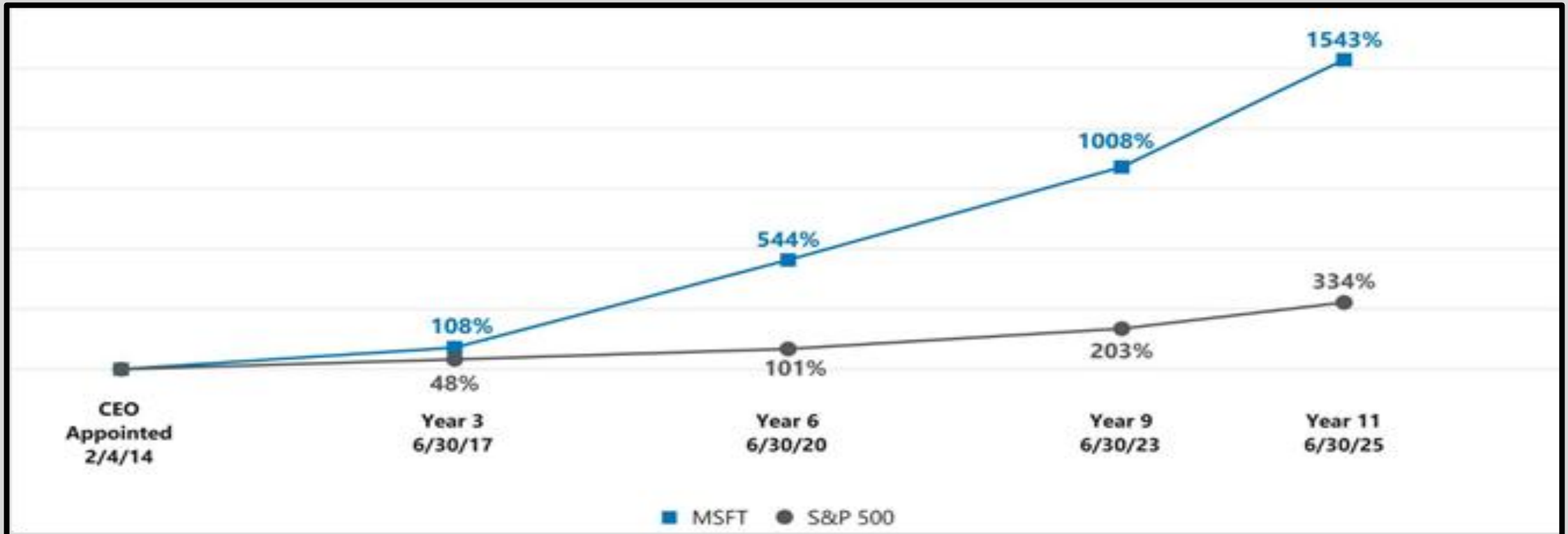
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# Shareholder Returns

During Mr. Nadella's CEO tenure: MSFT vs. S&P 500



# Other Executive Officers



Amy E. Hood  
CFO since July 2013  
Tenure of 24 years  
Experienced and Capable ✓



Bradford L. Smith  
President since September 2021  
Tenure of 33 years  
Experienced and Capable ✓



# Stock Ownership

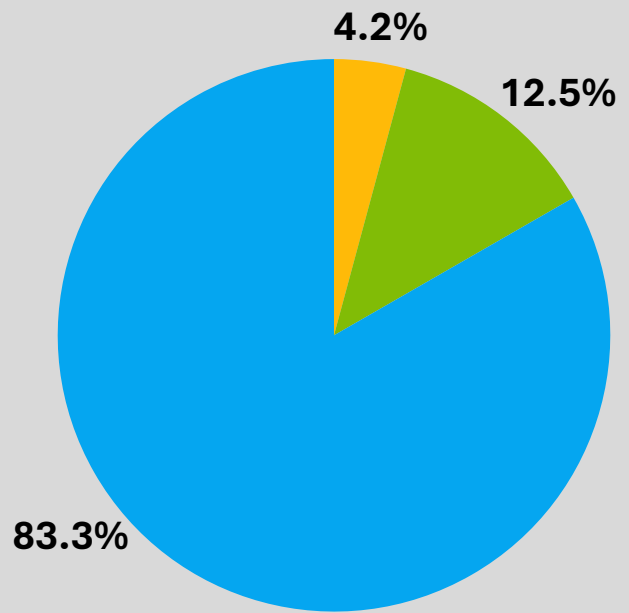
Name	Common Stock	\$ Amount (Est. at \$400/share)
Satya Nadella (CEO)	900,572	\$360,228,800
Amy E. Hood (CFO)	465,746	\$186,298,400
Bradford L. Smith (President)	402,131	\$160,852,400

Skin in the Game / Personal Capital At Risk ✓

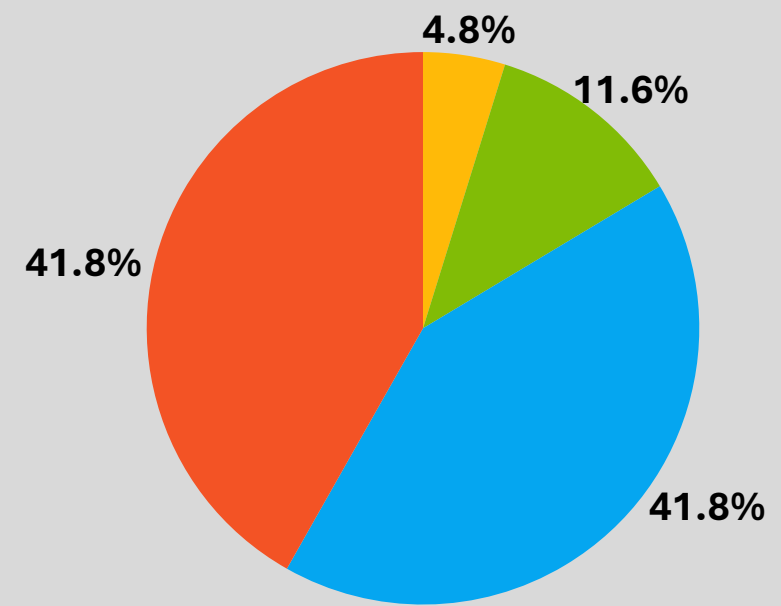


# Compensation Structure

### CEO



### All Other NEOs



■ Base Salary      ■ Cash Incentives  
■ Performance Stock Award

■ Base Salary      ■ Cash Incentives  
■ Performance Stock Award   ■ Stock Award

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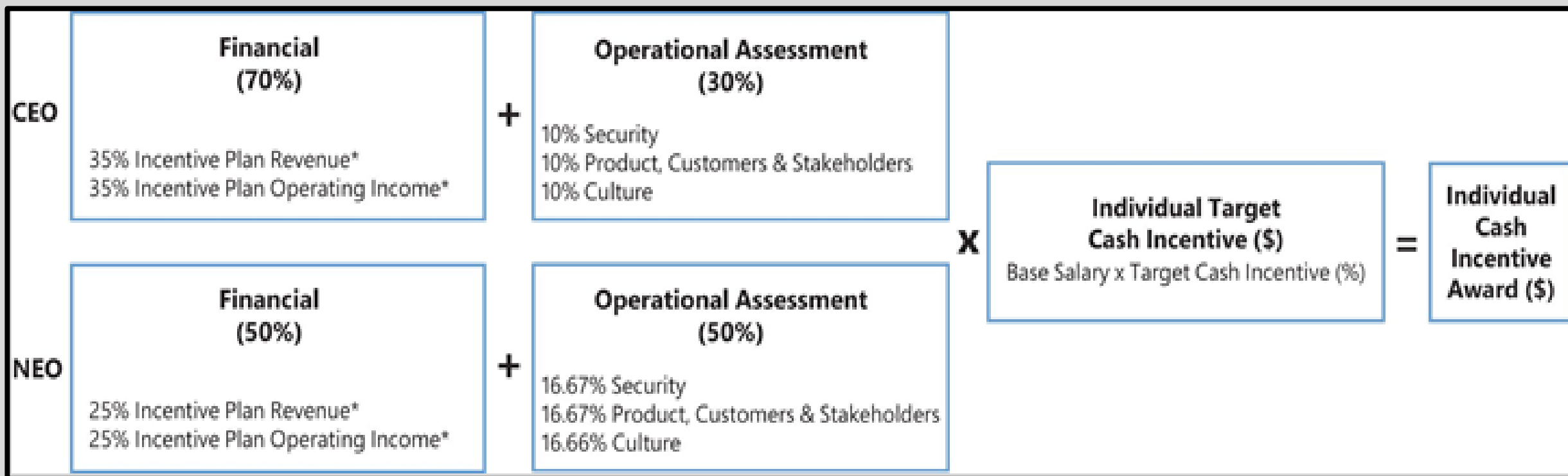
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# Annual Cash Incentives

$$\text{Award} = (\text{Financial Score} + \text{Operational Score}) \times (\text{Base Salary} \times \text{Target \%})$$





# Annual Cash Incentives Cont.

Financial Results (\$ in Billions)	FY25 Target	FY25 Actual	FY25 Growth Rate
Incentive Plan Revenue	\$290.64	\$289.18	15.22%
Incentive Plan Operating Income	\$122.75	\$128.84	17.80%

## Operational Assessment





# Equity Incentives

- Performative Stock Awards (PSAs) use a 3-year Performance Period, Vest in full at end of 3-year Period.
- For Other NEOs equity incentive is split 50% PSAs and 50% Stock Awards (SAs), have a 4-year Vesting Period

Award Type	Vesting Duration	Vesting Type
PSA's (CEO&NEO's)	3 years	At the end of period
SA's NEO's	4 years	Quarterly, to promote retention

# Summary Compensation Table



<b>Named Executive</b>	<b>Salary (\$)</b>	<b>Stock Awards (\$)</b>	<b>Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Satya Nadella (CEO)	2,500,000	84,245,496	9,555,000	196,294	96,496,790
Amy E. Hood (CFO)	1,000,000	25,037,360	3,421,000	23,191	29,481,551
Bradford L. Smith (President)	1,000,000	23,734,545	3,421,000	111,750	28,267,295



## Capitol Allocation

Christian Cadena

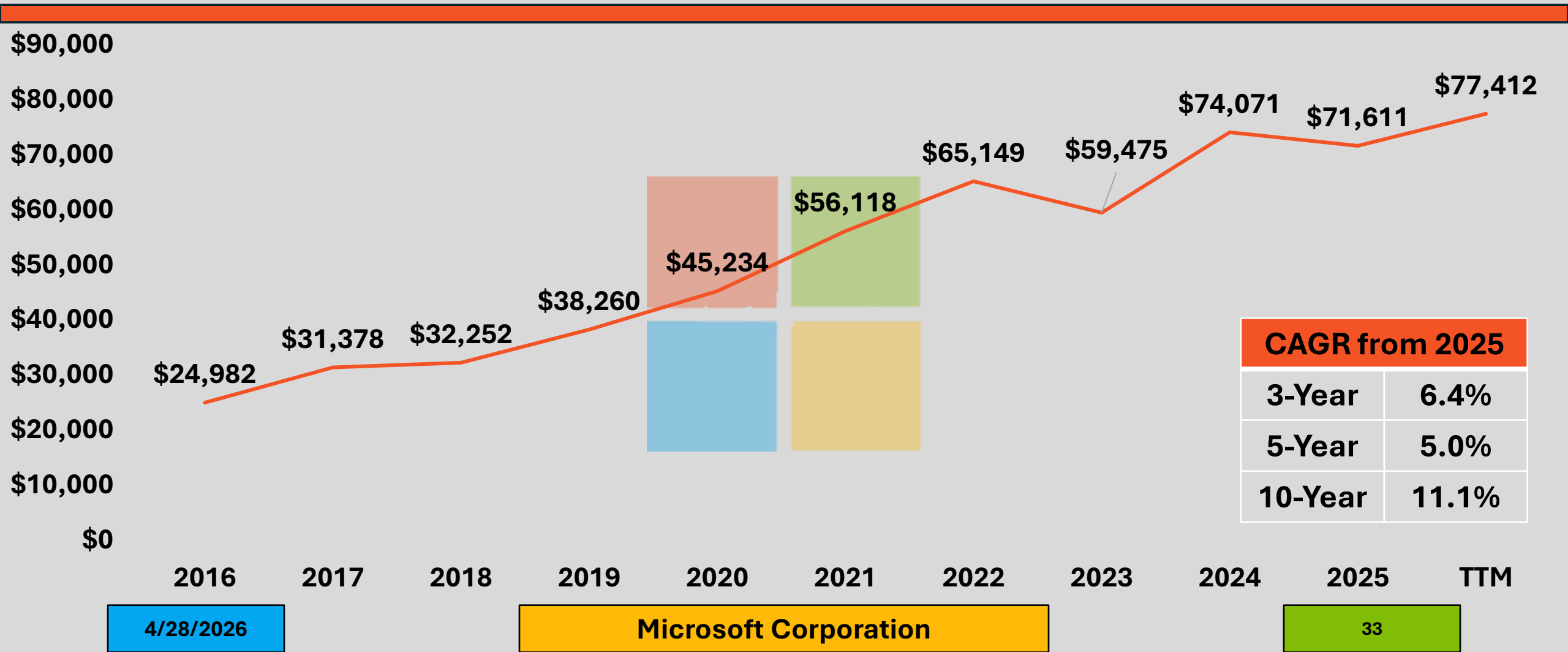
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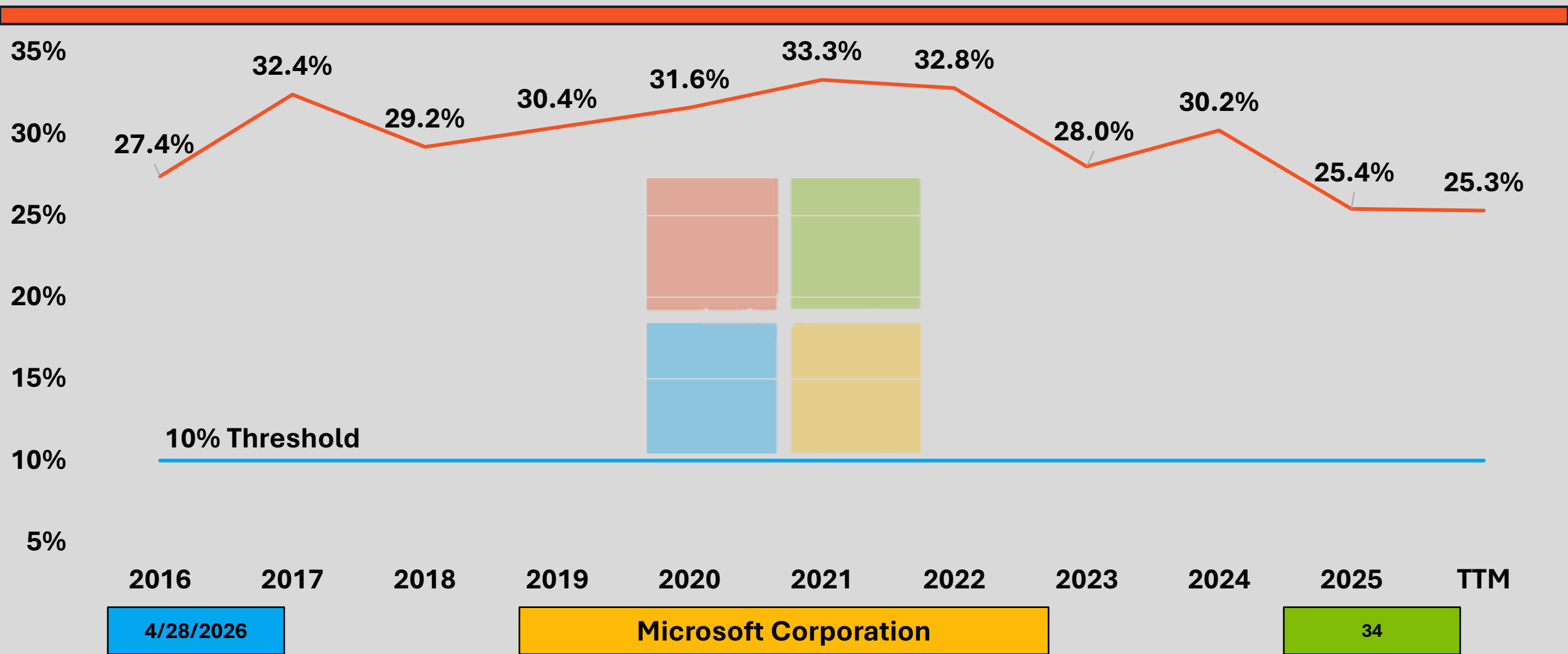


# Free Cash Flow



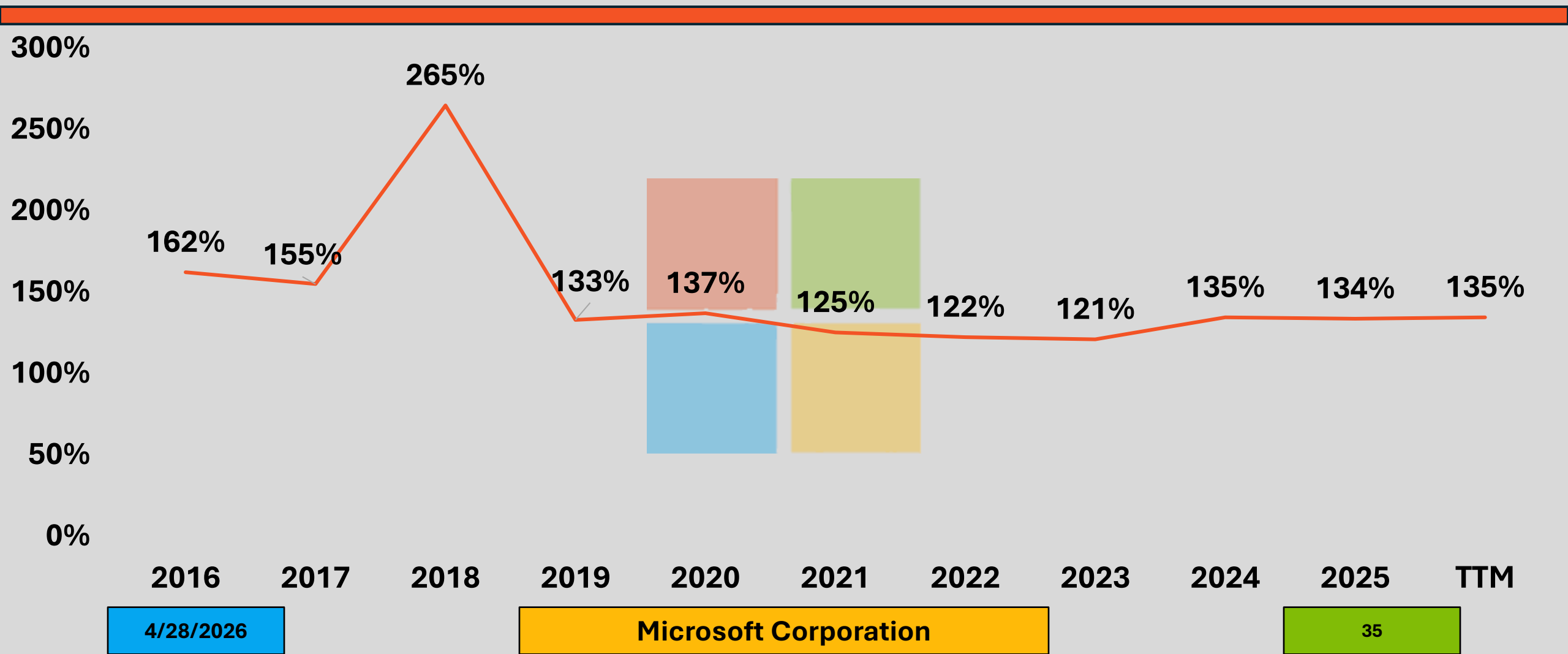


# Free Cash Flow Margin %





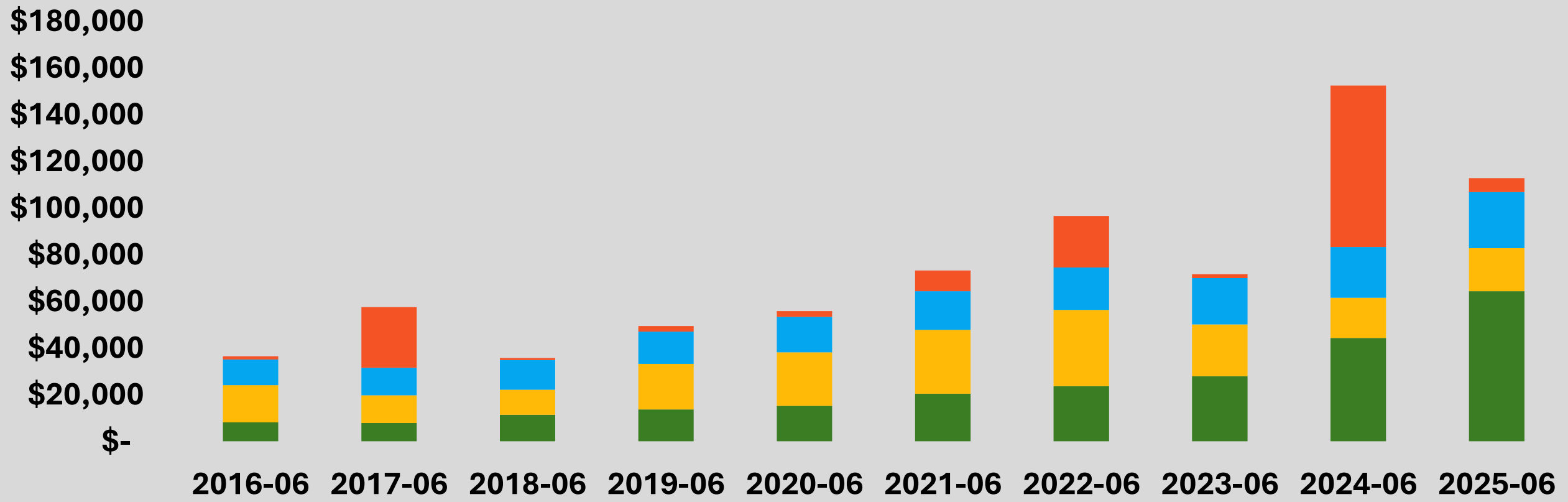
# Cash Realization Ratio





# Capital Allocation

■ Capital Expenditures   ■ Share Buybacks   ■ Dividends   ■ Acquisitions



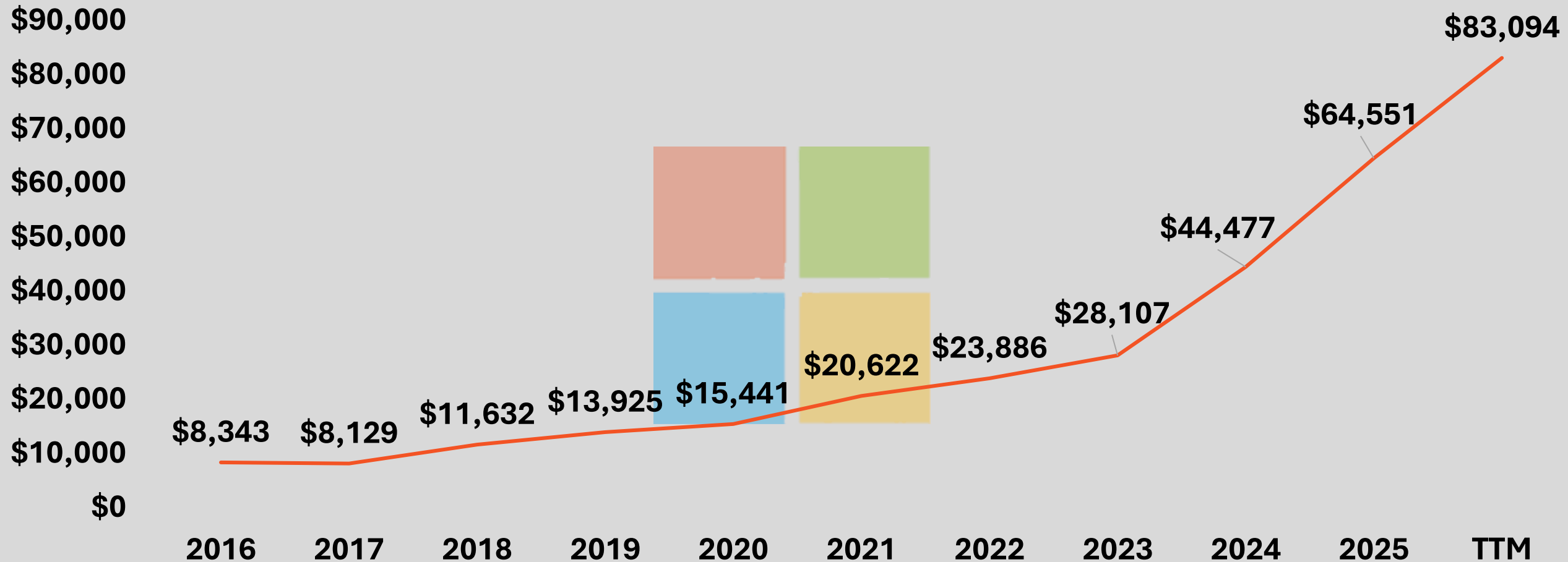
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# Capital Expenditures



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# Capital Expenditures Cont.



**Maintenance Capital Expenditure**

**Growth Capital Expenditure**

# Capital Expenditures Cont.



**Maintenance Capital Expenditure**

**Growth Capital Expenditure**



# Share Buybacks

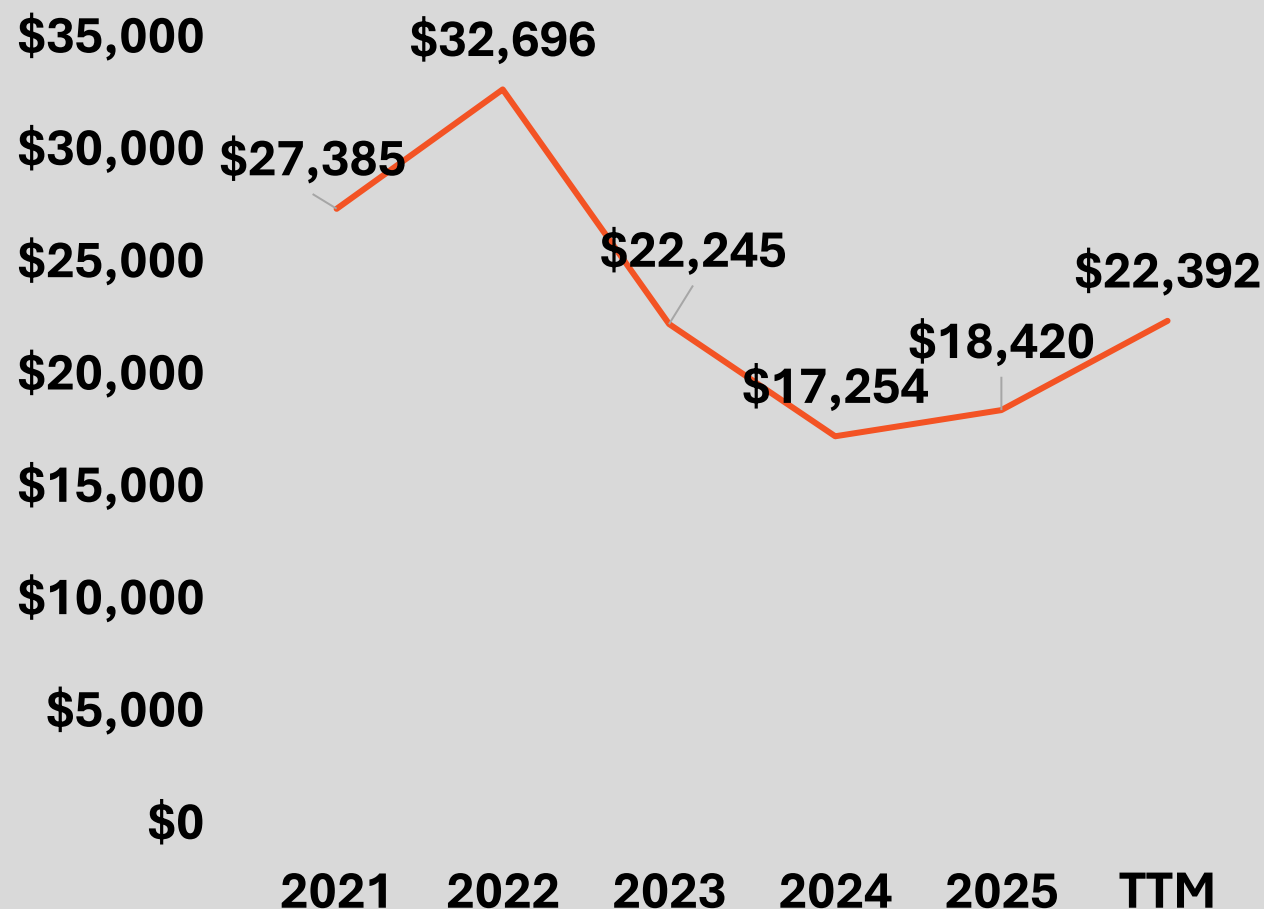
September 2021

- Start of \$60Bn share repurchase program (Completed in April 2025)

April 2025

- Start of a \$60Bn share repurchase program

June 30, 2025, \$57.3 Bn remained of \$60Bn share repurchase program



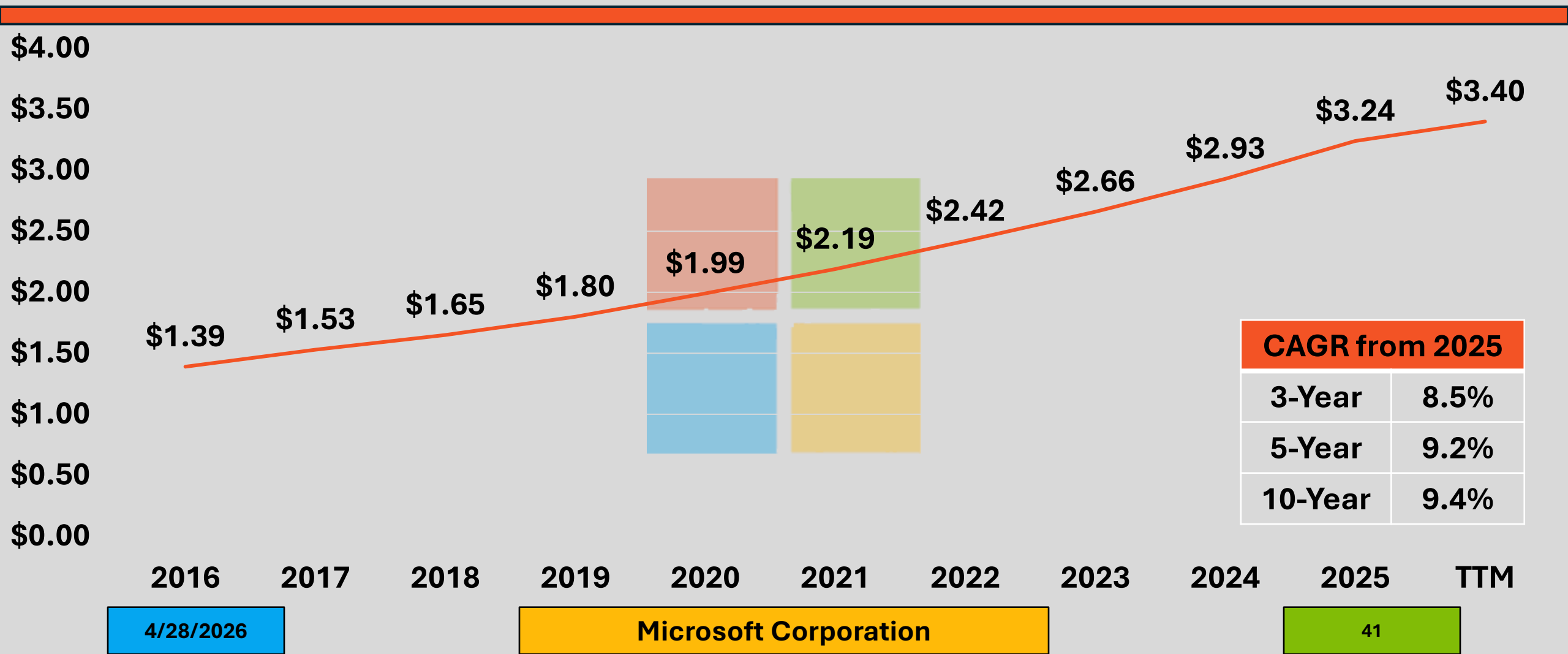
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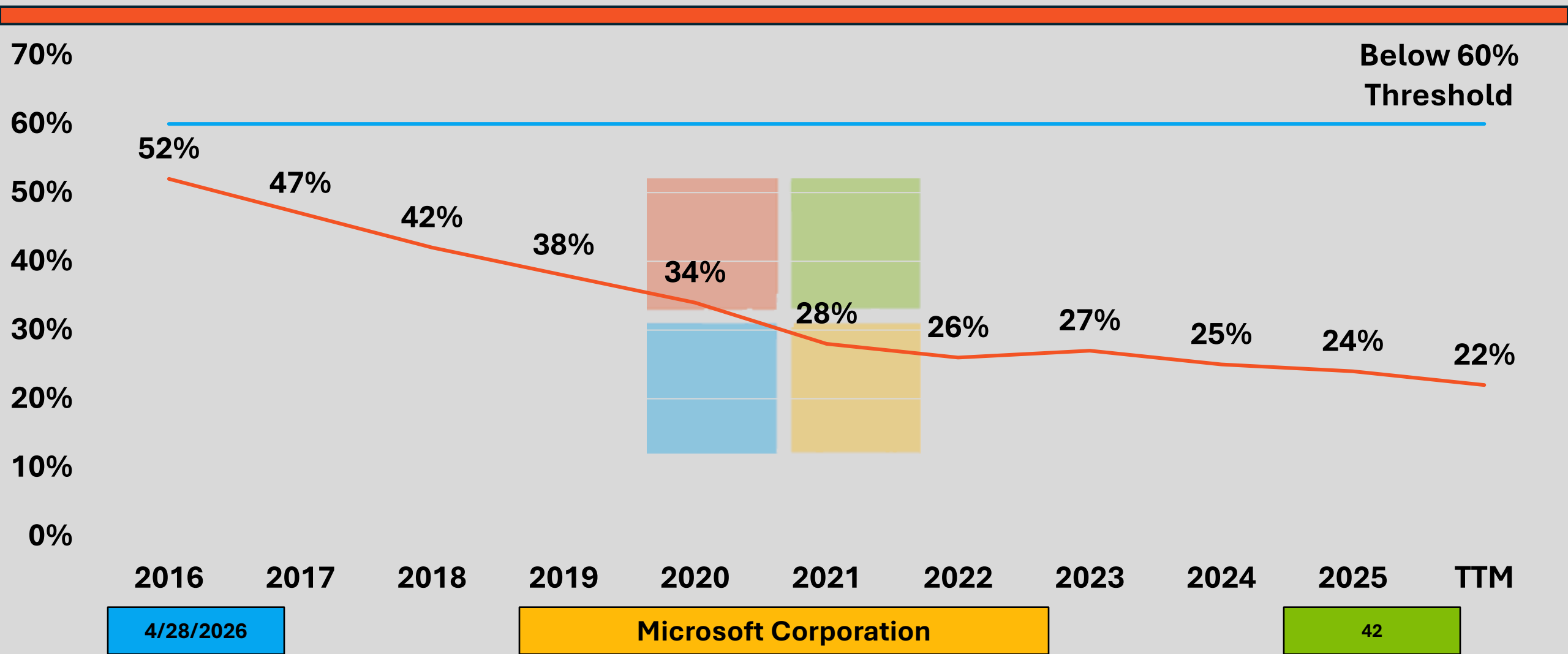


# Dividends Per Share





# Dividend Payout Ratio





# Acquisitions

Year	Company Acquired	Cost	What do they do ?
2014	Mojang	\$2.5Bn	Creator of Minecraft one of the best-selling video game ever.
2016	LinkedIn	\$28.2Bn	World's largest networking platform, generating revenue from recruiting, advertising, and premium subscriptions.
2018	Git Hub	\$7.5Bn	Leading software development platform, strengthens Microsoft's Cloud and AI ecosystem.
2020	ZeniMax Media	\$7.5Bn	Major gaming company that owns popular franchises, expanding Microsoft's content library
2021	Nauance Communications	\$19.7Bn	AI company specializing in speech recognition and healthcare solutions.
2023	Activision Blizzard	\$68.7Bn	Creators of Call of Duty, Candy Crush, Overwatch, one of the largest video game publishers in the world.



# Interpretation of Financial Statements

Maximiliano Guzman

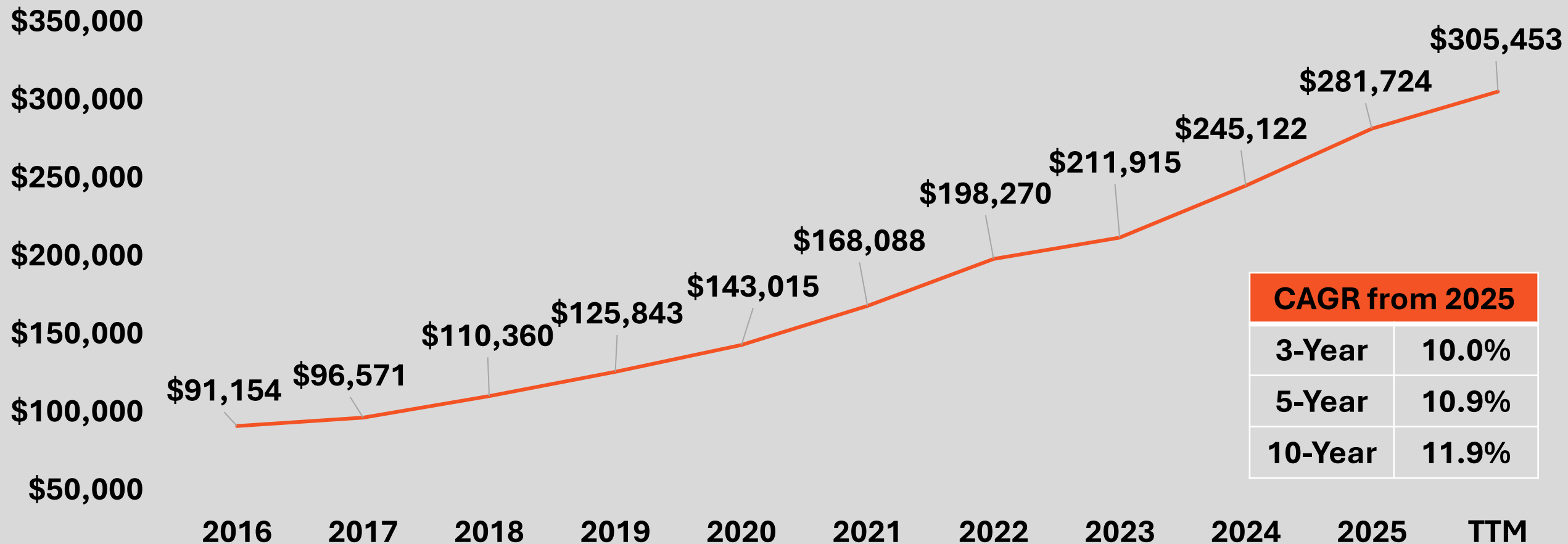
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# Revenue

(Millions of USD)



### CAGR from 2025

3-Year	10.0%
5-Year	10.9%
10-Year	11.9%

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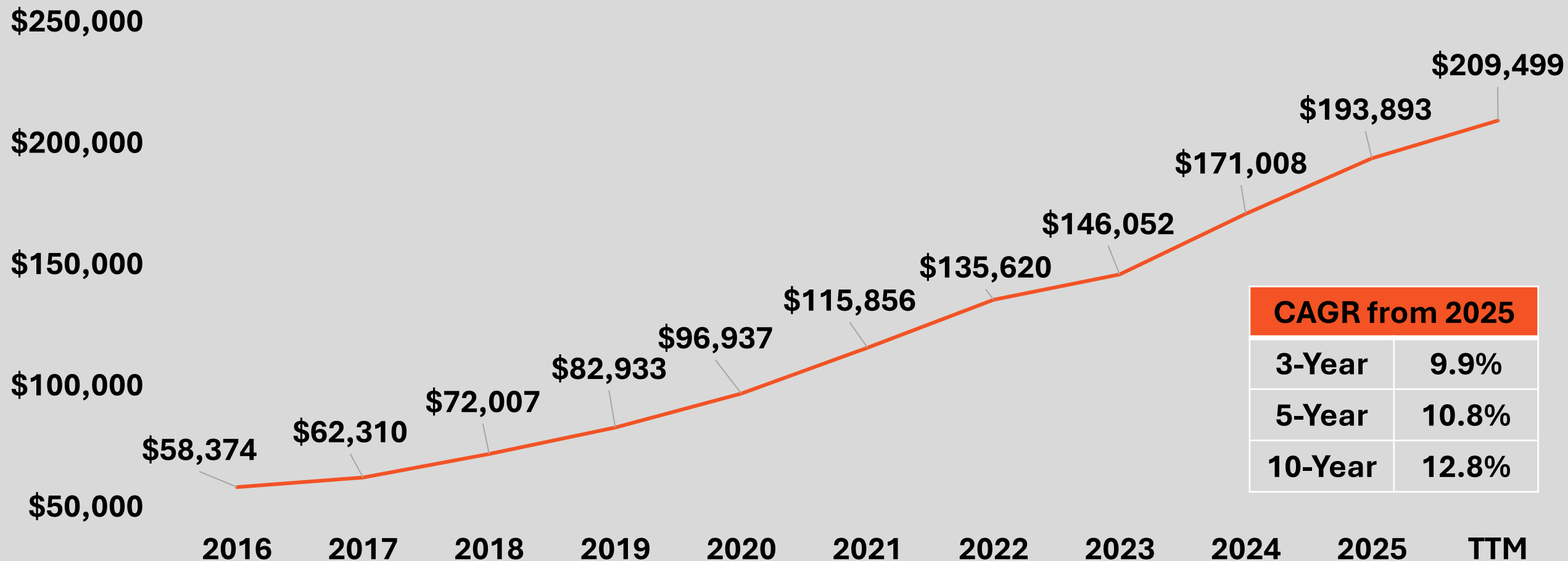
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# Gross Profit

(Millions of USD)



## CAGR from 2025

3-Year 9.9%

5-Year 10.8%

10-Year 12.8%

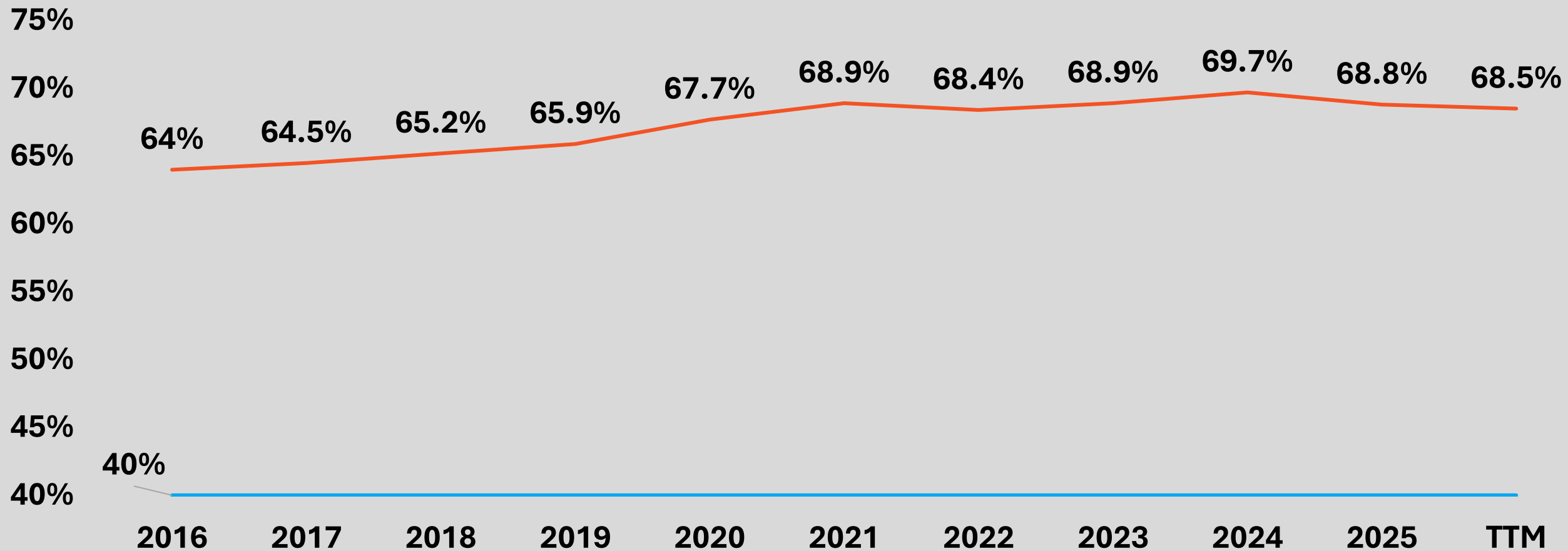
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# Gross Margin %



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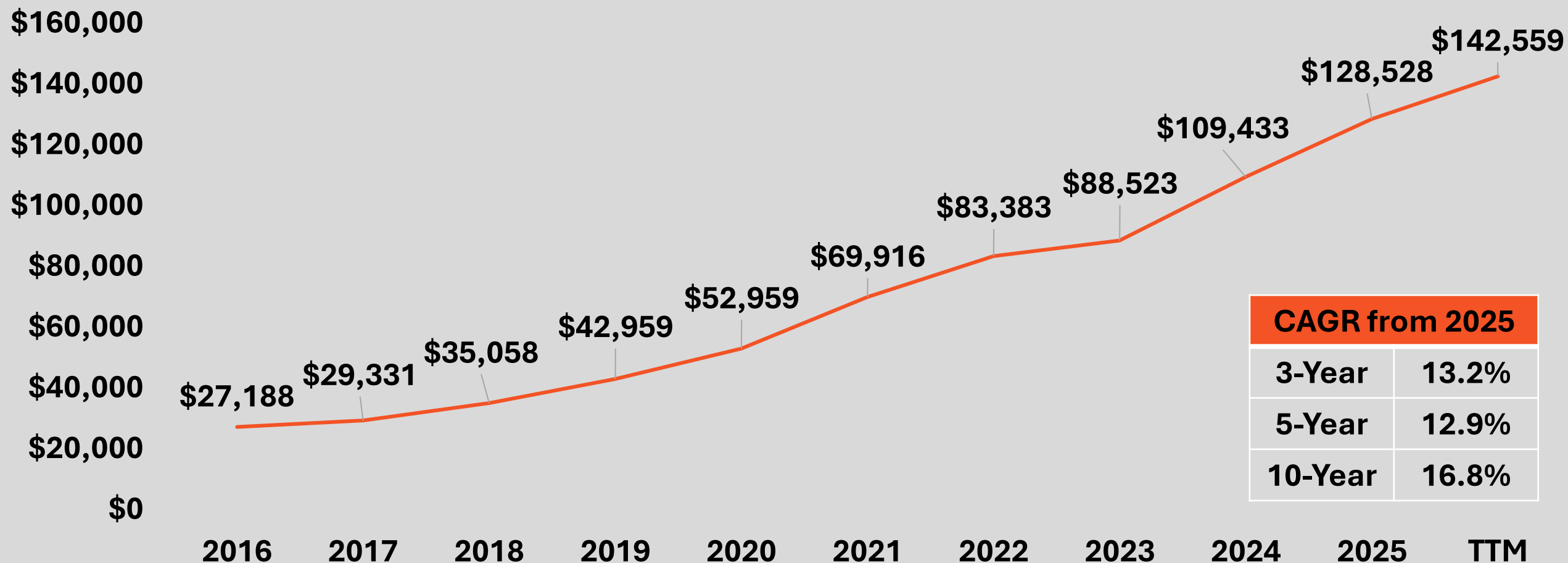
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# Operating Income

(Millions of USD)



### CAGR from 2025

3-Year 13.2%

5-Year 12.9%

10-Year 16.8%

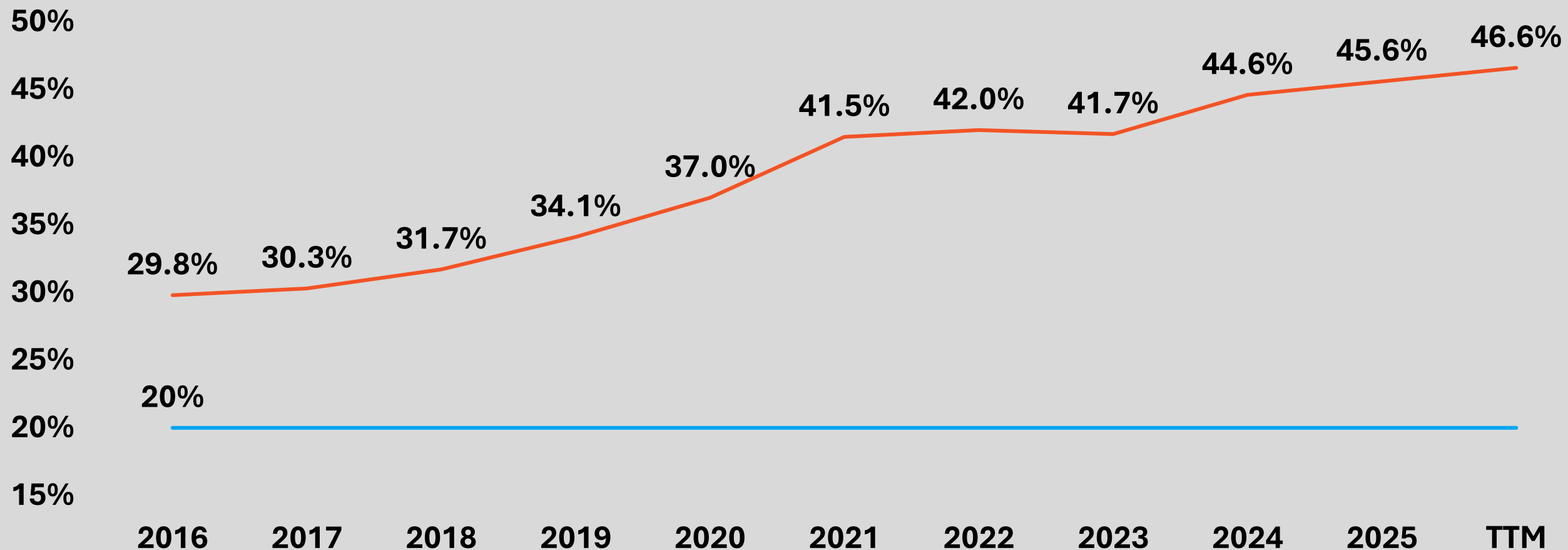
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# Operating Margin %



4/28/2026

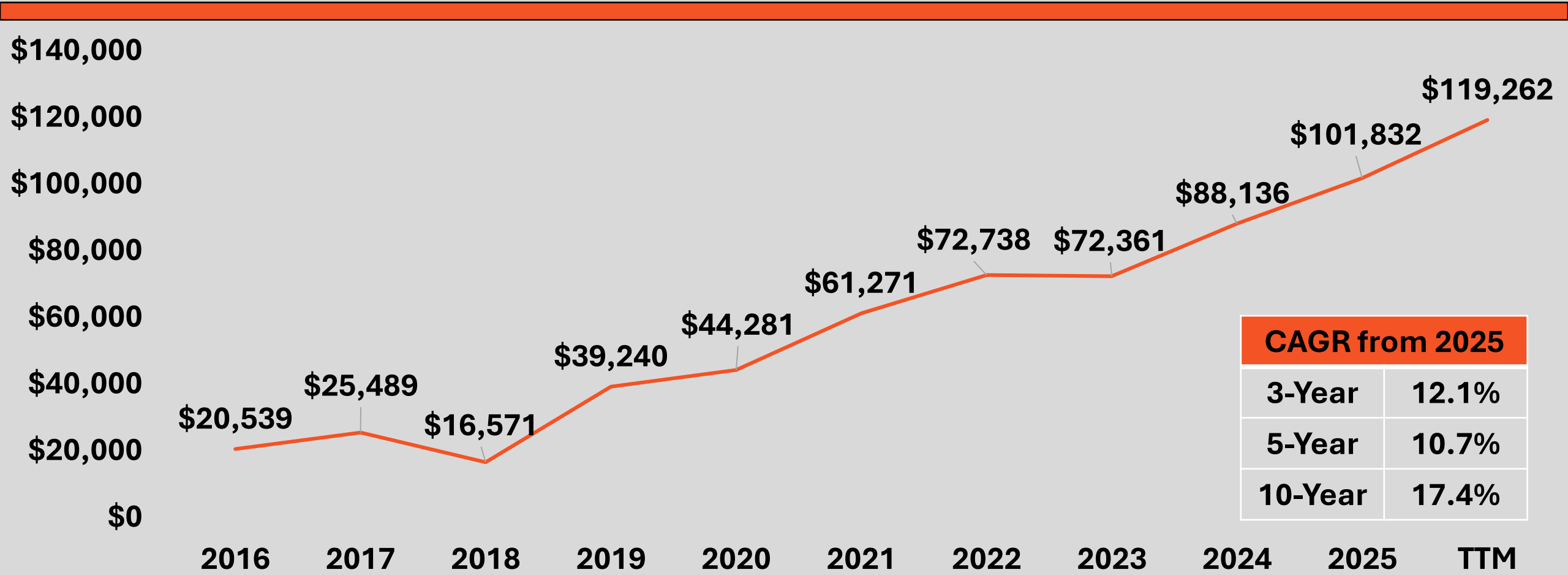
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# Net Income

(Millions of USD)



CAGR from 2025	
3-Year	12.1%
5-Year	10.7%
10-Year	17.4%

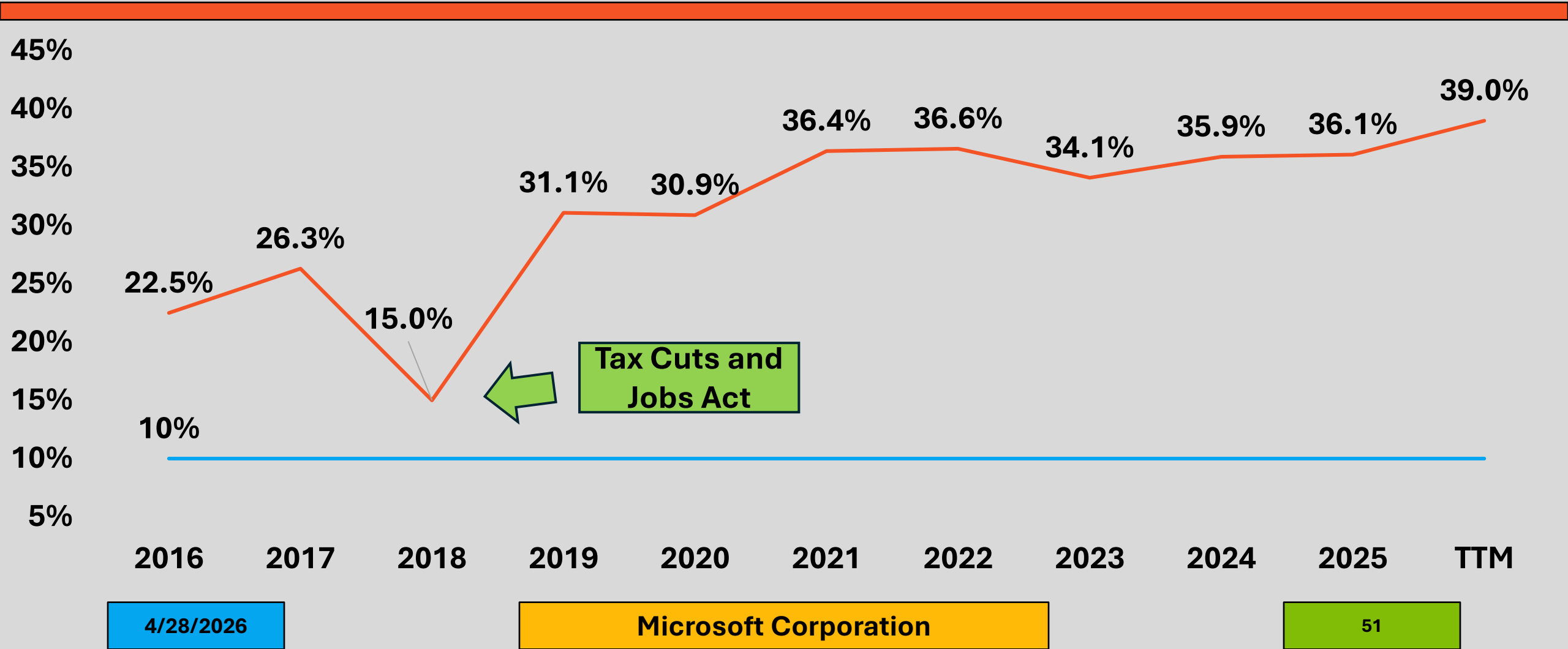
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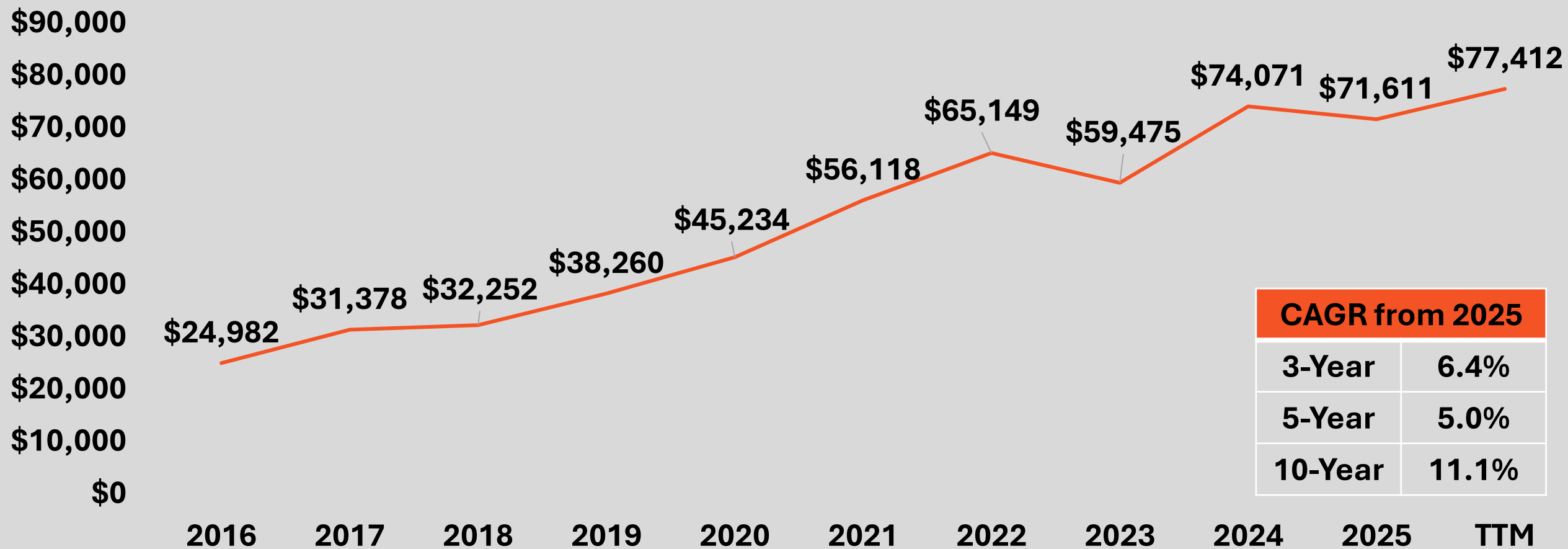
# Net Margin %





# Free Cash Flow

(Millions of USD)



## CAGR from 2025

3-Year	6.4%
5-Year	5.0%
10-Year	11.1%

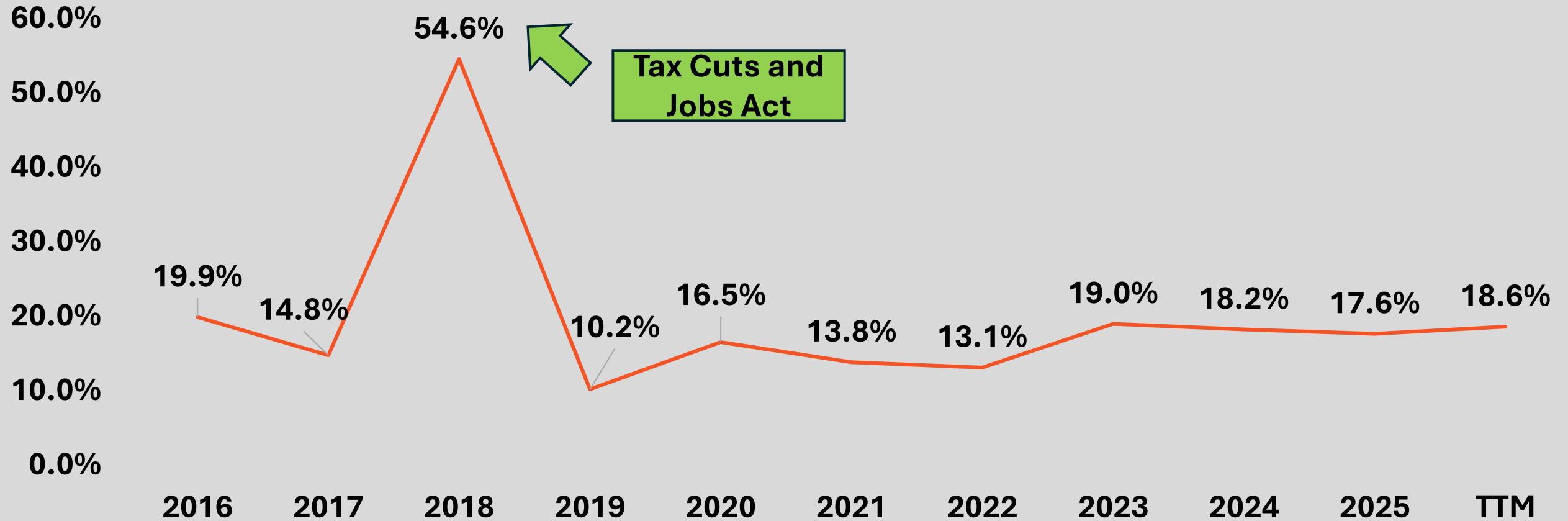
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# Tax Rate %



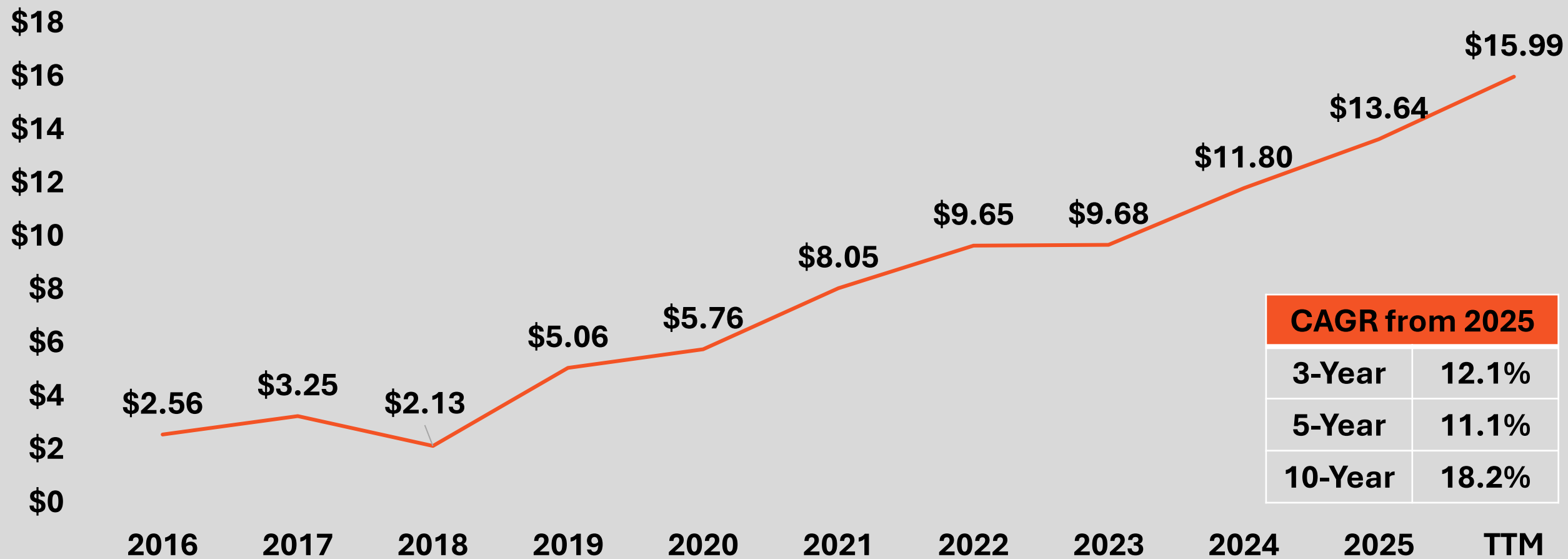
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# Earnings Per Share



CAGR from 2025	
3-Year	12.1%
5-Year	11.1%
10-Year	18.2%

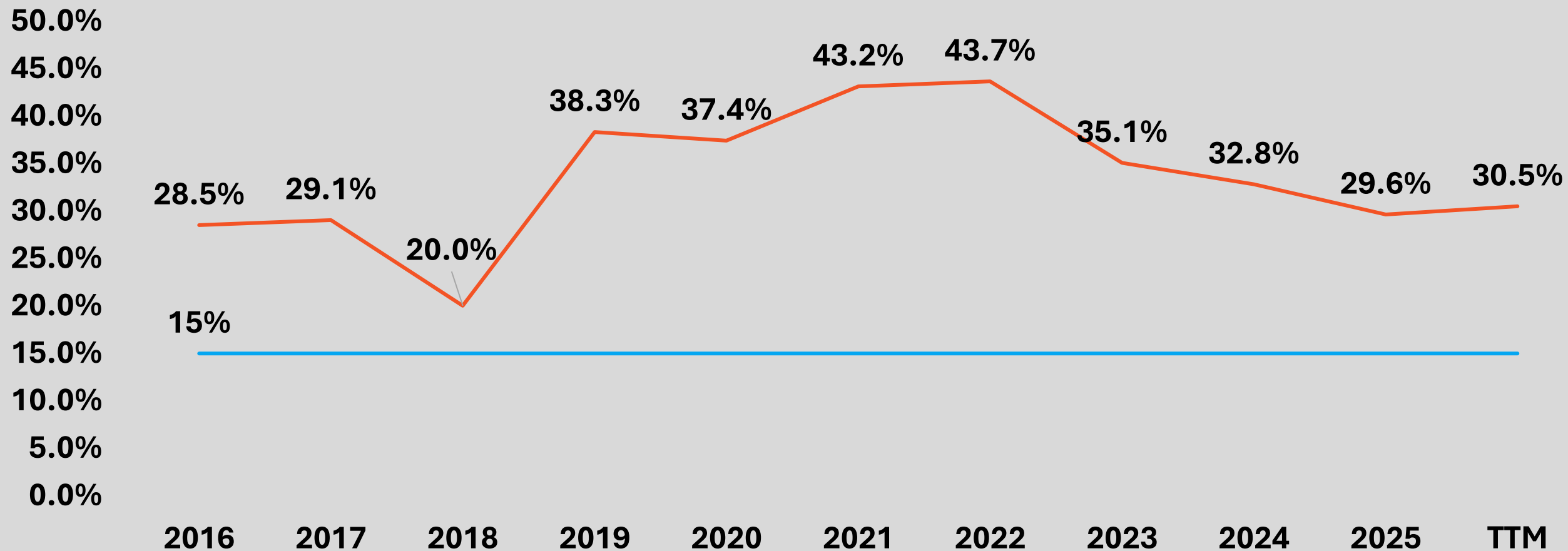
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# Return On Equity %



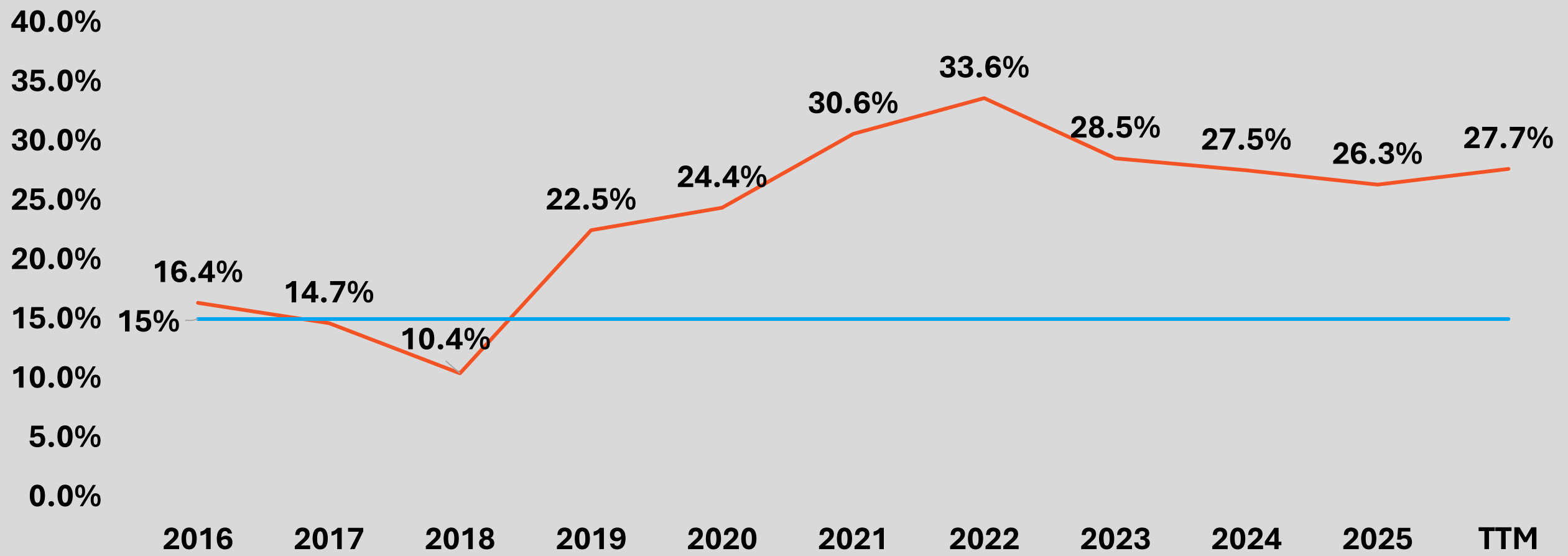
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# Return On Capital



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# Obligation Ratio

(Millions of USD)

(+) Short Term Debt	(+) \$4,837	
(+) Long Term Debt	(+) \$35,425	
(+) Preferred Stock	(+) 0	
(+) Pension Funding Shortfall	(+) 0	
(+) Annual Leases Multiplied by 7	(+) \$17,345	
(-) Marketable Securities	(-) \$65,160	
(-) Cash	(-) \$24,296	
<hr/>	<hr/>	
Annual Net Income	\$119,262	= - 0.3x < 5x



# Debt Maturity Schedule

(Millions of USD)

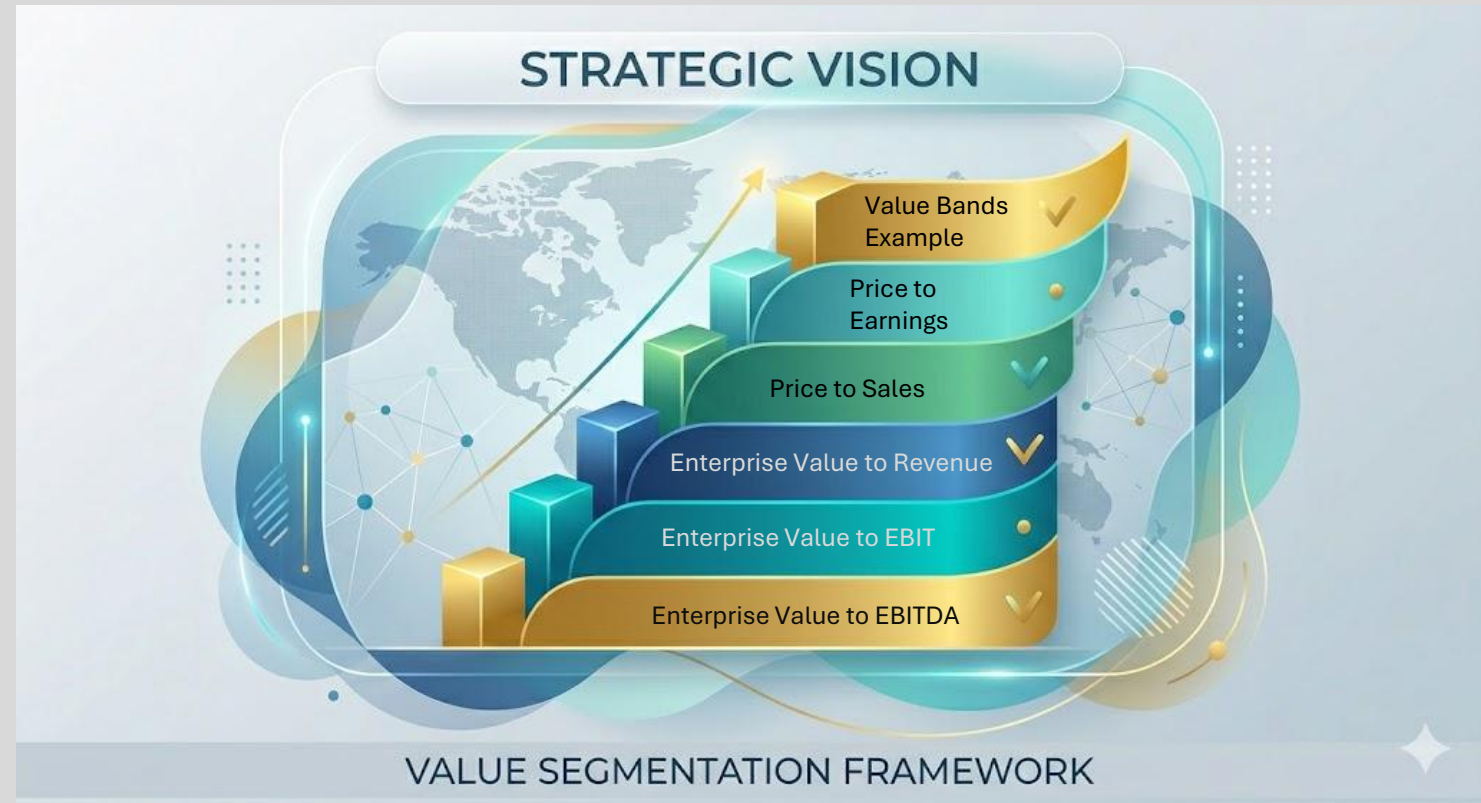
<b>2026</b>	<b>\$0</b>
<b>2027</b>	<b>\$9,250</b>
<b>2028</b>	<b>\$0</b>
<b>2029</b>	<b>\$2,055</b>
<b>2030</b>	<b>\$0</b>
<b>Thereafter</b>	<b>\$34,902</b>



# Value Bands

Jackson Laauwe

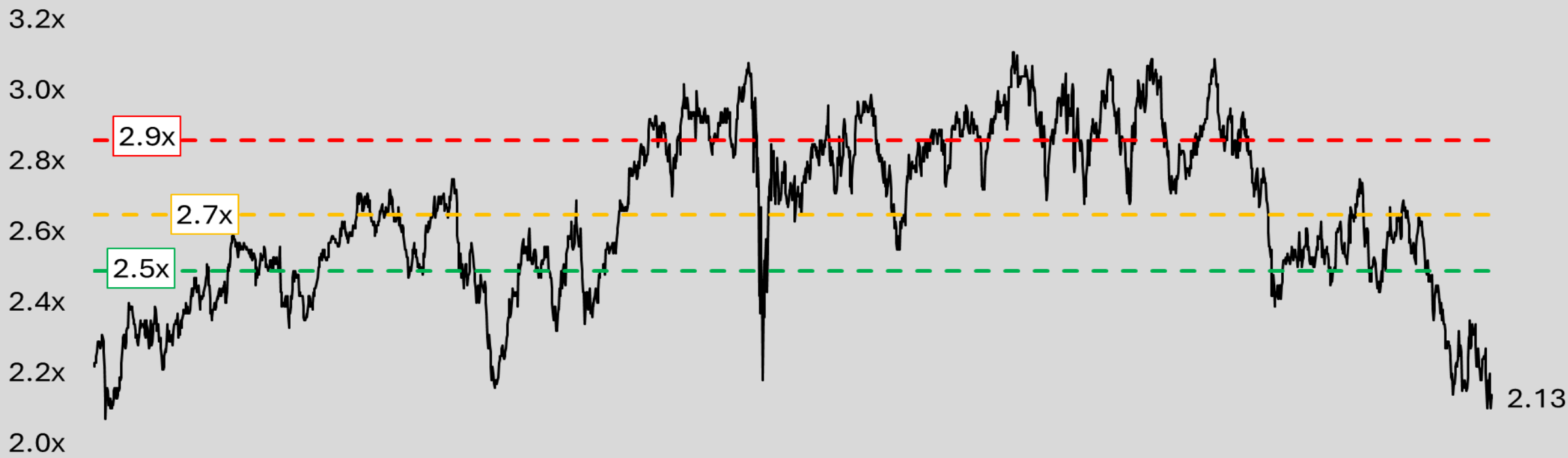
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# Value Bands Example



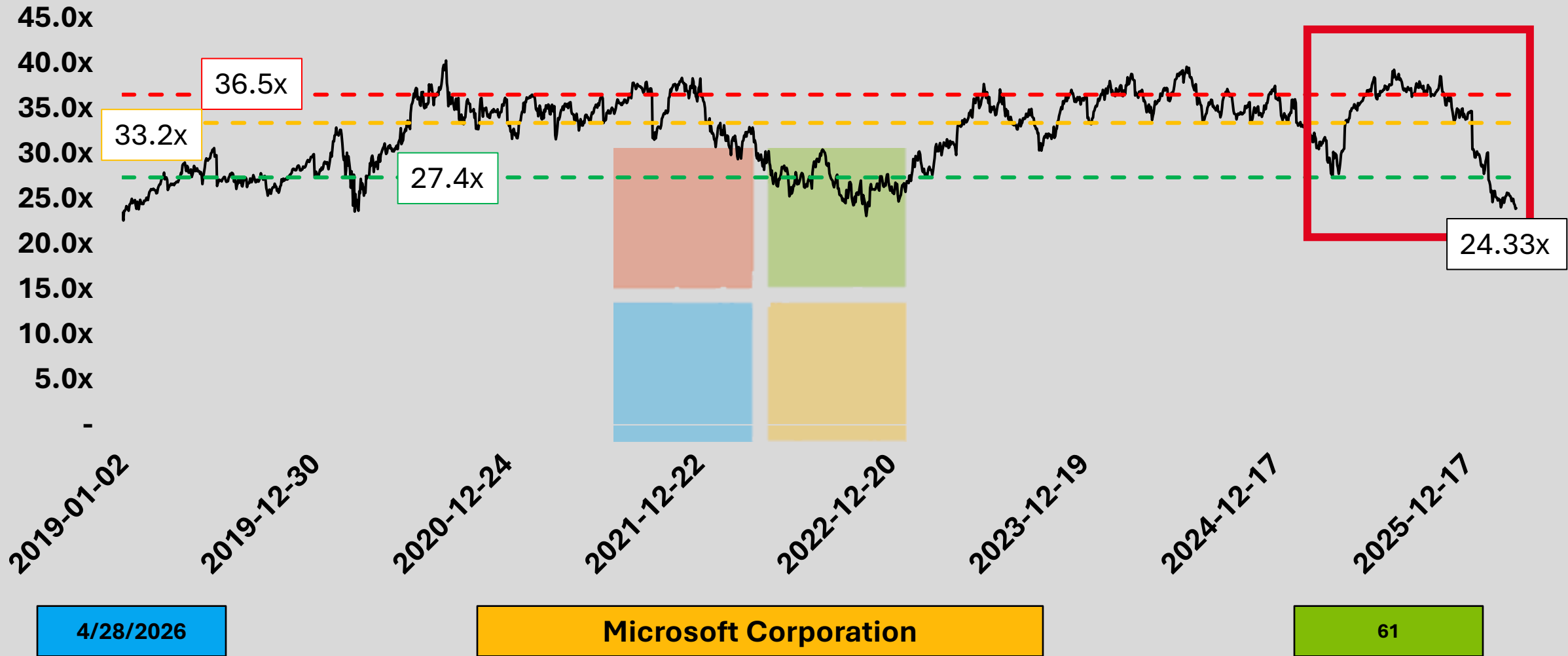
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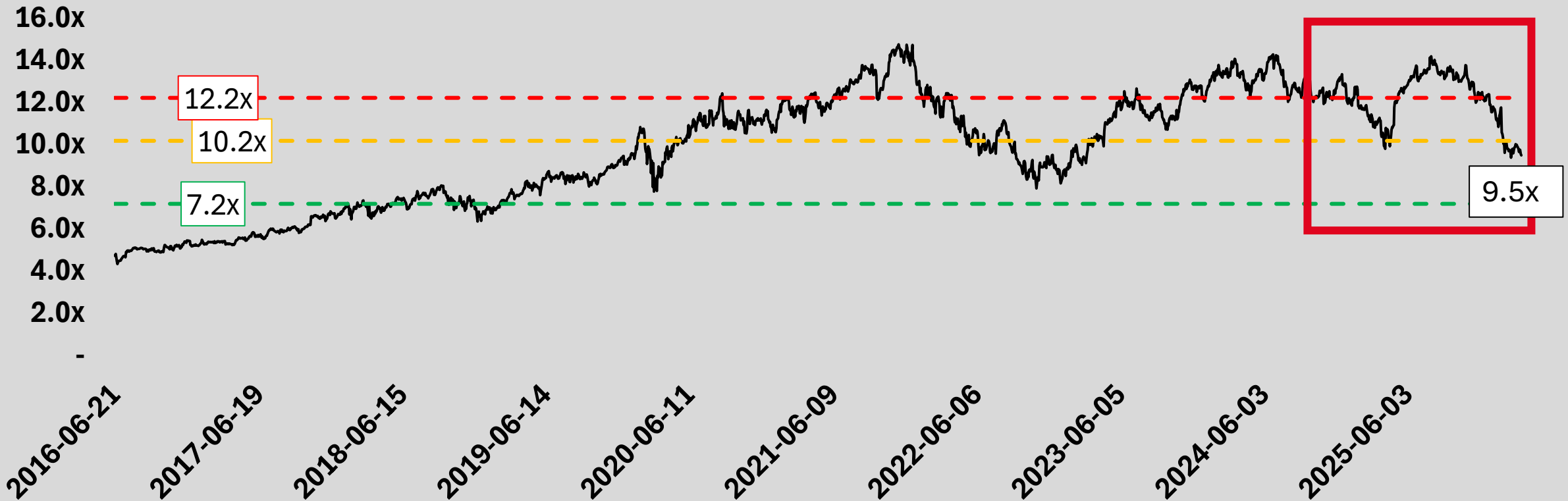


# Price to Earnings





# Price to Sales

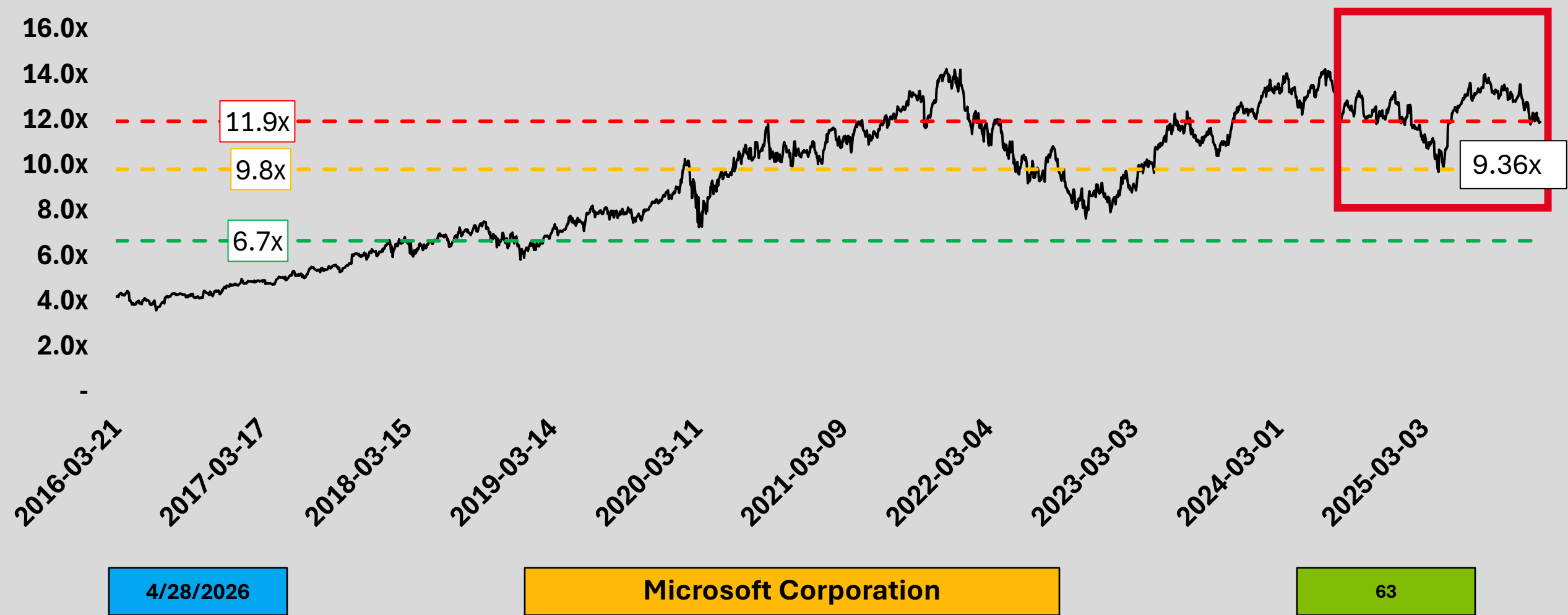


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# Enterprise Value-to-Revenue



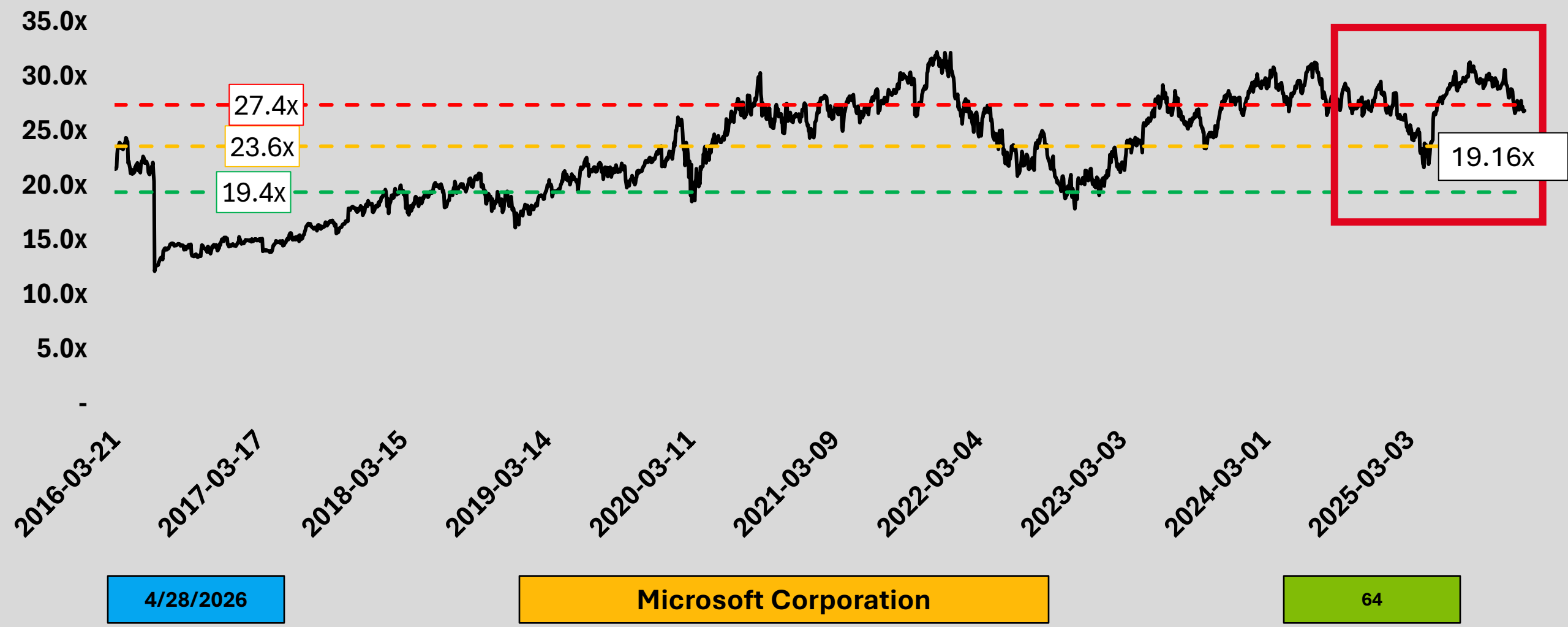
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# Enterprise Value-to-EBIT



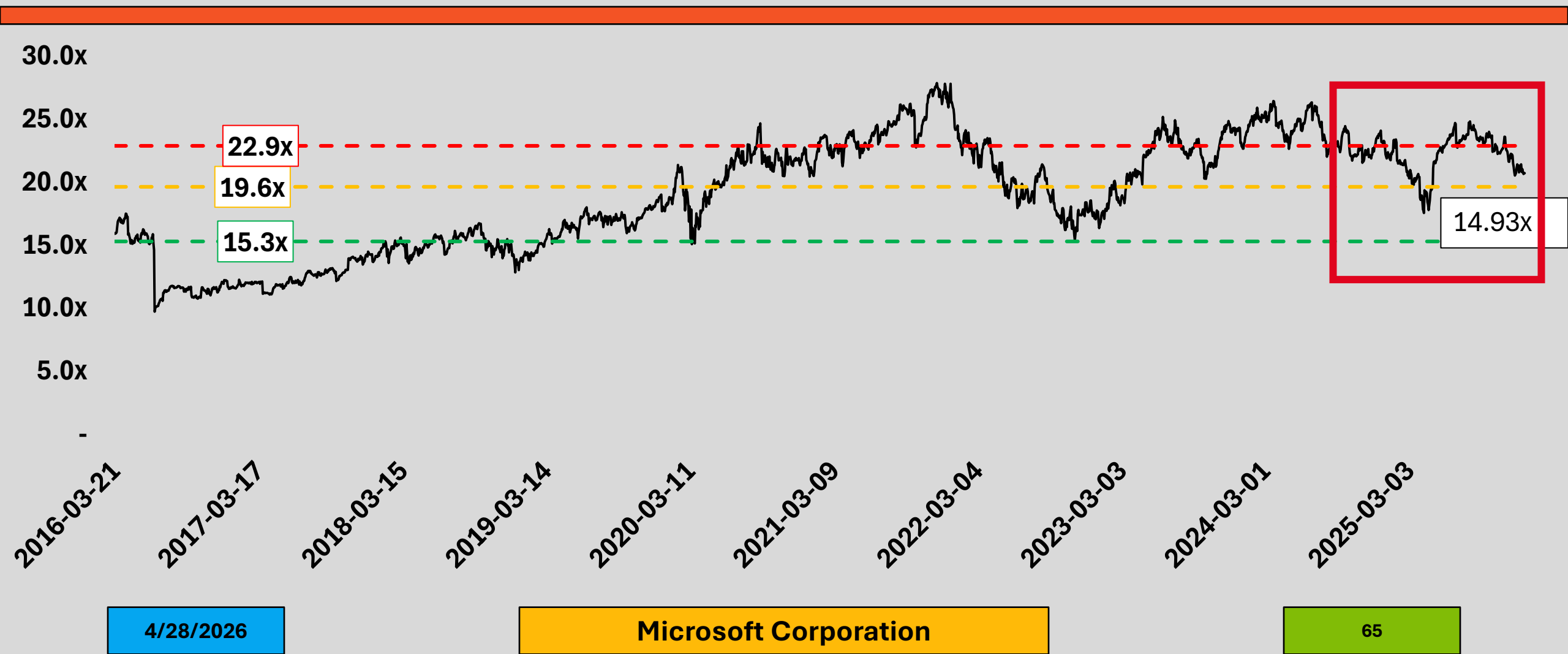
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# Enterprise Value-to-EBITDA



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# Intraportfolio Analysis

Andy Garcia

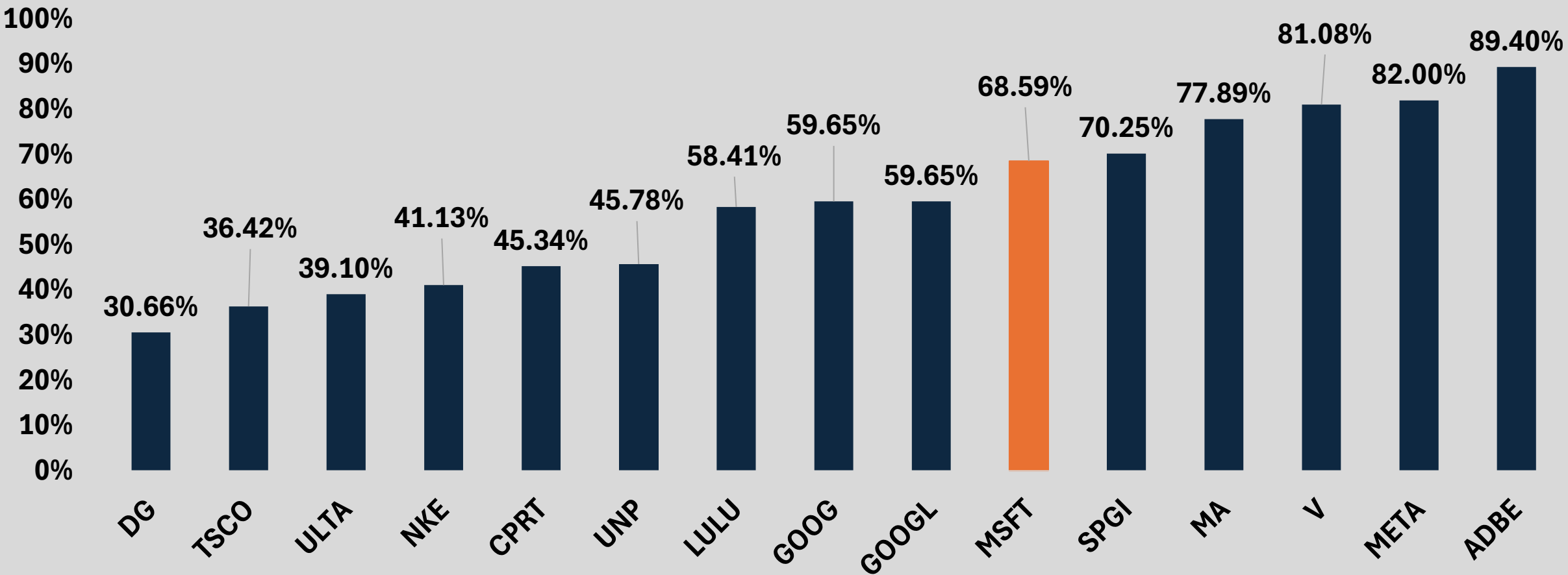
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# Gross Margin %

Revenue-COGS/Revenue



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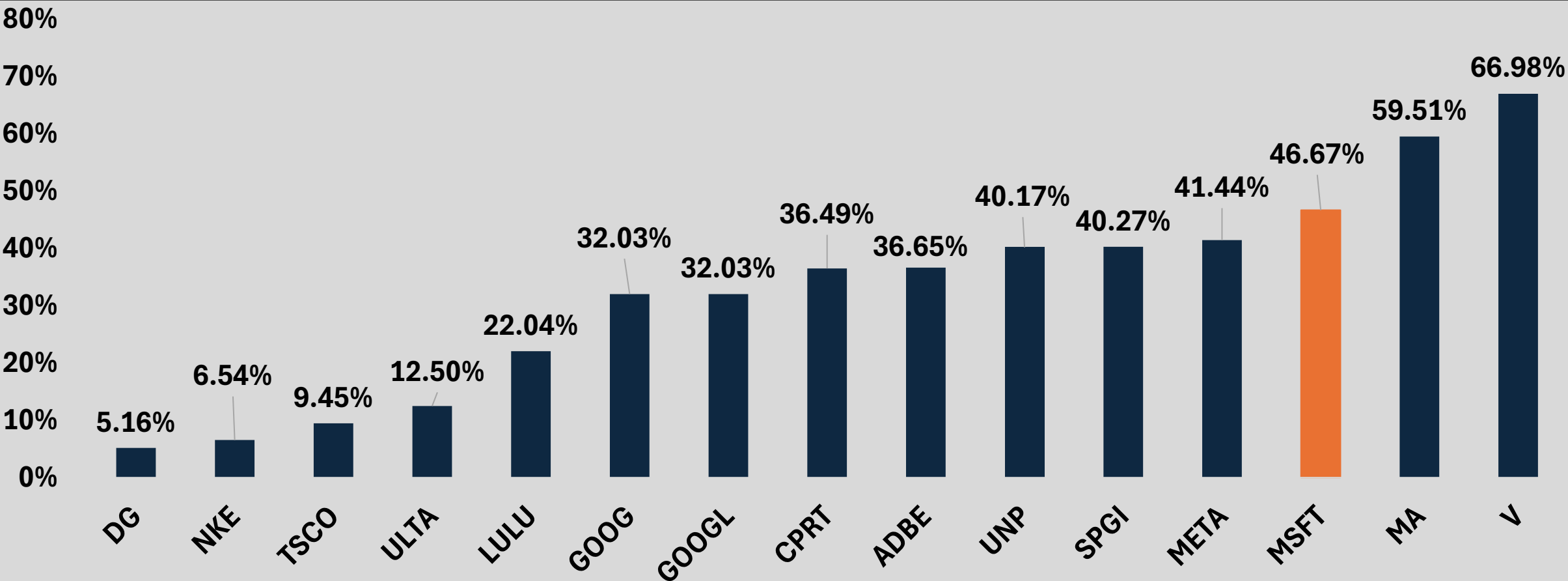
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# Operating Margin %

(Operating Income/Total Revenue) x 100



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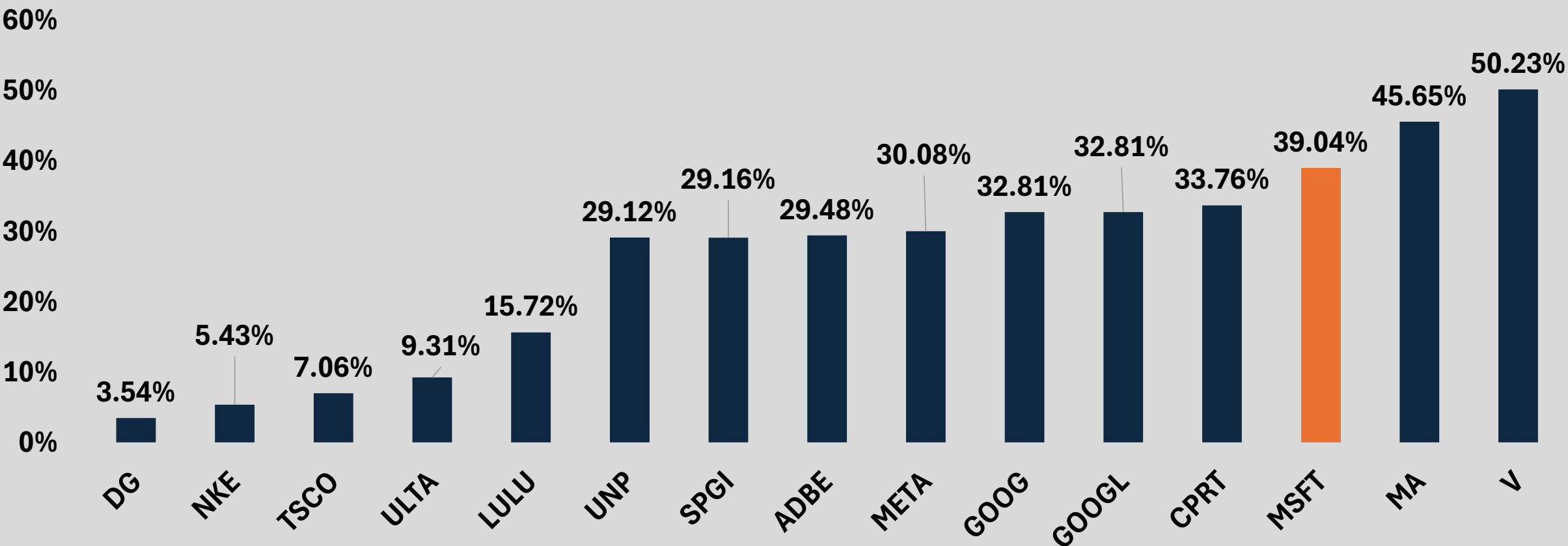
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# Net Margin %

(Net Income/Total Revenue) x 100



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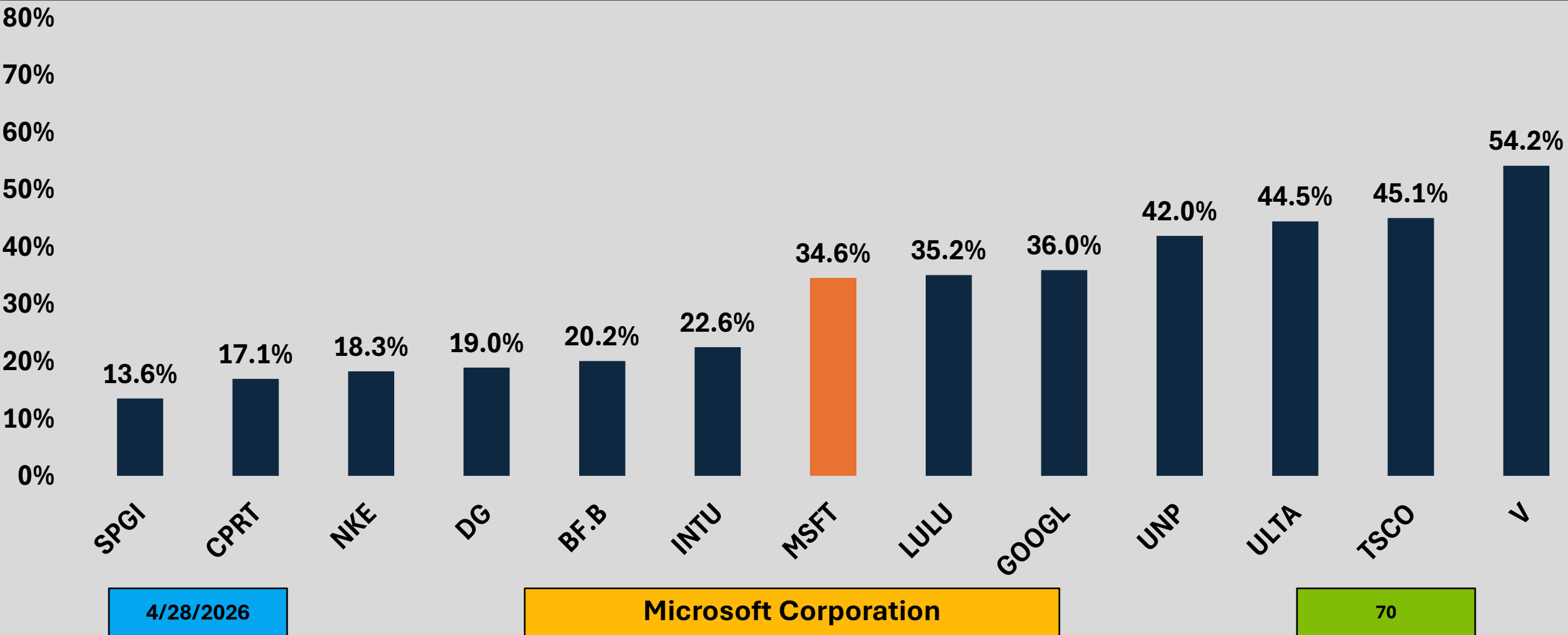
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# Return on Equity %

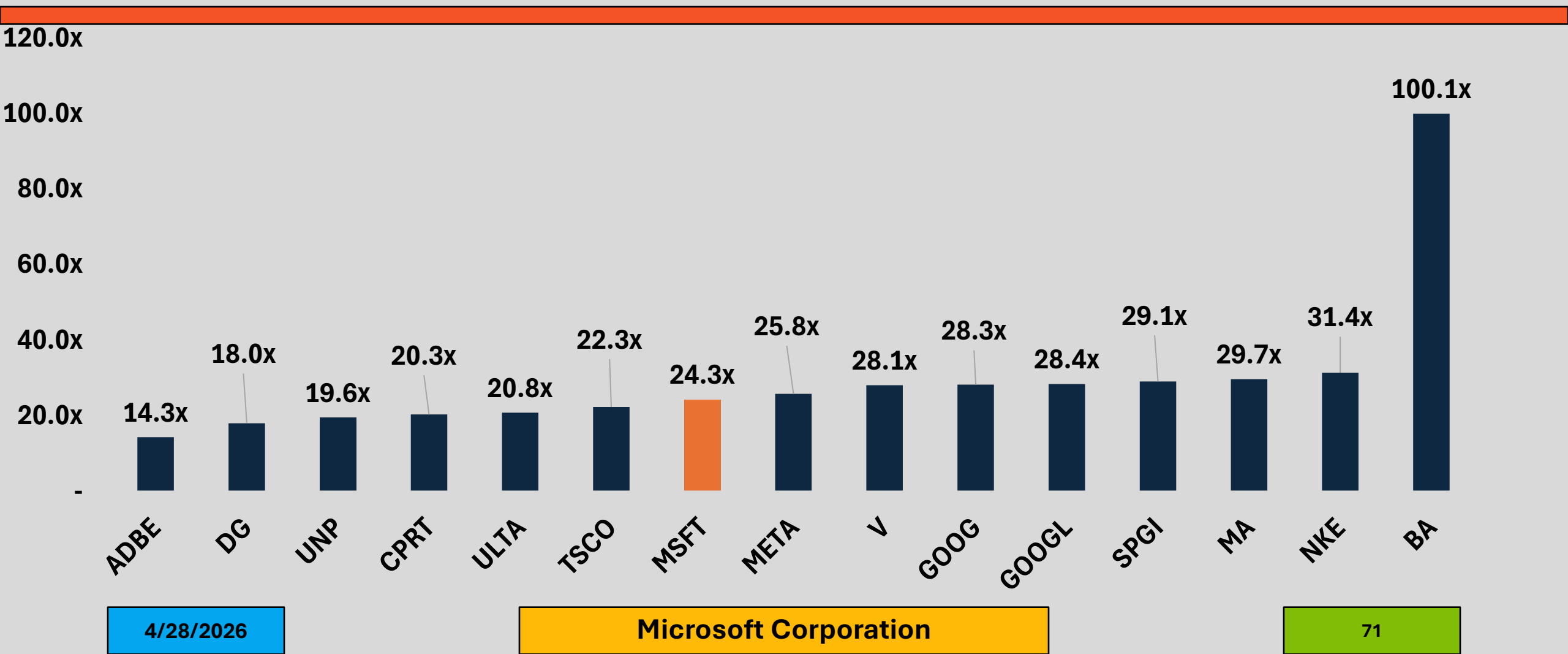
Net Income/Shareholders' Equity





# Price to Earnings

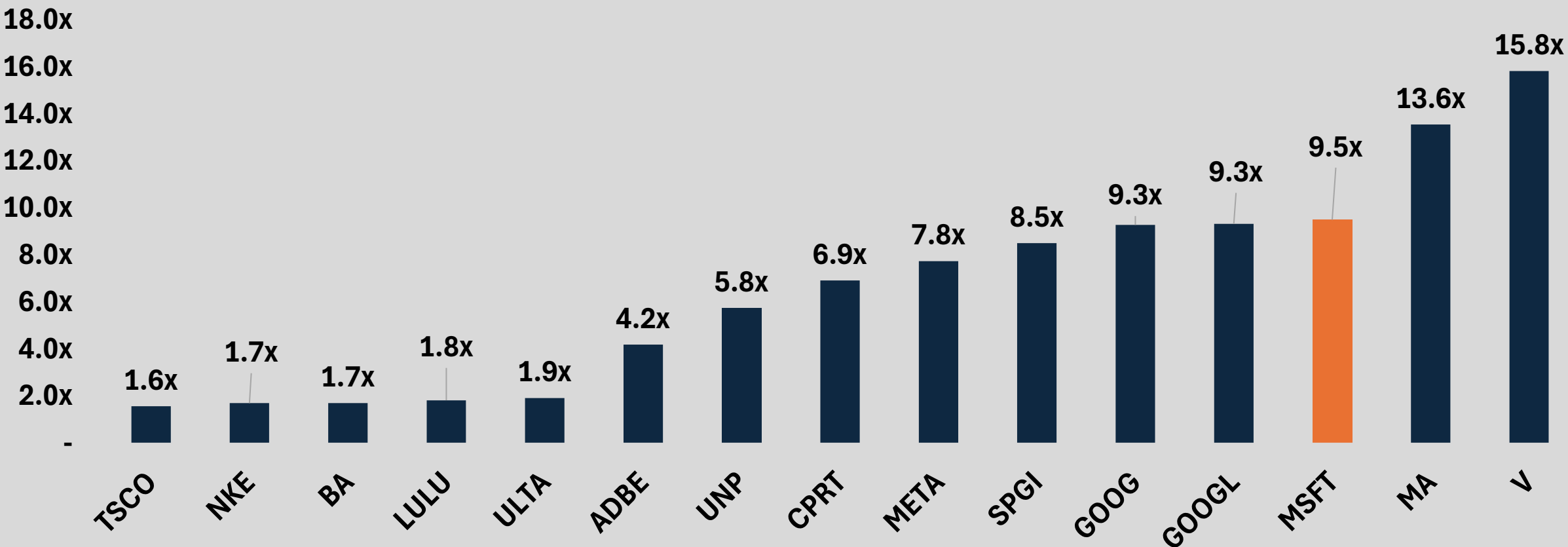
Market Value per Share/Earnings per Share





# Price to Sales

Market Value per Share/Sales per Share



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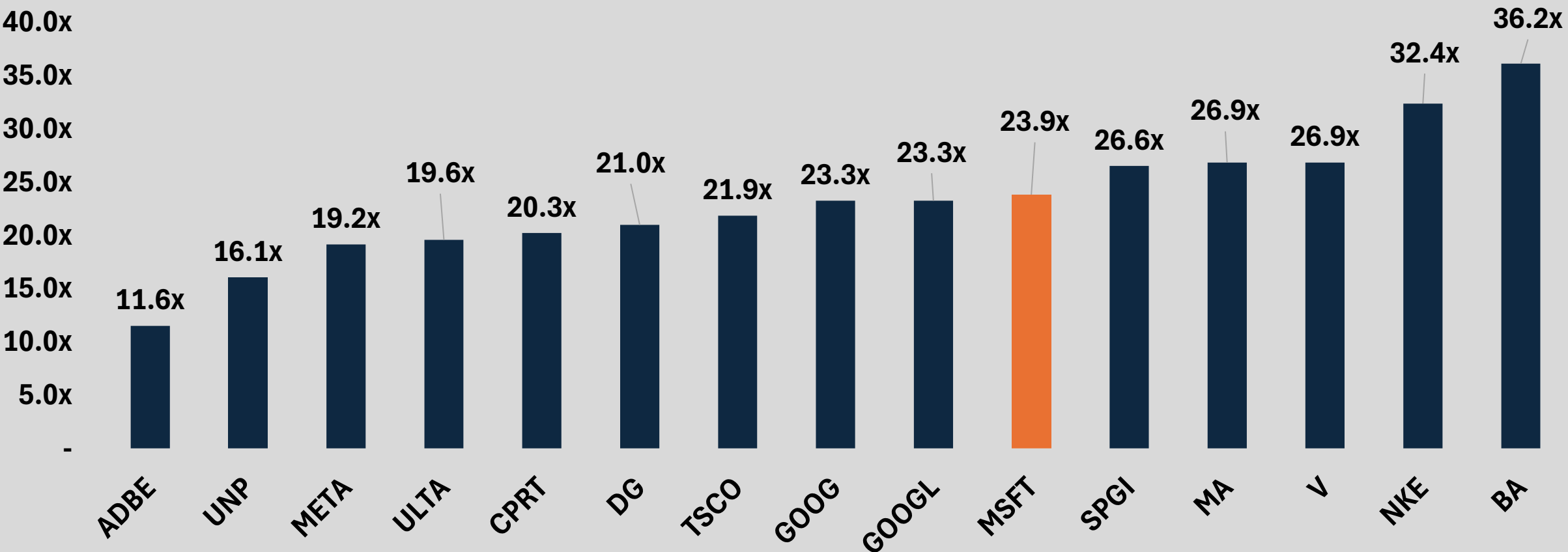
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# EV / EBIT

Enterprise value/Earnings before interest and taxes



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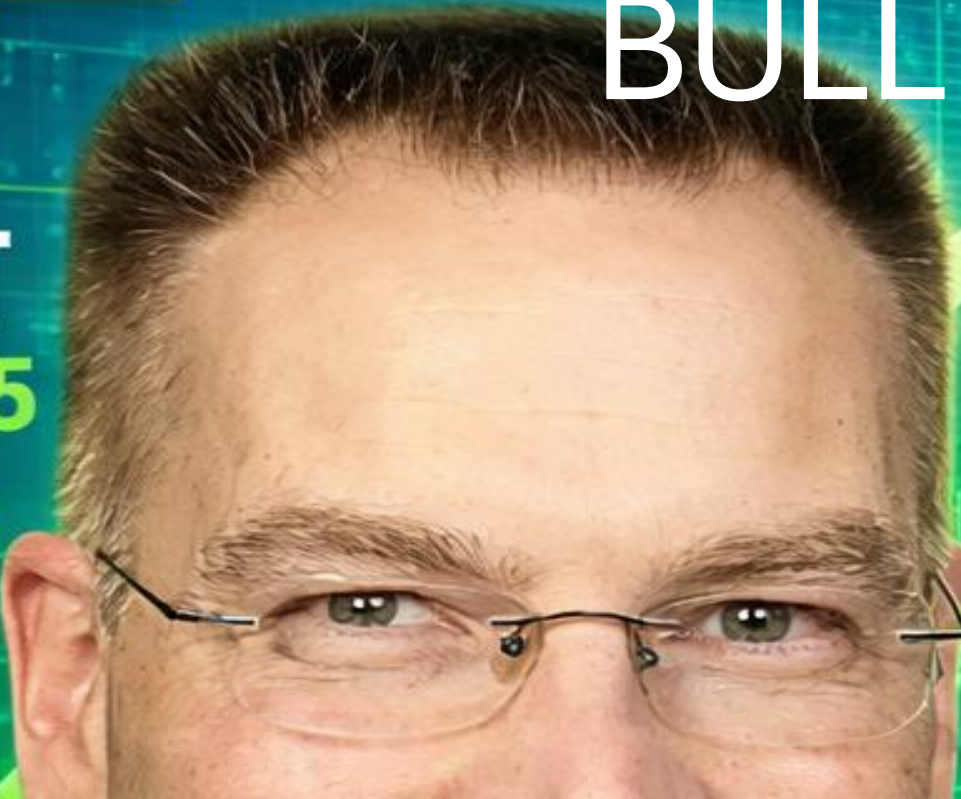
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# Microsoft

## BULL Team

**MSFT**  
**+22.45**  
**6.95%**





# Economic Moat

Sam Finley

4/28/2026



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# Economic Moat



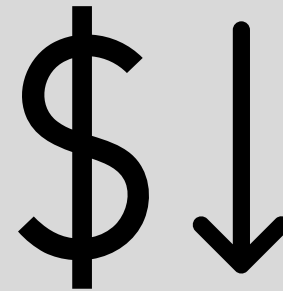
**Switching Cost**



**Network Effect**



**Intangible Assets**



**Cost Advantages**



# Switching Costs

**Time and Money**

**Retraining Employees**

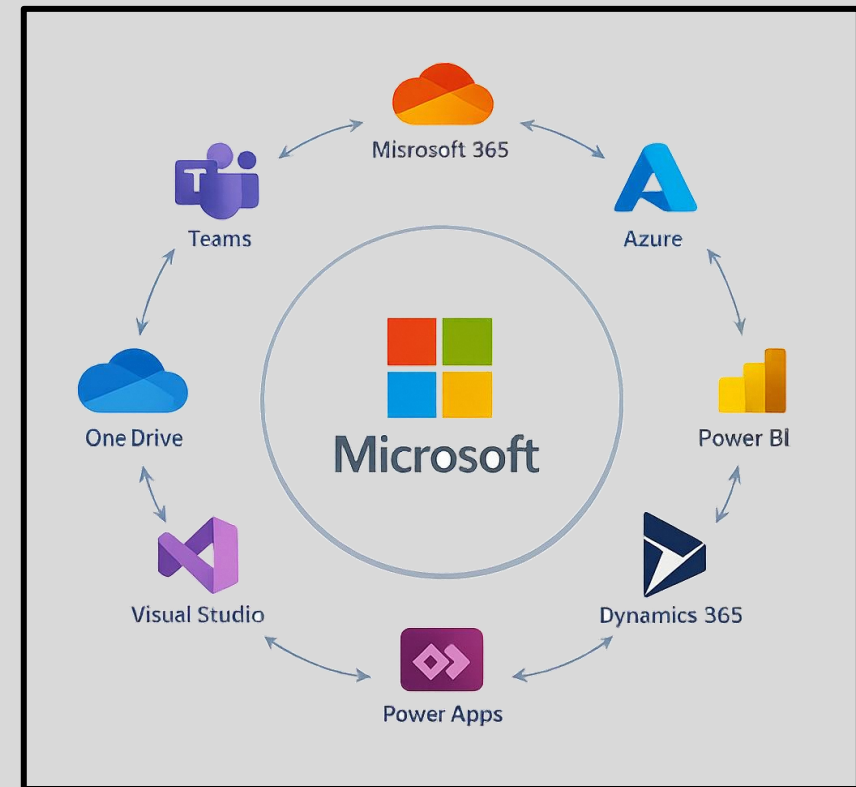
**Loss of Data**

**Changing ERP Systems**



# Integration of Products

- Microsoft's products are designed to work together
- Microsoft Windows, Office Suite, Teams, Azure, Etc.
- Customers look to consolidate vendors
- Cloud backbone





# Network Effects

- Effective communication within businesses
- Add-Ins by software developers
- LinkedIn which is the large networking platform
- Communication from business to business



# Intangible Assets - Brand Recognition



- Businesses are built with Windows
- Product line for computers and other devices
- Diverse customer base





# Market Control

- LinkedIn and Excel
- Google workspace
- ERP systems
- MSFT Dynamics





# Cost Advantages

- Fixed costs are spread over a huge base
- High margins from software model
- Bundling power across products
- Low customer acquisition cost





# Growth Opportunities

David Villarreal

4/28/2026



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# Cloud Growth



- Microsoft Cloud Revenue: \$51.5B (26% YOY)
- Highest Single Quarter growth in its history
- Azure grew 39% YOY





# AI Growth

- 24% of Azures growth comes directly from AI demand
- Azure growth is being fueled by Copilot and OpenAI integration
- 45% of current \$625 billion RPO's are tied directly to OpenAI
- Bounded by capacity





# Asian AI Demand

1

90% of Indian and Chinese knowledge workers use AI tools in their Workplace

2

Approximately 70% of organizations in the region expect Agentic AI to disrupt their workplace

3

Most of this growth comes from youthful users

4

82% of business leaders see 2026 as a pivotal year for AI strategy involvement



# Asian Investment

**\$17.5 Billion India- (2026-29 Training 20M people)**

**Malaysia- \$2.2 Billion (Supporting regional AI scaling)**

**Indonesia- \$1.7 Billion (Central cloud region training 1M people)**

**Japan/Korea- \$1.2 Billion (Expanded Azure availability)**



# Asian Involvement



AI-First approach in India's government



MSFT is integrating AI into E-Shram & NCS (Job Matching/Resume Building)



Malaysia and Indonesian hyperscale datacenters from Singapore overspill



Korean specific AI model capabilities



# Efficiency

- MSFT is reducing dependency by creating their own chips
- Maia 200 & Cobalt 200 (30% better cost of ownership)
- Fairwater Datacenters using new designed cooling





# Bundles

## • E7 Frontier Suite


- Releases May 1st
- \$99/month
- AI Integrated M365 Foundation
- Copilot cowork/security
- Agent 365
- Dynamics 365


## E5 Frontier Suite


- Released in 2015
- \$56/month
- AI assistant + \$30/month add on
- M365 Foundation
- Security includes Defender XDR, Purview, and Intune

# Agentic AI




 Over 10 million pre-programmed + Custom agents

 **Core M365**- Analysis, Research, Visual Creation

 **Dynamics 365 Agents**- Sales Qualification, Supplier communications, and Financial Reconciliation

 **Custom Agents**- Build agents using Microsoft Copilot Studio or Agent 365 SDK

 **Third Party Agents**- Agents from partners like ServiceNow, Adobe, and SAP

 **MSFT Agentic Stores**- You can use agents created by other people and businesses

# Security



- **Secure future Initiative (SFI):** Not an add-on, but a barrier to entry
- Integrated security AI agents
- AI investigates, contains, and corrects threat with little to no human intervention
- AI powered defense (\$20 B industry)



# Computing & Gaming

- Project Helix: Next-gen console bridging the gap between Console and PC
- Console → “Every Screen”
- ROG Xbox Ally “handheld”
- Cloud gaming
- Acquisition of Activision Blizzard





# Supercomputers

- Moved beyond just buying 1000's of GPU's to designing everything
- **Project Stargate**- MSFT and OpenAI partnered to build \$100B+ “AI Engine”
- **Abeline TX campus**- primary site for future AI training and MSFT rented 700 MW of capacity on the site to meet surging Agentic AI demand
- **Other Planned Locations**- The broader Stargate plan aims to invest up to \$500 billion by 2029, to develop other sites.
- This includes locations in Texas, New Mexico, Ohio, and other international locations



# Bull – Valuation and Conclusion

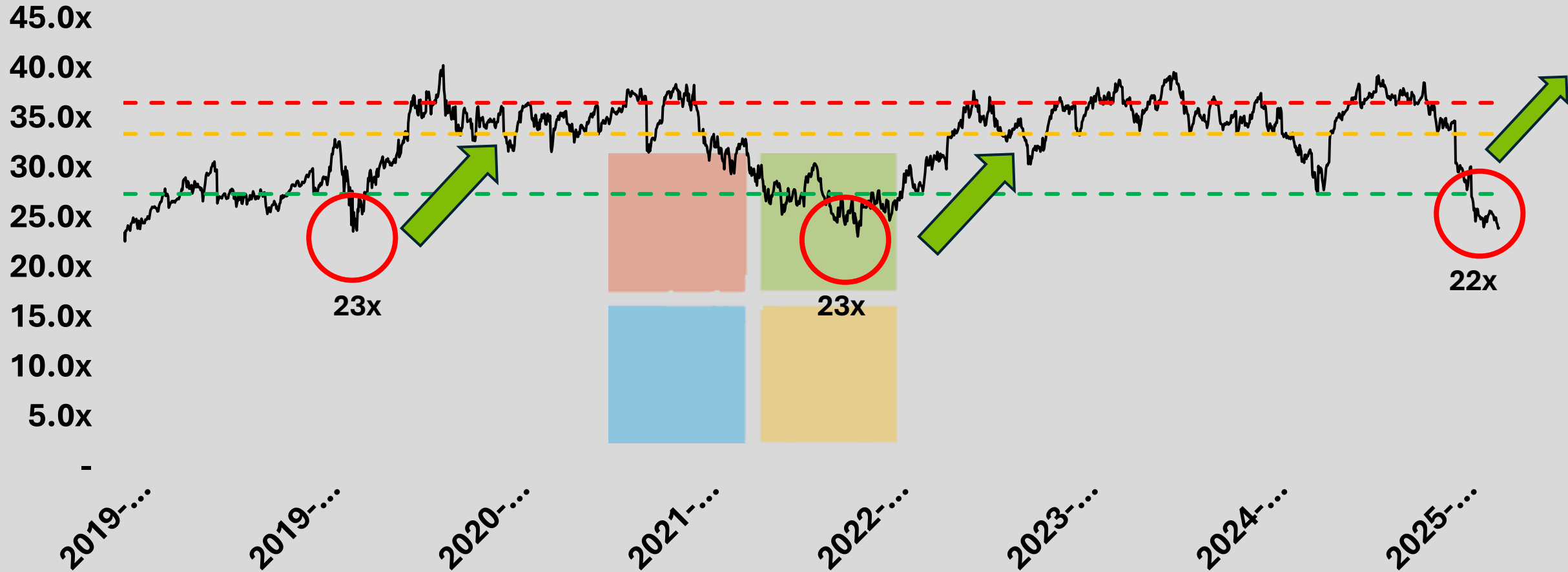
Christian Cadena

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# P/E Ratio



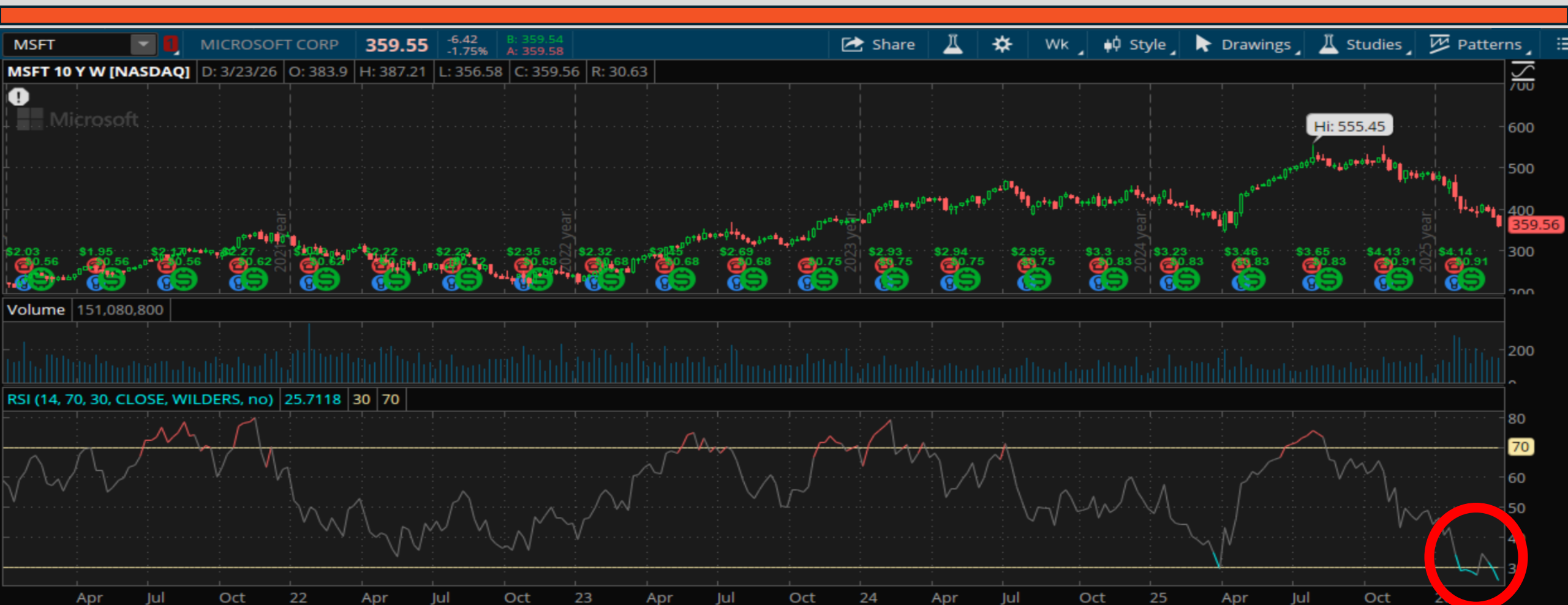
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# Technical Indicators - RSI



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# Technical Indicators – 200 Day Moving Average



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# Technical Indicators – 200 Day Moving Average



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# EPS Growth Estimates

	Revenue	Net Margin	Share Repurchases	EPS Growth Rate
Bear	13%	1%	0.50%	15%
Base	15%	2%	1%	18%
Bull	18%	3%	1.50%	23%



# 5 Year Discounted Cash Flow

Ticker: MSFT Price: \$360.07 Discount Rate: 11.0% Method: EPS Dividend Payout Ratio: 22.0%		5 Year Discounted Cash Flow					P/E	Price	Present Value	5 YR Return	Return	Return + Dividends	
		<u>2025-06</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>						
Bear	EPS	\$13.36	\$15.23	\$17.36	\$19.79	\$22.76	\$26.18	16.0x	\$418.83	\$248.55	16.3%	3.1%	4.1%
			14%	14%	14%	15%	15%	18.0x	\$471.18	\$279.62	30.9%	5.5%	6.5%
								20.0x	\$523.54	\$310.69	45.4%	7.8%	8.7%
Base	EPS	\$13.36	\$15.36	\$17.82	\$20.85	\$24.61	\$29.03	22.0x	\$638.76	\$379.07	77.4%	12.1%	13.0%
			15%	16%	17%	18%	18%	24.0x	\$696.82	\$413.53	93.5%	14.1%	14.9%
	Diluted							26.0x	\$754.89	\$447.99	109.7%	16.0%	16.7%
Bull	EPS	\$13.36	\$15.50	\$17.98	\$21.21	\$25.46	\$30.55	28.0x	\$855.31	\$507.59	137.5%	18.9%	19.6%
			16%	16%	18%	20%	20%	30.0x	\$916.41	\$543.84	154.5%	20.5%	21.2%
								32.0x	\$977.50	\$580.10	171.5%	22.1%	22.7%



# Expected Rate of Return

	Bear	Base	Bull
Present Value	\$264.57	\$430.47	\$597.47
Margin of Safety	-36%	16%	40%



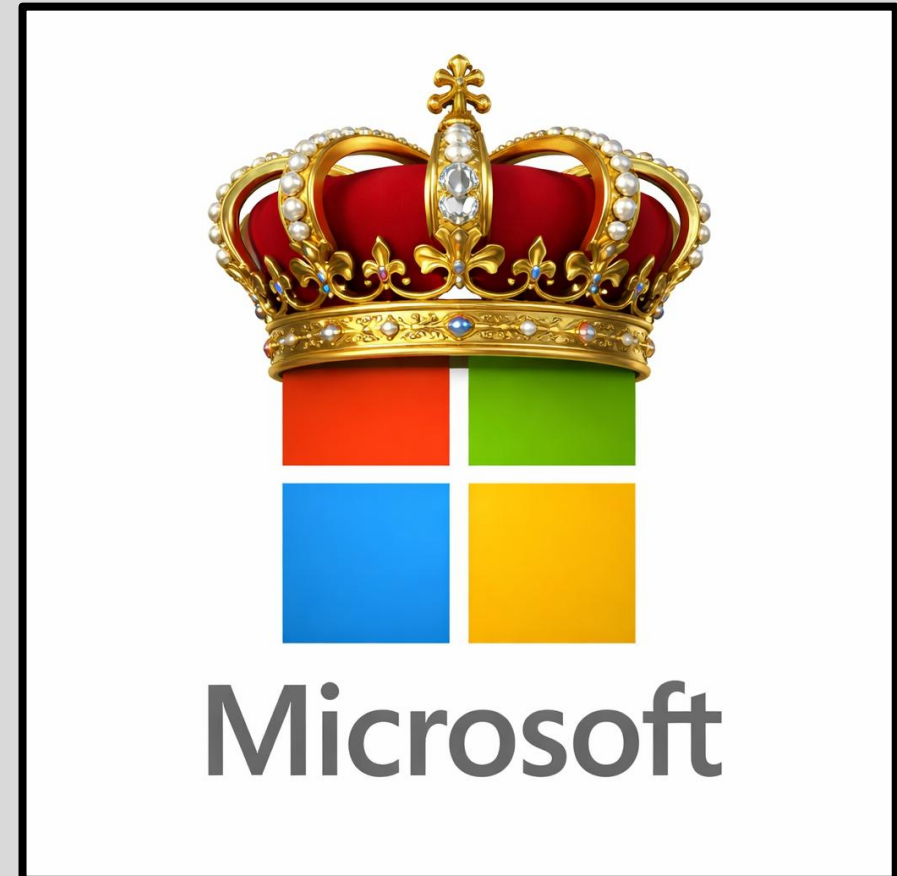
# ROR Sensitivity

Total RoR Sensitivity			
P/E	Est. EPS growth rate		
	14.4%	16.8%	18.0%
16.0x	3.1%	12.1%	18.9%
24.0x	5.5%	14.1%	20.5%
32.0x	7.8%	16.0%	22.1%

# In Conclusion...



- Strong Moat
- Great Financials
- Strong Distribution Capabilities
- Battleship Company



# Recommendation



- Buy 200 shares of Microsoft via limit order of \$365 per share, totaling \$73,000
- This will increase our weighting from 7% to 10% in our portfolio



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# BEAR TEAM





# Competitor Analysis

Oscar Parga

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# Competitors



amazon

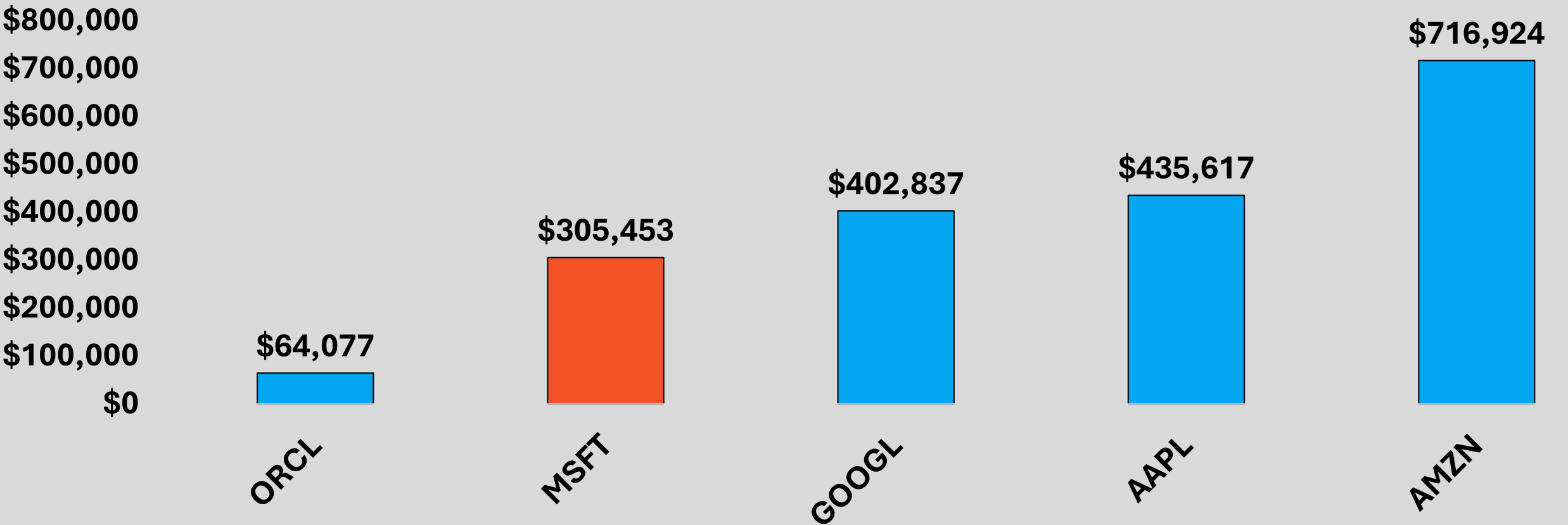
Apple

ORACLE

Google



# Revenue TTM (In Billions)



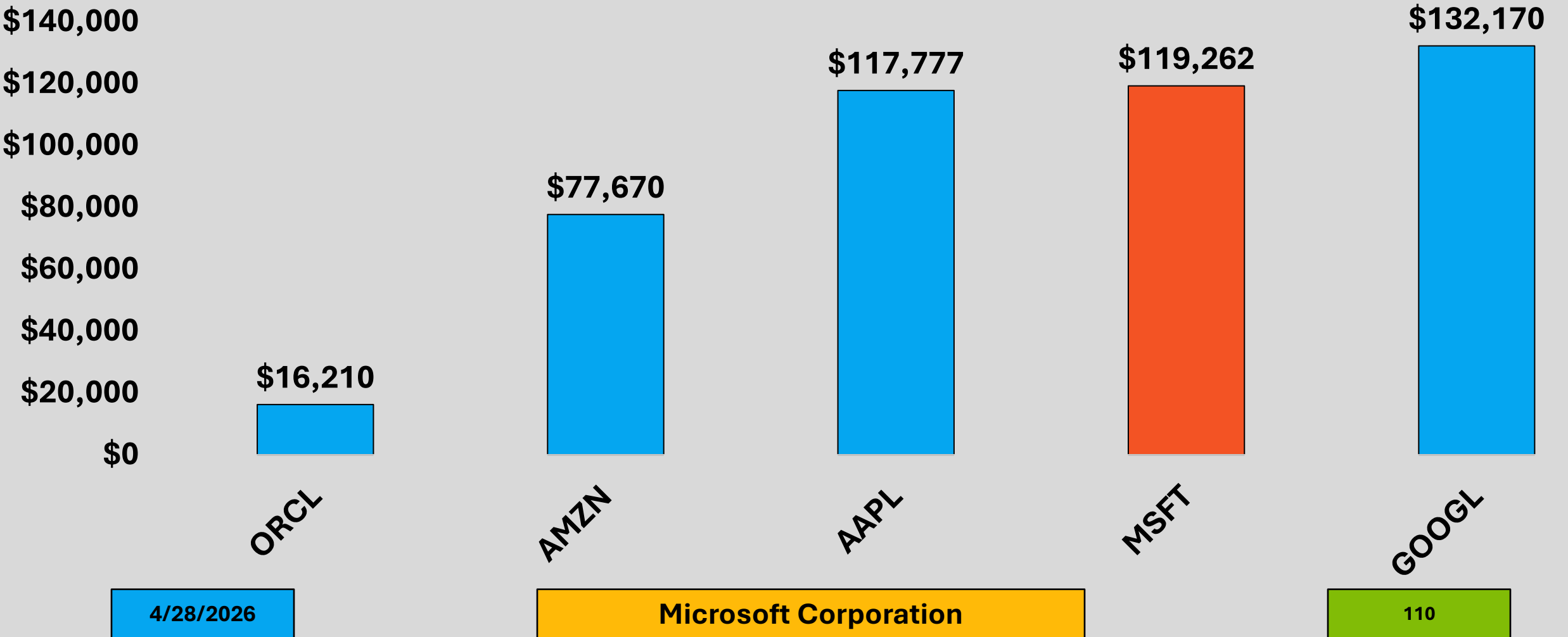
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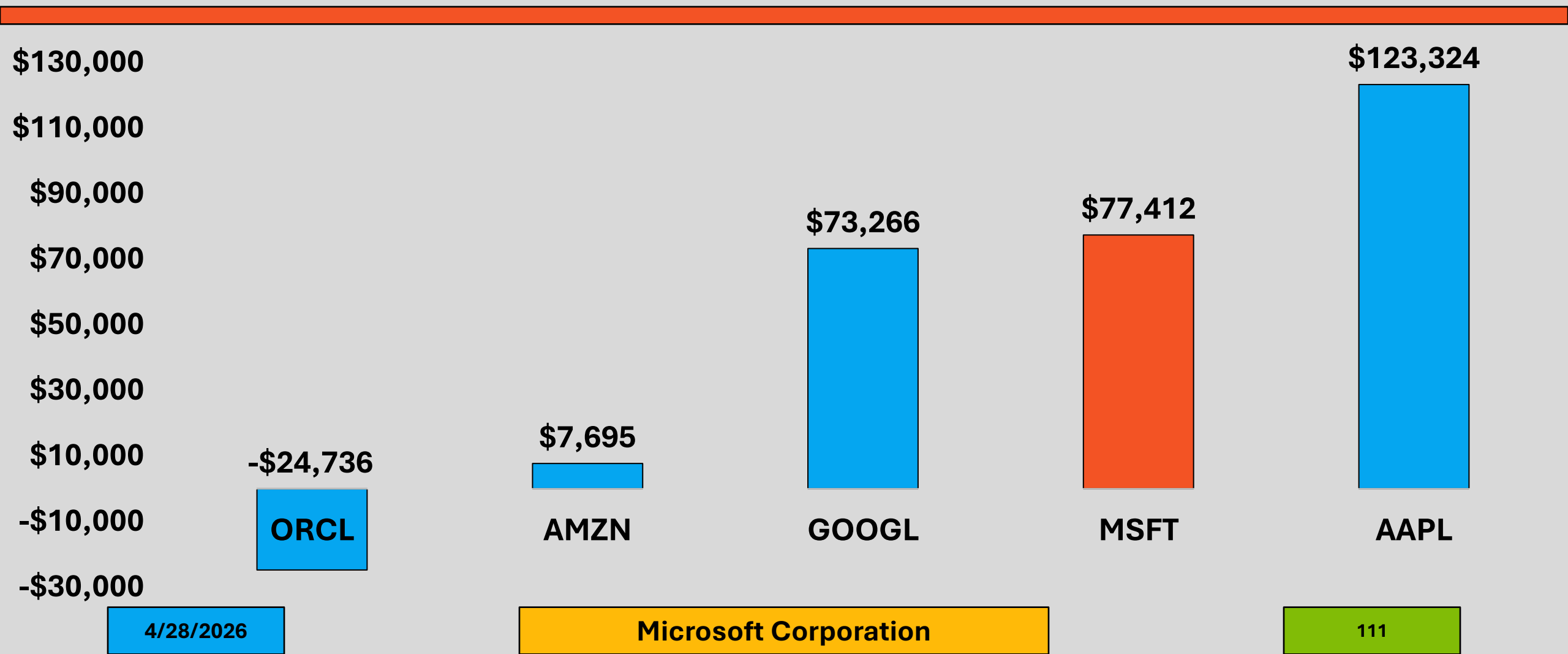


# Net Income (In Billions)





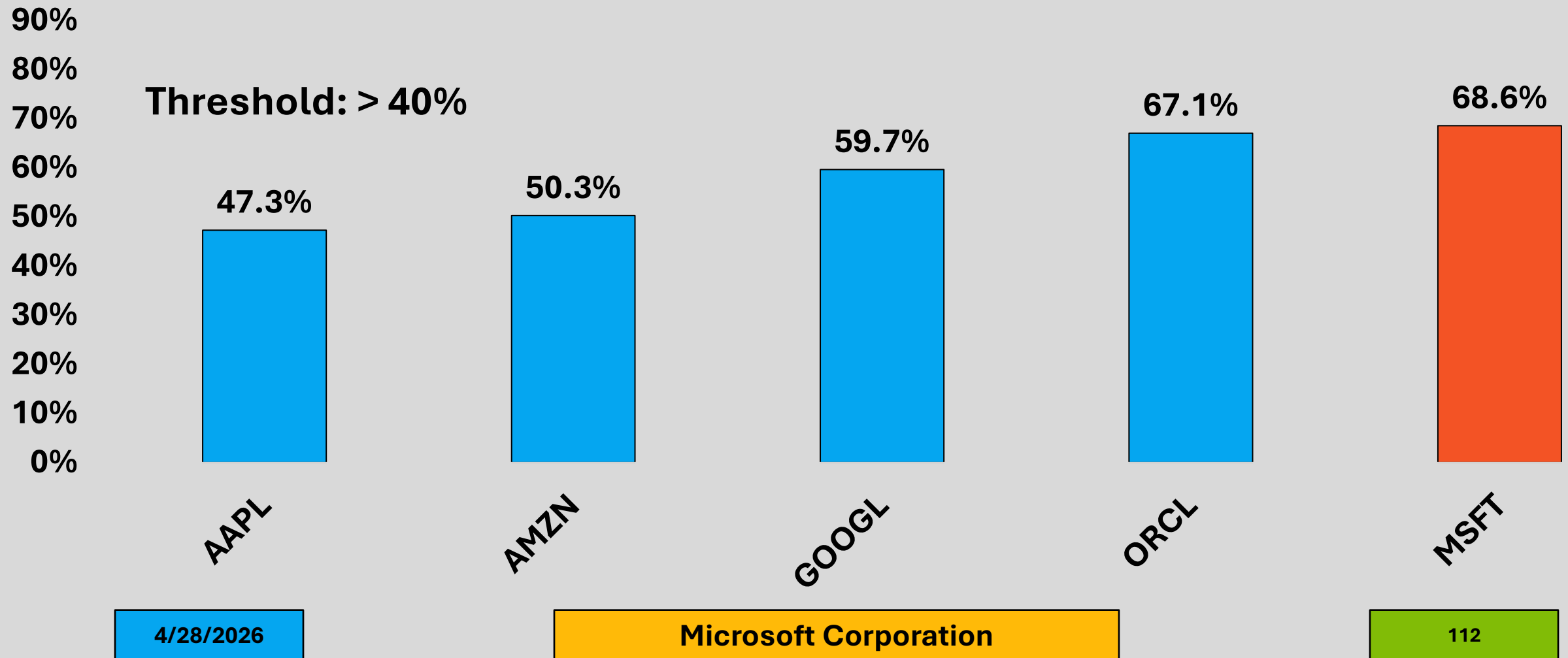
# Free Cash Flow (In Billions)





# Gross Margin % TTM

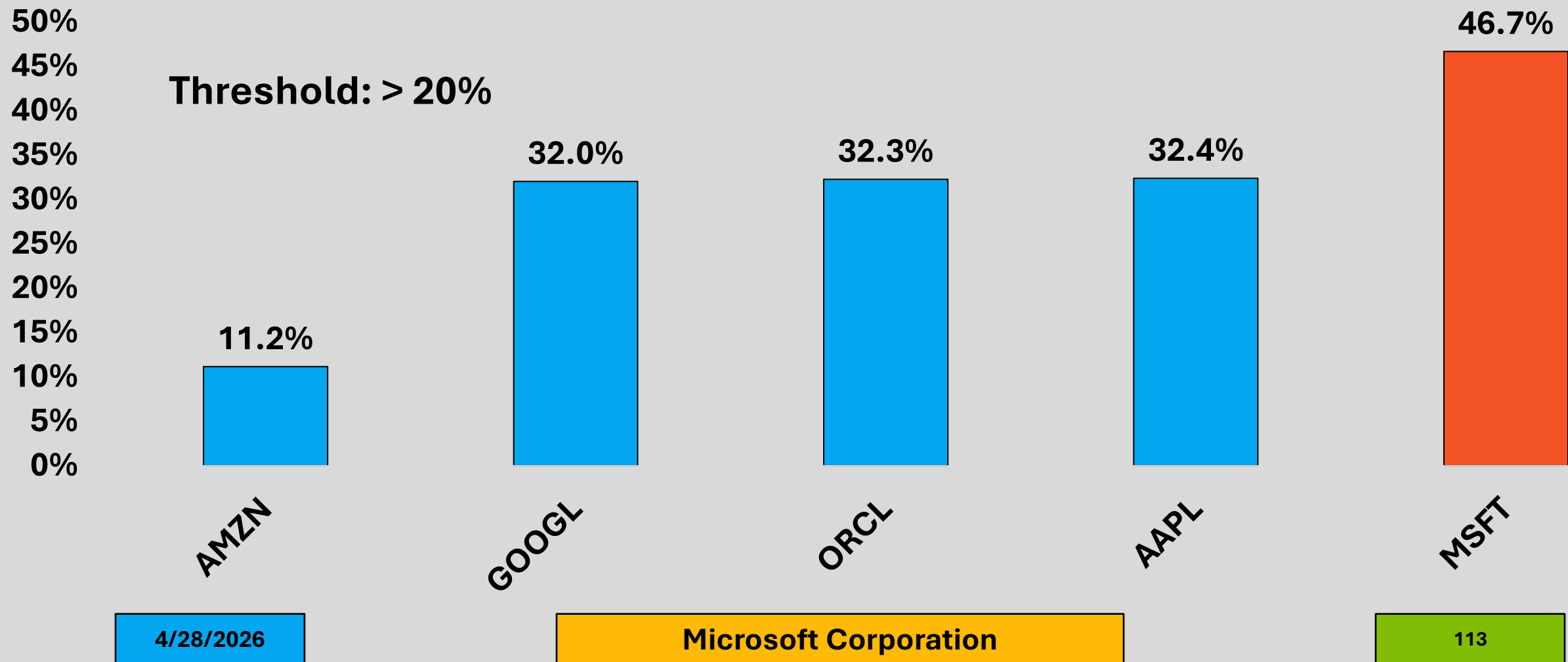
Gross Margin = Gross Profit/Revenue





# Operating Margin% TTM

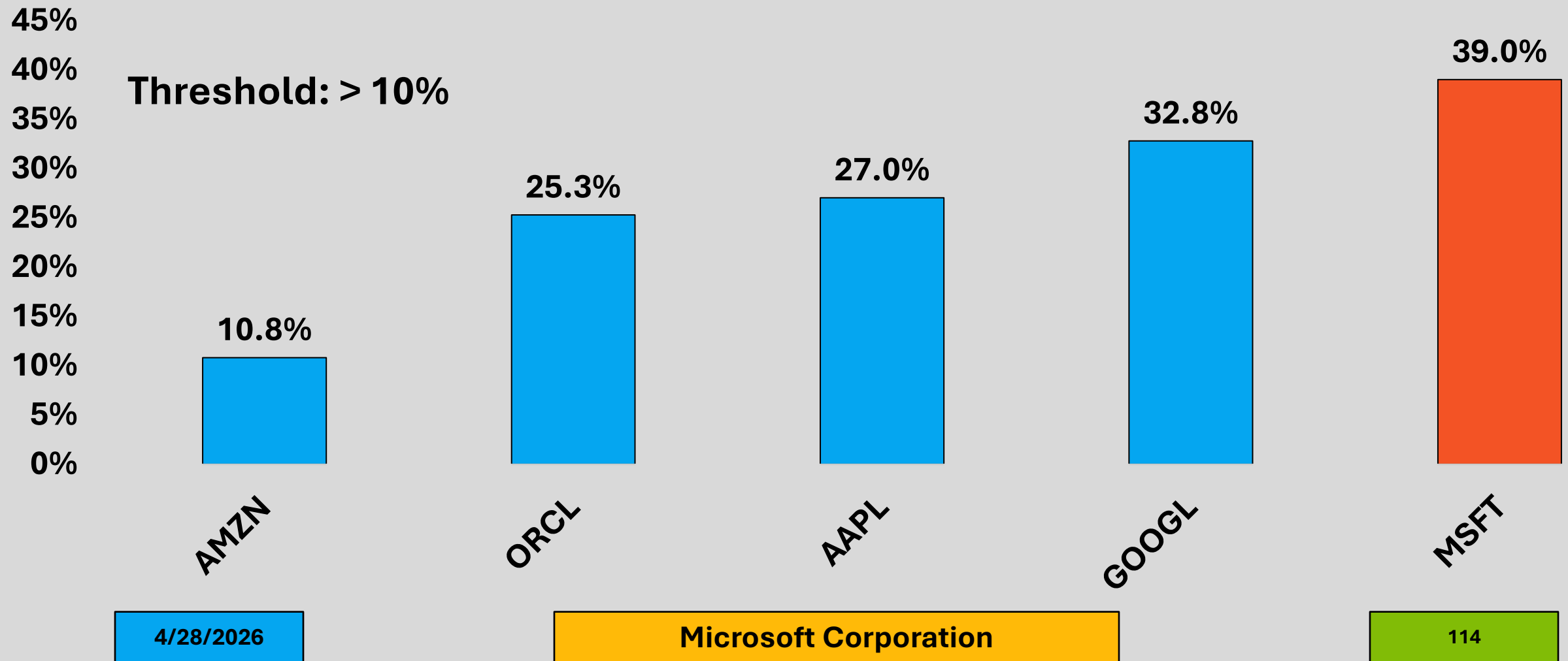
Operating Margin = Operating Income/Revenue





# Net Margin % TTM

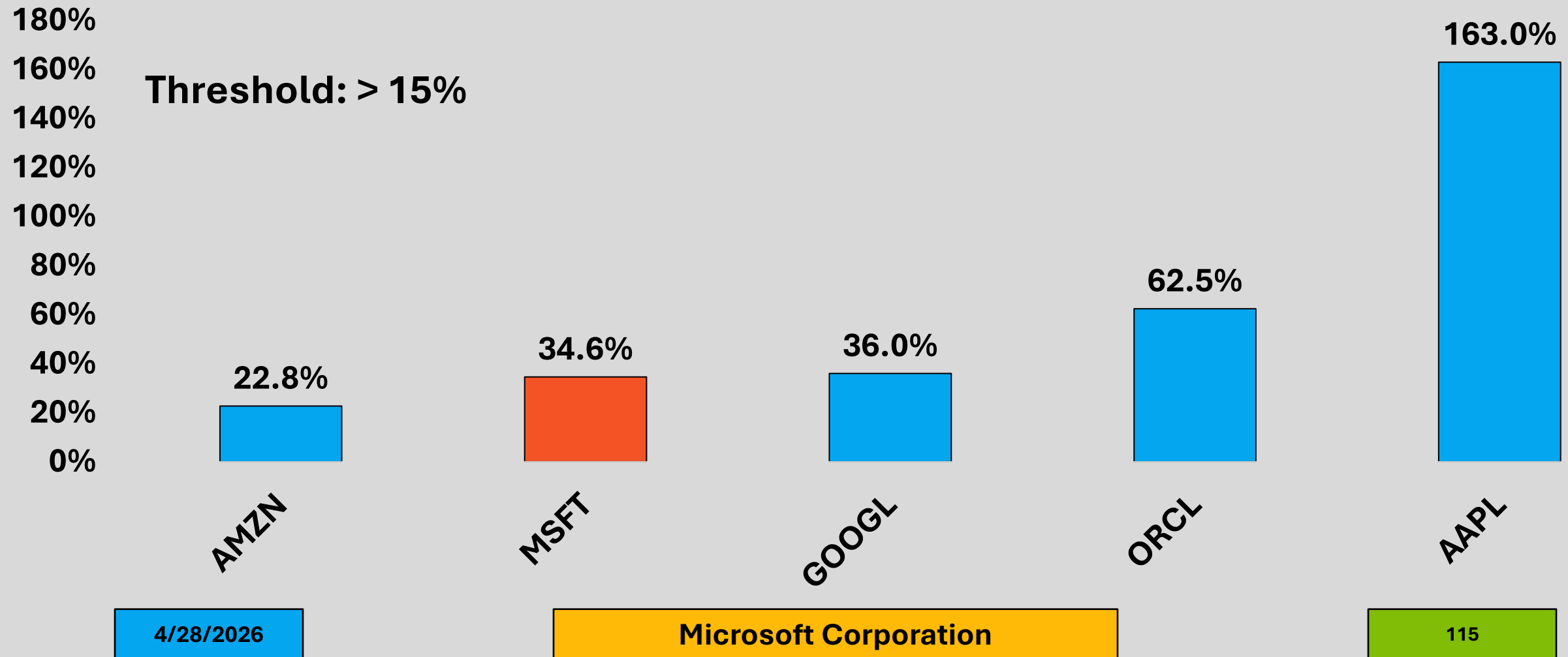
Net Margin = Net Income/Revenue



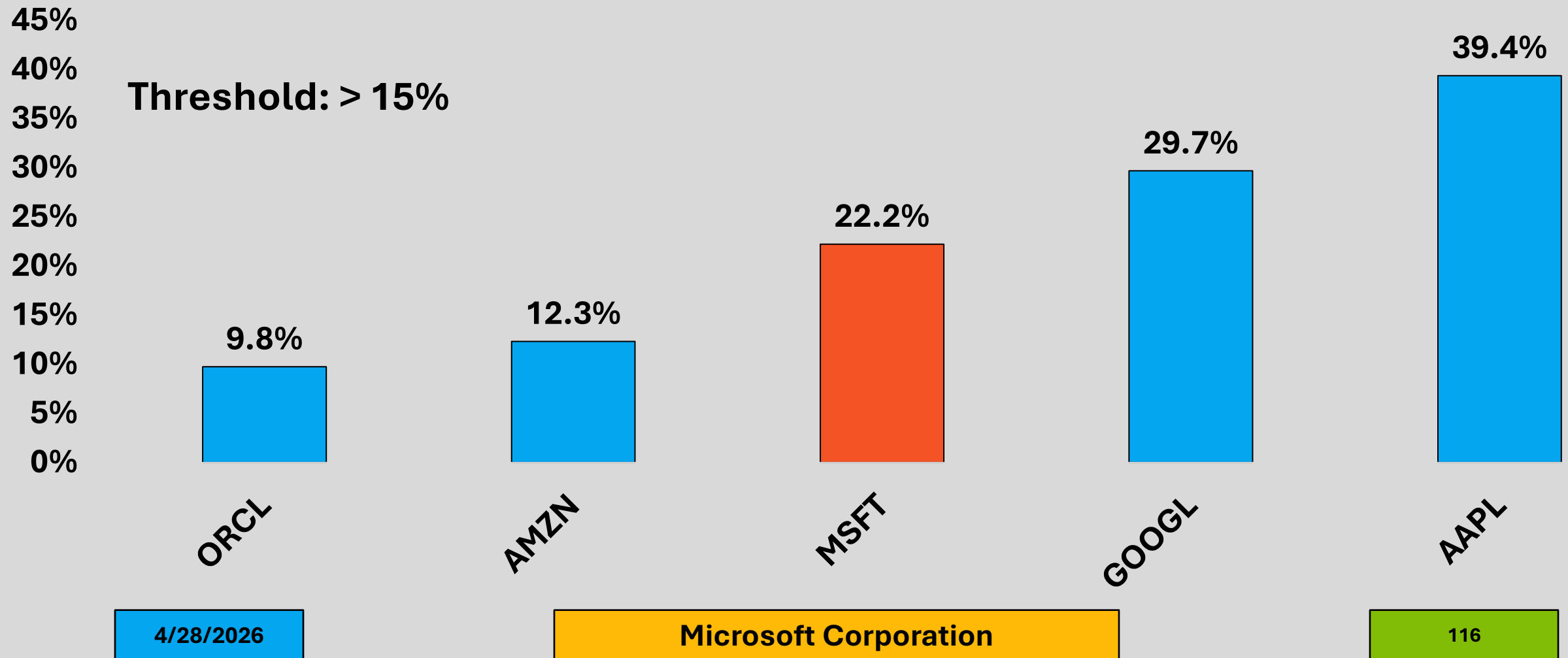


# Return On Equity%

Return On Equity = Net Income / Share Holders Equity

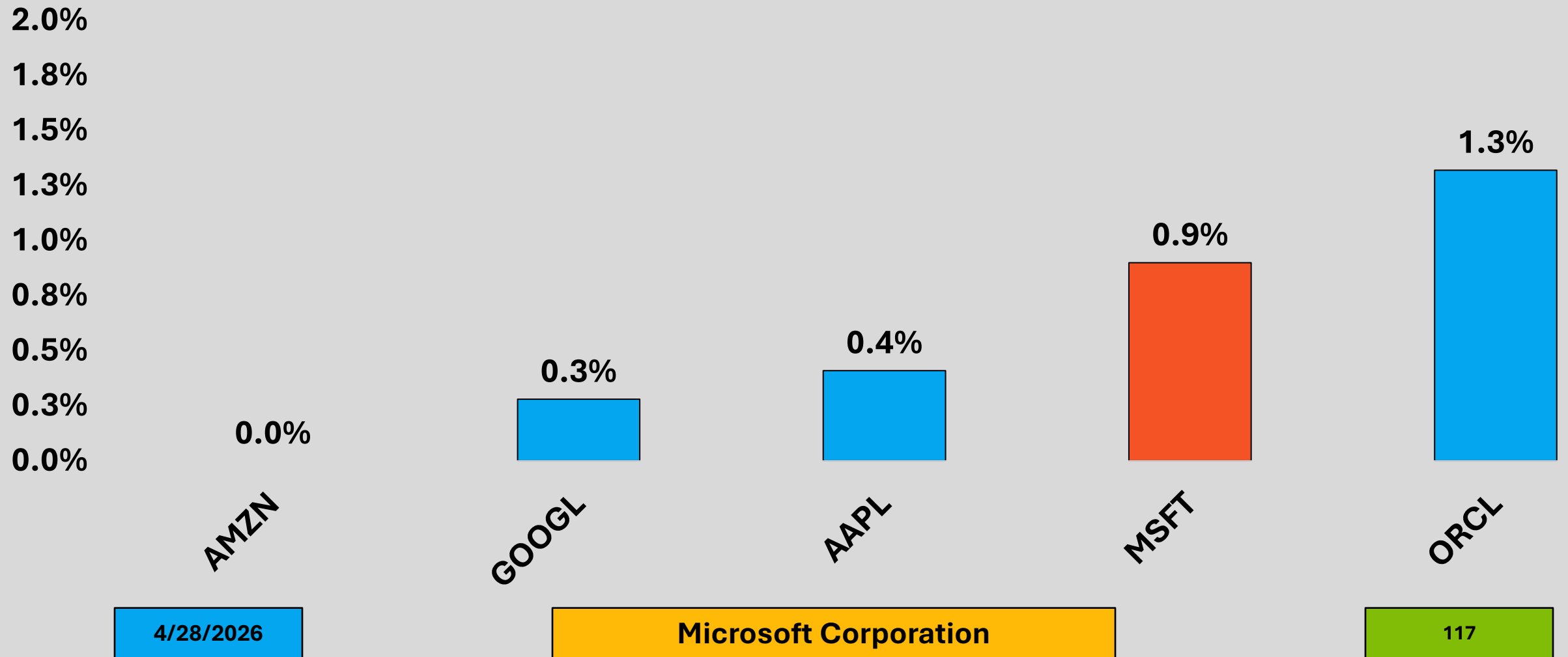


# Return On Invested Capital %



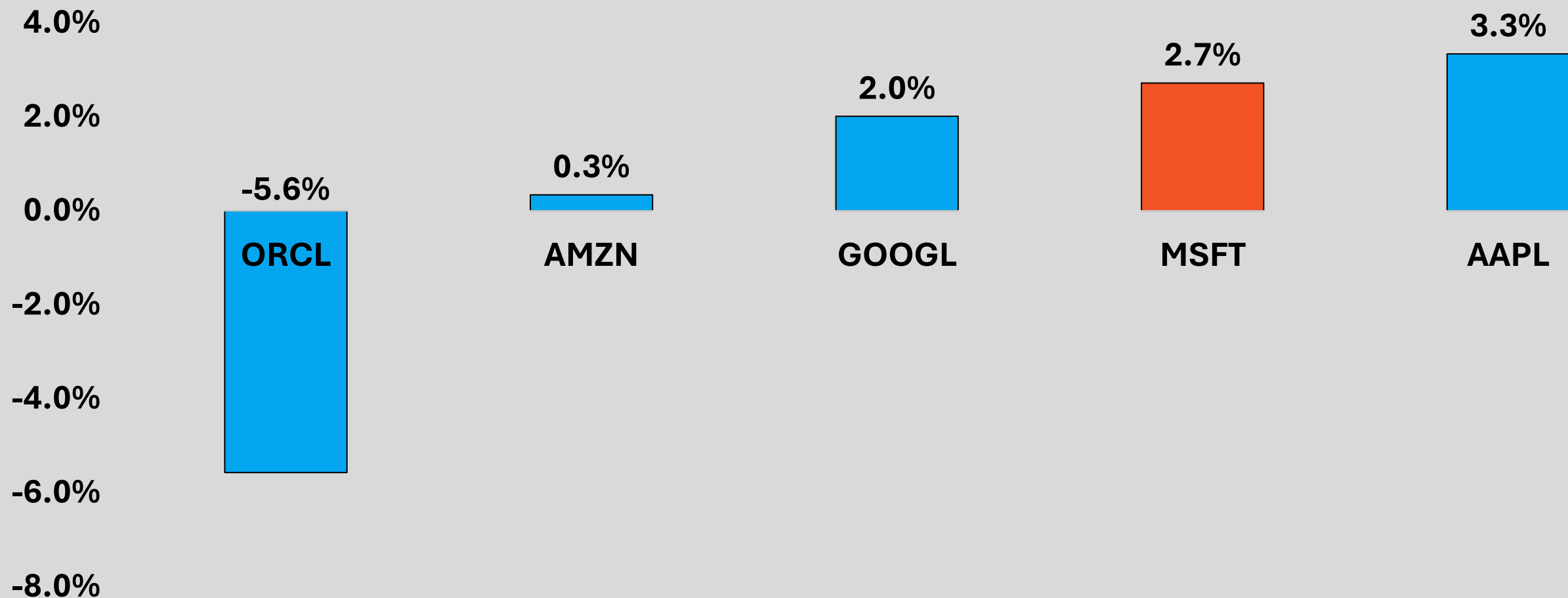


# Dividend Yield %





# Free Cash Flow Yield %

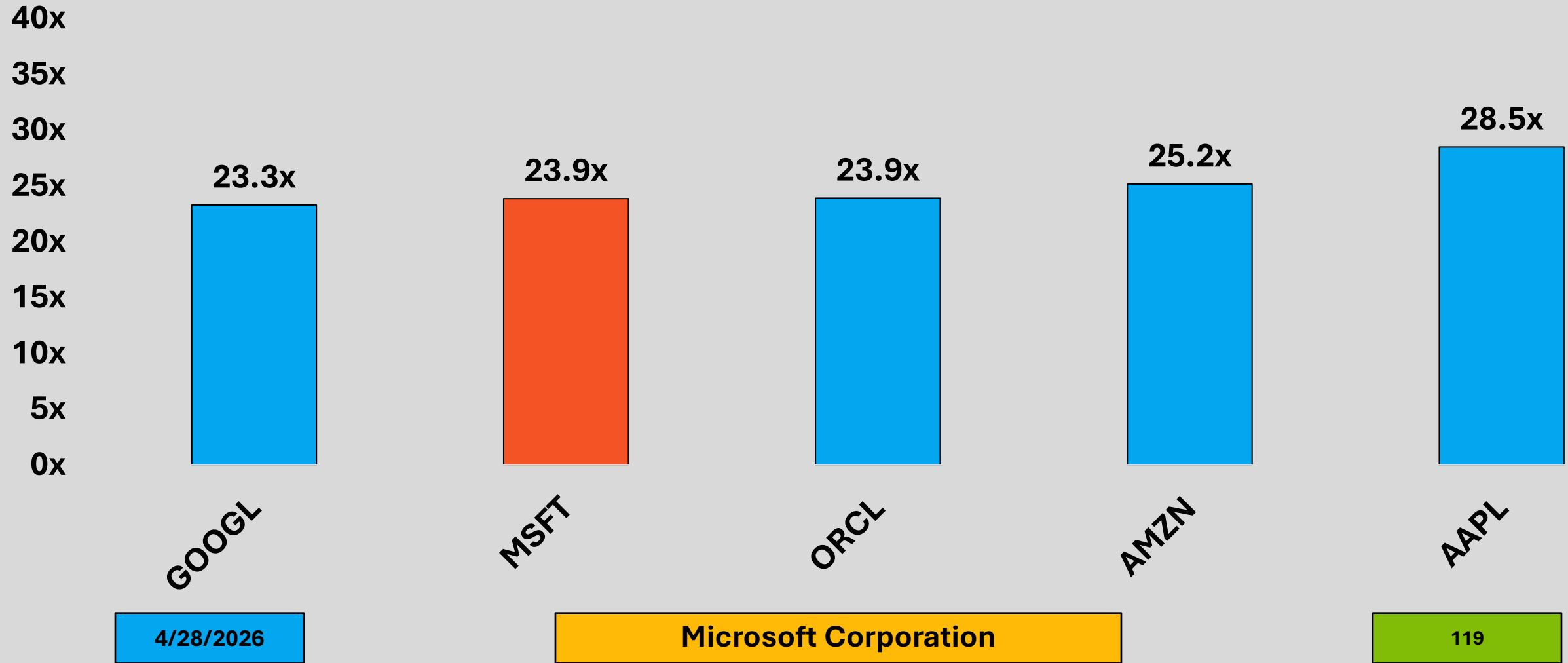


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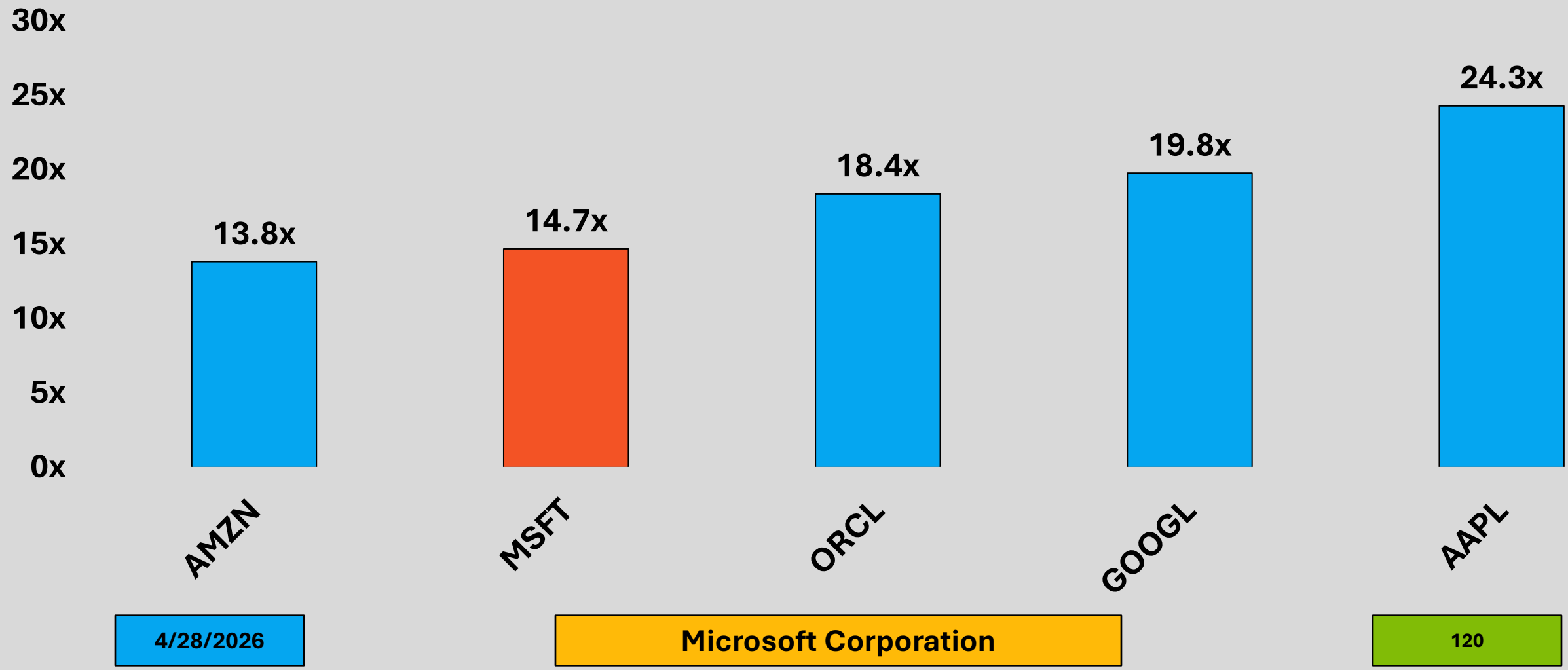
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# EV-To-EBIT



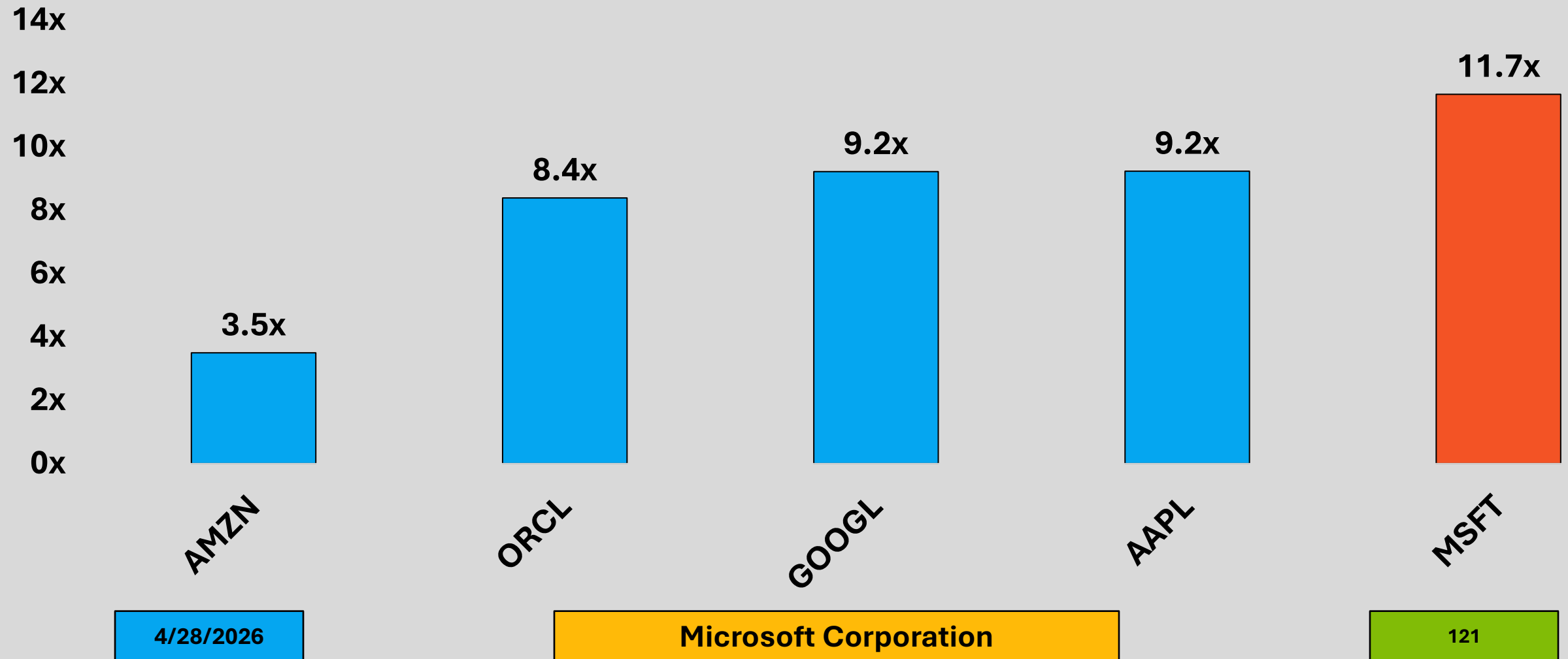


# EV-To-EBITDA



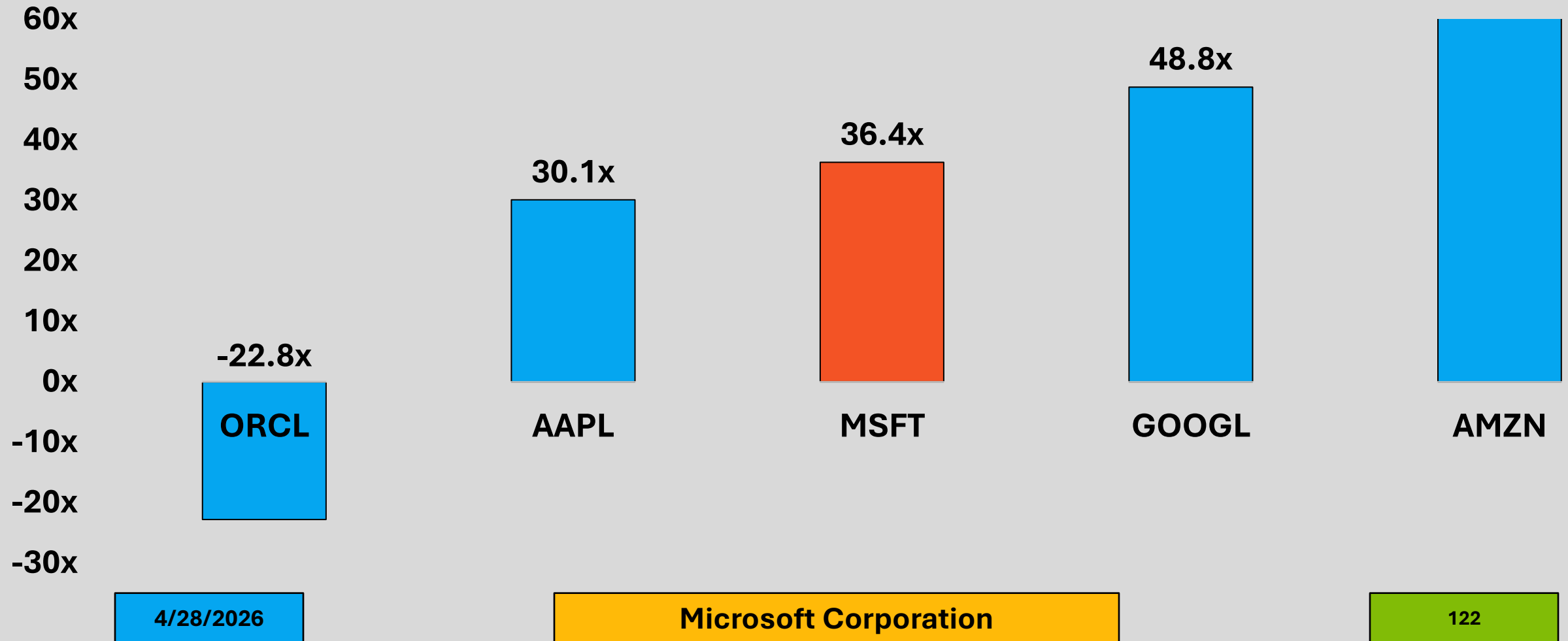


# EV-To-Revenue



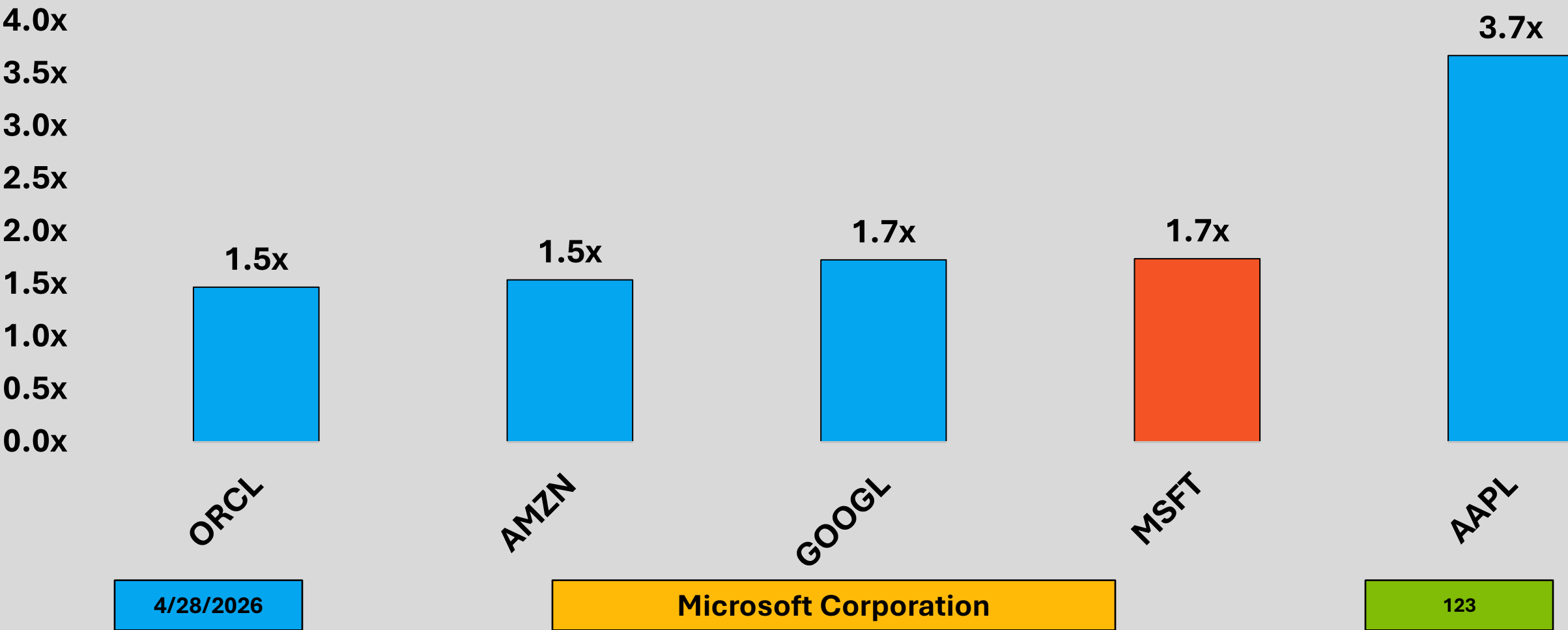


# EV-To-Free Cash Flow





# PEG Ratio





# Obligation Ratio

Company	Obligation Ratio
ORCL	7.3x
AMZN	0.4x
<b>MSFT</b>	<b>(0.3)x</b>
GOOGL	(0.5)x

**≤ 5 Years**



## Risk Factors

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# Capital Expenditure in AI

- Massive investments in AI might not yield the expected returns
- Margins will be pressured due to high infrastructure spend
- Can AI be monetized enough to justify the spending?





# Intense Competition

- Intense competition in cloud, AI, and productivity tools Google Cloud, Amazon and Oracle
- Market saturation in Windows and Office limits it's growth potential
- Pricing pressure from competitors could reduce margins





# Regulatory and Legal Risk

- Antitrust or government restrictions on cloud or AI services
- Compliance with global data privacy laws is complex and costly
- Potential lawsuits or investigations could impact financials





# Segment Specific Risks

**Game pass-** Microsoft is turning away from single game uses and trying to go more towards a game pass subscription model, will it pay off?

**PC market-** Demand drops then revenue drops along with Market saturation where Most users already have Windows so limited new growth

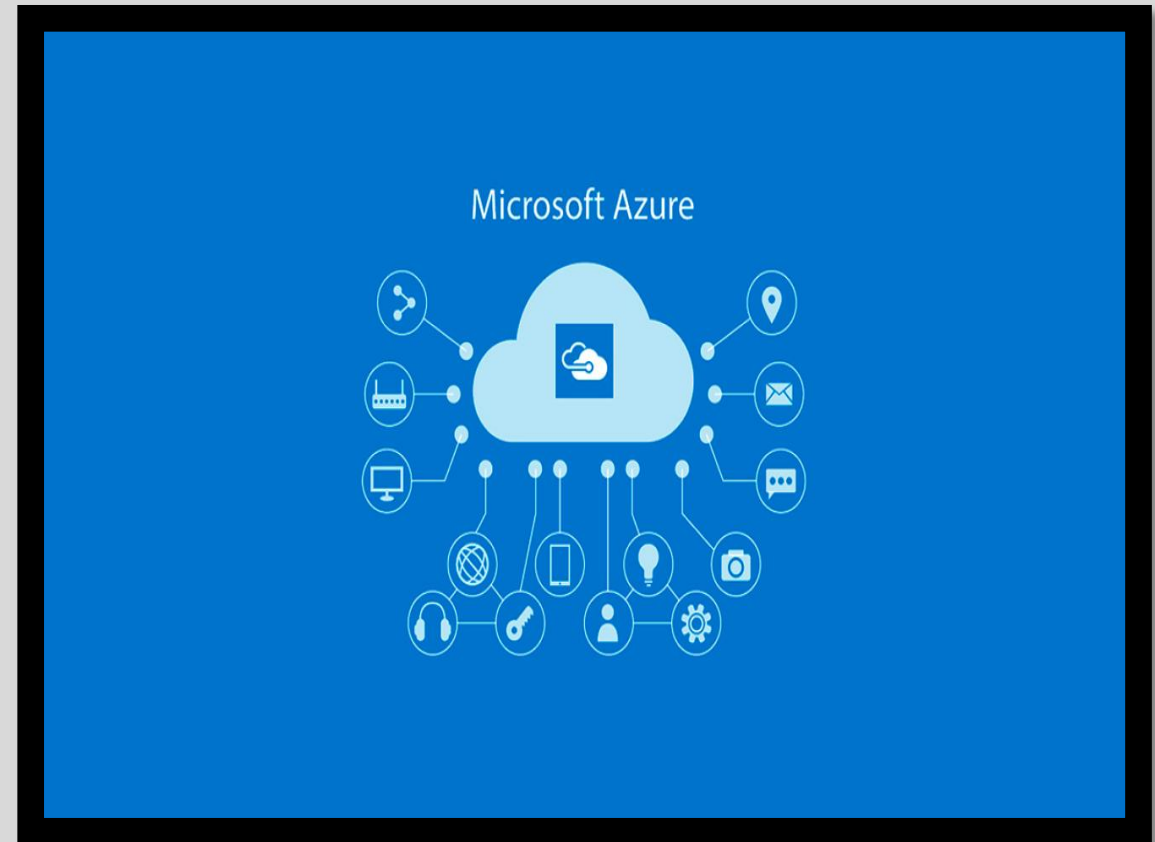
**Hardware-**Low margins, with high competition as it competes with Apple and other PC makers .Becoming worse with increased chip prices



# Azure



- Microsoft Azure lets businesses store data, run applications, and use powerful computing over the internet instead of owning physical servers.
- Azure is the key growth driver of Microsoft and it's growth declined last quarter
- Any more quarters of slower growth will affect the future of the company because the company is priced for near perfection





# Open AI Partnership

- OpenAI accounts for about 45% of Microsoft's Azure backlog
- Microsoft is becoming increasingly dependent on Open AI for cloud growth
- Is this “Real” growth for either company





## **Bear- Valuation and Conclusion**

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# Eps growth Rates

Metric	FY 2025 (A)	FY 2026 (E)	FY 2027 (E)	FY 2028 (E)	FY 2029 (E)	FY 2030 (E)	FY 2031 (E)
Revenue (\$B)	\$282.00	\$335.00	\$378.00	\$427.00	\$474.00	\$520.00	\$568.00
Net Income (\$B)	\$102.00	\$126.00	\$141.00	\$161.00	\$179.00	\$197.00	\$215.00
Net Margin (%)	36.20%	37.60%	37.30%	37.70%	37.80%	37.90%	37.90%
Share Count (B)	7.46	7.37	7.31	7.25	7.19	7.13	7.07
EPS (\$)	\$13.64	\$17.10	\$19.29	\$22.21	\$24.90	\$27.63	\$30.41
EPS Growth (%)	15.60%	25.40%	12.80%	15.10%	12.10%	11.00%	10.10%



# Growth Rate Assumptions

- Net Profit Margin Stabilizes around 37-38%
- They buy back around 1% of their shares annually
- The Revenue & EPS spike in 2026 reflects the surge of AI monetization and aggressive buybacks
- Later years show a more sustainable double-digit growth in EPS





# DCF

Ticker: MSFT  
 Price: \$366.76  
 Discount Rate: 11.0%  
 Method: EPS  
 Dividend Payout Ratio: 22.0%

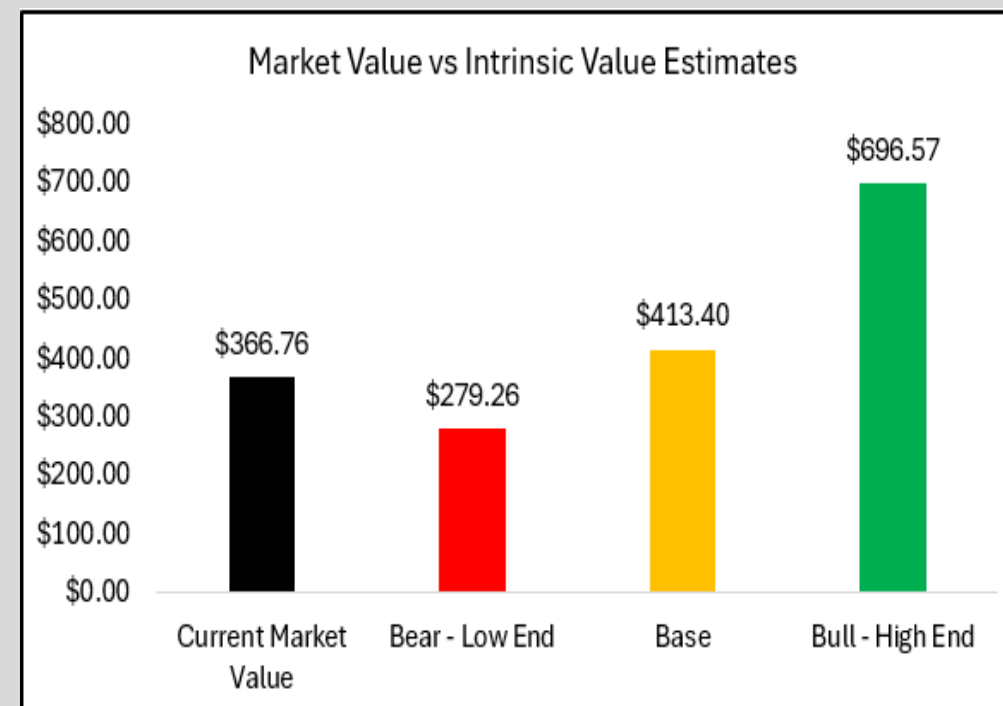
## 5 Year Discounted Cash Flow

								P/E	Price	Present Value	5 YR Return	Annual Return	Return + Dividends
Bear	EPS	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	18.0x	\$443.19	\$263.01	20.8%	3.9%	4.9%
		\$13.64	\$16.37	\$18.33	\$20.35	\$22.38	\$24.62	20.0x	\$492.44	\$292.24	34.3%	6.1%	7.0%
			20.00%	12.00%	11.00%	10.00%	10.00% ##	21.0x	\$517.06	\$306.85	41.0%	7.1%	8.0%
Base	EPS	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	22.0x	\$611.40	\$362.84	66.7%	10.8%	11.6%
		\$13.64	\$17.05	\$19.27	\$21.77	\$25.04	\$27.79	24.0x	\$666.98	\$395.82	81.9%	12.7%	13.5%
			25.00%	13.00%	13.00%	15.00%	11.00%	26.0x	\$722.56	\$428.81	97.0%	14.5%	15.3%
Bull	EPS	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	28.0x	\$997.03	\$591.69	171.8%	22.1%	22.8%
		\$13.64	\$17.19	\$21.31	\$25.57	\$30.18	\$35.61	30.0x	\$1,068.25	\$633.95	191.3%	23.8%	24.5%
			26.00%	24.00%	20.00%	18.00%	18.00%	32.0x	\$1,139.47	\$676.22	210.7%	25.4%	26.1%



# Return Sensitivity and Value Estimates

Total RoR Sensitivity				
P/E	Est. FCF/Share growth rate			
		12.6%	15.4%	21.2%
18.0x	3.9%	10.8%	22.1%	
24.0x	6.1%	12.7%	23.8%	
32.0x	7.1%	14.5%	25.4%	





# Conclusion

- **Strong Financials**
- **Great Moat**
- **Billions of Free Cash Flow**
- **Backlogged Revenue**
- **Can They make a good enough ROI on their AI investment?**
- **Will their Open AI bet work out? Or will opportunity cost hurt them**
- **Can they gain Cloud Market Share from Amazon?**



# Recommendation

- My recommendation is to Hold Microsoft Stock.
- We own 7% and in keeping to good portfolio management you do not want to make anything too much of a weight, especially without a very large margin of safety in your intrinsic valuation calculation.
- Microsoft still has good upside though and I think that 7% is a strong holding for good long term returns

Thank  
you!

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# Appendix

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# CEO Cash Bonus

## Operational Results

### Satya Nadella

The key results influencing the Compensation Committee and the independent members of our Board decisions on the operational performance portion of Mr. Nadella's cash incentive are set forth below. Results are out of a possible 200% in each category.

<b>Average Financial:</b> 117.00%	+	<b>Average Operational:</b> 151.67%	=	<b>Overall Bonus:</b> 127.40%
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# FY25 PSA Metrics

<b>FY25 PSA Metrics</b>	<b>Weights</b>
Azure and Other Cloud Services Revenue Growth	35%
Microsoft Cloud Revenue Growth, excluding Azure and Other Cloud Services	35%
Consumer Services Revenue Growth	15%
Xbox Content and Services Revenue Growth	15%



# 2025 Stock Awards

## Fiscal Year 2025 Stock Awards

The fiscal year 2025 PSAs and SAs granted to our Named Executives under the Incentive Plan are listed below. We did not increase our target award values for Mr. Nadella. We increased our target award values for Ms. Hood from \$17.5 million to \$19.5 million, Mr. Althoff from \$16.6 million to \$19.5 million, and Mr. Smith from \$15.5 million to \$19.5 million, based on a competitive market review.

Named Executive	PSAs (Target Number of Shares) <sup>1</sup>	SAs (Number of Shares) <sup>2</sup>	Aggregate Target Award Value <sup>3</sup> (\$)
Satya Nadella	119,864	0	50,000,000
Amy E. Hood	23,374	23,374	19,500,000
Judson B. Althoff	23,374	23,374	19,500,000
Takeshi Numoto	8,511	8,511	7,100,000
Bradford L. Smith	23,374	23,374	19,500,000

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# Executive Compensation Philosophy



- Attract, Motivate, and Retain Key Executives
- Majority of Executives' pay thorough performance-based incentives
- Strong Alignment with Shareholder's
- Equity Awarded with Multi-Year Vesting or Performance Requirements to maintain long-term alignment with shareholders

