# Microsoft Annual Shareholder Meeting

**November 28, 2018**

**JOHN THOMPSON:** Good morning and welcome. I'm John Thompson, Chairman of the Board at Microsoft.

For those of you who are here with us at the Meydenbauer Center in Bellevue, as well as those of you viewing online, we welcome you to our annual shareholder meeting. We're streaming live from our investor relations website. We strive to make the meeting as inclusive as possible by offering our shareholders the opportunity to participate and vote via the virtual shareholder meeting.

I'd like to share with you the presenters of today's meeting. I will be joined by Satya Nadella, our Chief Executive Officer; Amy Hood, our Executive Vice President and Chief Financial Officer; Carolyn Frantz our deputy general counsel and corporate secretary; and Carolyn will address the business portion of the meeting, followed by Amy who will review Microsoft's financial results. And finally Satya will reflect on our progress over the past year and our opportunities that lie ahead.

Following his remarks we'll show you some exciting innovations happening throughout Microsoft, especially in the area of accessibility. And then we'll have an opportunity for Q&A. But first, let's attend to the few formalities that are important for this meeting.

Broadridge Financial has been appointed the inspector of elections for the meeting. The inspectors are located at the reception table at the reception table in the lobby. Most of you have already voted your proxy or your proxy votes have already been tallied. If you're a shareholder of record or a beneficial shareholder holding a legal proxy from your bank or broker and you want to vote your shares now or change your votes, ballots are available from the inspectors at the reception table in the lobby.

Filling a ballot and giving it to the inspector will revoke any earlier proxy you gave. If you are a beneficial shareholder with a voting instruction form, you also may submit those forms and use the computers in the reception table to cast a new vote.

The polls are now open and will close in a few moments after the presentation of our business matters here today.

As Satya said in his letter to you, we are proud of the accomplishments and the innovation that has occurred and the customer help that we have navigated through in this transformation. We're even more optimistic about the opportunities ahead.

I want to thank you for your continued investment in Microsoft as well as the excitement that you have about the company and our stock performance over the last year or so.

We believe these results stem from Microsoft's commitment to business strategies that provide long-term sustainable growth for our company. The board works to ensure Microsoft's continuing success and represents shareholders' interests. Together we rely on our diversity of experience, perspectives and skills to provide guidance and oversight for how Microsoft effectively manages risk and realizes strategic opportunities in a dynamically transforming world.

To better understand the board's unique skills and perspectives, I encourage all of you to view our Director Video Series. The series can be viewed on our corporate governance website.

Now I would like to introduce the nominees for the board of directors who are here with us today.

First of all, our co-founder, Bill Gates; next Reid Hoffman, our Technical Advisor to the CEO; Hugh Johnston is a member of our audit committee. Terry List-Stoll is a member of our audit committee and the governance and nominating committee; Chuck Noski is the chair of our audit committee and a member of the governance and nominating committee; Dr. Helmut Panke is chair of the regulatory and public policy committee and a member of the audit committee; Sandi Peterson is a member of the compensation committee and the public policy committee; Penny Pritzker is a member of the regulatory and public policy committee; Charlie Scharf is a member of the compensation committee and governance and nominating committee; Arnie Sorenson is a member of the audit committee; John Stanton, chair of our compensation committee and a member of the regulatory and public policy committee; and finally Padma Warrior is a member of the compensation committee.

Also here with us today is Steve Sinwell representing Deloitte and Touche our independent auditors.

And now I would like to call the Annual Meeting for 2018 to order. I'll be serving as chair of the meeting, and Carolyn Frantz will serve as secretary. As chair of the meeting, I've adopted an agenda that will govern the business of the day and the rules of conduct for the meeting. Copies of the agenda and the rules are available at the reception table outside the meeting room. The rules of conduct also govern the Q&A session.

Carolyn will join us to report on the notice of the meeting, the proxies received and present the matters to be voted on.

Carolyn, please.

**CAROLYN FRANTZ:** Thank you, John. Welcome everyone. This morning I'll walk us through the short formal meeting, and then a John said you'll hear from Amy and Satya followed by a Q&A session.

The notice of the meeting and Internet availability of the proxy materials were mailed by Broadridge Corporation beginning October 16, 2018, and it went to all shareholders of record as of September 26th, 2018. As a result the meeting is being held pursuant to proper notice.

We have received proxies representing more than 87.5 percent of the roughly 7.7 billion shares of the company stock that are eligible to vote. This means we have a quorum present and the meeting is duly constituted and will proceed.

This morning we have three management proposals for you to consider. They were all described in the proxy statement for today's meeting.

The first item is the election of directors. The following 14 people have been properly nominated by the board: William H. Gates, III; Reid Hoffman; Hugh Johnston; Terry List-Stoll; Satya Nadella; Charles Noski; Dr. Helmut Panke; Sandra Peterson; Penny Pritzker; Charles Scharf, Arnie Sorenson; John Stanton; John Thompson; and Padma Warrior. The board recommends a vote for each of them.

The second item is an advisory vote to approve executive compensation as disclosed in the company's proxy statement. The board recommends a vote for this proposal.

Last, the third item, we ask that you ratify selection of the company's independent auditor, Deloitte and Touche, for Fiscal Year 2019. The board recommends a vote for that proposal.

The discussion of the matters for shareholder consideration is now closed and the polls are now also closed.

Now I'll share with you the preliminary voting tabulations.

First, all 14 nominees on the ballot to become director are elected with over 95 percent of votes cast. They'll serve until the next annual shareholders meeting and until their successors are elected and qualified.

Proposal two, the advisory vote on executive compensation has been approved by more than 95 percent of votes cast.

Proposal three, ratification of the company's auditor, Deloitte and Touche, has also been approved by over 95 percent of votes cast.

We expect to post the details of the final voting results on all these matters on our investor relations website later today. We'll also report the results in a Form 8K that will be filed with the Securities and Exchange Commission within four business days.

With that we've completed the formal portion of the meeting and the meeting is now adjourned.

Let me hand the stage over to our Chief Financial Officer Amy Hood.

**AMY HOOD:** Thanks, Carolyn.

(Applause.)

Hello, everyone, and thank you for being here today or watching online. 2018 was a record year for Microsoft. Revenue grew over 14 percent to $110 billion, operating income grew 20 percent and EPS grew 18 percent as we continue to execute well across priorities like commercial cloud and gaming.

The year began with the most significant sales and marketing reorganization in the company's history. We added industry and technical expertise to partner more deeply with our customers on their digital transformations. We also reorganized our engineering teams to align with emerging technology trends to better serve the needs of our customers today and long into the future.

To future enhance our capabilities and increase future growth, we completed nine acquisitions in addition to GitHub, the largest platform for the developer community. We acquired Avere, a leading provider of high-performance storage for cloud, hybrid and on-premises environments, giving customers from all industries the flexibility to process and store data whenever necessary for large-scale compute workloads.

In gaming, we purchased PlayFab, a complete back-end platform for mobile, PC and console game developers to build, scale and launch cloud-connected games. And we've announced the addition of seven new studios since the beginning of Fiscal '18 to bolster our first-party content and fast-growing gaming services.

As we continue to invest in M&A and our own organic growth, we retained our commitment to capital return, which included a total cash return of $21.5 billion. In September we announced a 9-1/2 percent increase in our quarterly dividends. And we're continuing to execute against our current $40 billion buyback authorization.

Now let me share a few highlights from the last fiscal year. Our commercial cloud business grew 56 percent to surpass more than $23 billion in revenue exceeding the ambitious goal we set to achieve $20 billion in annualized commercial cloud revenue by the end of Fiscal 2018. We saw strong growth across each of our services, Office 365 grew 41 percent; Azure grew 95 percent; and Dynamics 365 grew 65 percent as customers continue to choose Microsoft Commercial Cloud. Importantly, we delivered on our commitment to make significant improvement in our commercial cloud gross margin percentage which expanded to 57 percent, up seven points year over year.

Through the sustained effort of our engineering, sales and marketing teams, we drove gross margin improvements across each of our key services. And in the first full year post-acquisition, LinkedIn revenue exceeded $5 billion, and we surpassed our original financial commitment to be accretive to EPS, excluding the impact of purchase accounting.

Platform improvements across mobile, video and messaging grew record levels of engagement, and we delivered key product integrations such as the LinkedIn Profile Card in Outlook, and the Resume Assistant in Word. Our server products and cloud services business grew to $26 billion and grew 21 percent as we continue to address our customers real world hybrid needs. From a technology and licensing perspective, we're truly delivering differentiated value and giving our customers the flexibility they need to transform at their own pace.

Now let's turn to progress across our Microsoft 365 offering. We continue to see healthy commercial and consumer demand for Windows 10 increasing our base of active Windows 10 devices and contributing to growth in our search business. Our Office business saw double-digit revenue growth as we reached even more commercial and consumer users by helping people across all of our customer segments be more productive and collaborative.

Surface also saw double-digit growth from continued innovation across a broad portfolio of devices. Our gaming revenue exceeded $10 billion and we surpassed 57 million Xbox Live monthly active users as we invested across content, community and the cloud.

Now a few comments on our current fiscal year. First, as we do at the start of each fiscal year, we updated our investor metrics based in part on feedback from you. We have now included the commercial portion of LinkedIn in all of our commercial metrics to give investors a more complete view of our performance. In addition, we added a LinkedIn revenue growth metric so that investors can track our progress on this business on a quarterly basis.

Second, we're off to a strong start in Fiscal '19 with double-digit revenue and operating income growth in Q1. This reflects our commitment to long-term strategic investments and consistent execution to deliver top and bottom line growth. For the full year we expect operating margin expansion, even accounting for the total impact of the GitHub acquisition. That includes purchase accounting, integration and transaction-related expenses.

Looking forward, we believe that the highest shareholder value was created by investing in our future and creating differentiated value scenarios for every organization person to achieve more. We have focused on the right secular trends, invested in expanding markets, and we're confident that our ability to execute against our innovation roadmap positions us for continued growth as we remain deeply focused on our customers' success.

With that, please join me in welcoming our Chief Executive Officer Satya Nadella.

(Applause.)

**SATYA NADELLA:** Thank you, Amy. And good morning, everyone, and thank you for being here today as well as all those watching online, and more importantly thank you for your commitment to Microsoft as shareholders.

I'm proud of the progress we have made this past fiscal year as we innovate and help our customers to digitally transform. And I'm even more optimistic about our tremendous opportunity that lays ahead. We're living in a very crucial time in history where the impact of digital technology on every part of our daily life and work and every aspect of our society and economy is even more acute.

It's therefore incumbent upon industry leaders to ensure that the technology we build always creates more opportunity. Too often we celebrate technology disruption without reflecting on the unintended consequences. What the world needs is technology that benefits people and society more broadly and where trust is earned each day.

At Microsoft we're guided by our mission to empower every person and every organization on the planet to achieve more. Our business model is fundamentally dependent on our customers' and partners' success. We create economic opportunity in every community and every country, helping drive creativity in us all, small business productivity, large business competitiveness and public sector efficiency. We support new startups. We help improve educational and healthcare outcomes.

Our culture at Microsoft, which is at the core of everything we do, enables us to pursue this mission. Each day we push ourselves to be more customer-obsessed, be more diverse and inclusive internally and come together as One Microsoft to serve our customers and ultimately make a bigger difference.

Now, everywhere I go I see this mission and culture at work. Let me share just a few examples. Right here in the State of Washington Karrick Johnson an eight-year-old with dyslexia avoided reading in the class until he stated using Learning Tools in OneNote. And in Kenya a startup, M-Kopa Solar, is using our cloud to connect hundreds of thousands of homes to solar power, for the first time and as a byproduct even helping all of those households develop a credit history.

In Poland NetApp is using HoloLens to help cardiologists visualize a patient's heart as it beats reducing the time it takes to perform open heart surgery. And large multinationals from Coca-Cola to Shell to Volkswagen to Walmart are all using Azure and Microsoft 365 to build their own digital capabilities so that they can thrive in a world where every company, every business is a software company.

As Amy said, all this broad impact is fueling strong results. And yet the opportunity ahead is unprecedented. Think of computing going forward not as being separate from the world but being deeply embedded in the world. Every walk of life, every part of our economy and society is being digitalized. Every place, whether it's the home, the office, the stadium, the factory, every industry from manufacturing to retail to financial services to healthcare and everything that we use from appliances to our cars are all becoming digital. And that's the opportunity in front of us.

Now I'll briefly discuss how we are creating these new experiences and enabling digital transformation for customers. We're building Azure as the world's computer, innovating with new capabilities focused on both existing workloads like security and new workloads like IoT and edge AI. We expanded our global data center footprint to 54 regions, more than any other cloud provider, and with the most comprehensive compliance coverage in the industry.

Azure is the only hyperscale cloud with a consistent computing stack that extends from the data center to the edge where there is consistency in identity, data, application platform, and security and management. All of this rich infrastructure will be used to build AI which will be the defining technology of our time. We're leading in this field of AI research, achieving human parity with object recognition, speech recognition, machine reading, and just this year language translation. But most importantly we are focused on democratizing these AI breakthroughs to help organizations of all sizes gain their own competitive advantage, because of AI.

Our acquisition of GitHub recognizes the increasingly vital role of developers and the role they'll play in value creation across our economy and in every industry. We're excited about the opportunity to bring our tools and services to new audiences, while enabling GitHub to grow and retain its developer-first ethos. We're infusing AI across Microsoft 365, Dynamics 365 and LinkedIn to help people and organizations be more productive and digitize mission critical business processes from sales to marketing to HR.

Microsoft 365 is already a multi-billion-dollar business that empowers everyone, from large enterprises to small businesses, to students and teachers and more than 2 billion first-line workers. More than 155 million people use Office 365 commercial every day, every month. Outlook Mobile is on more than 100 million iOS and Android devices worldwide. Microsoft Teams has become a hub for teamwork in more than 300,000 organizations of all sizes, including 87 of the Fortune 100.

Windows 10 now has more than 700 million devices that are active and Microsoft 365 and Surface are inspiring device innovation as you'll see from our incredible holiday lineup today. With Dynamics 365 we're helping customers convert their traditional systems of record and engagement into intelligence.

And with LinkedIn we now have more than 575 million members. We are helping companies transform how they manage talent, training and sales and marketing. And in gaming we are pursuing an expansive opportunity from the way the games are created and distributed to how they're played and viewed. And we're investing aggressively in the content and community and cloud services across every endpoint to expand the usage and deepen the engagement with gamers, including 57 million monthly active Xbox Live users. Finally, we added seven new gaming studios to bolster the first party content for our fast-growing gaming services, like Game Pass subscription service, as well as Mixer.

In closing, though, I want to really reflect on the optimism I have for the opportunity ahead. With this opportunity comes even the deep responsibility. It's why we are focused on instilling trust in technology across everything we do. We believe privacy is a fundamental human right. That's why compliance is deeply embedded in all of our processes and practices.

We're working to ensure that our enterprise-class security innovation not only helps our largest multinational customers, but also protects small businesses and individual consumers who are often the most vulnerable to cyberattacks.

And as we make advances in AI, we are asking ourselves the tough questions, like not what computers can do, but what should they do. That's why we are investing in tools to detect and address bias in AI systems and advocating thoughtful government regulation, as well.

Finally, we are putting AI into the hands of changemakers across society's pressing challenges, with initiatives like AI for humanitarian action, AI for Earth, and AI for Accessibility.

This is the opportunity and responsibility that grounds us in our mission, and I could not be more excited about what's to come.

Now let's welcome the team to the stage to really show you a set of demos, and then we'll move to the Q&A.

(Applause.)

**JAMAL WASHINGTON, Product Marketing Manager:** Thanks, Satya.

This morning, we wanted to show you a few demos that help bring the Microsoft mission to life. We thought we'd start with gaming.

Today, 4 billion people are connected to the Internet and over 2 billion play games online.

As Satya mentioned, over the next decade, we're going to continue to create amazing content and games, invest in the cloud, and build communities that allow anyone to participate.

We have a mix of incredible games for people of all ages. But we want to make it easier to discover new games and play them, either on your Xbox or your PC.

Earlier this year, we introduced the Xbox Game Pass, a content subscription service for gaming. Just like what Spotify and Netflix have done for music and video, Xbox Game Pass will allow us to reach beyond the 2 billion people playing games today. With over a hundred games available for just $10 a month, we are truly excited to bring gaming to everyone.

But we're also building a robust cloud platform so that anyone can play the games they want with the people they want at any time and place, and most importantly, on any device.

Earlier this year, we announced Project xCloud, our future streaming gaming platform with the goal of delivering a quality experience for all gamers on all devices. We're building a service that's consistent with the speed and high fidelity that gamers expect on their PCs and their consoles.

This morning, we want to show you an amazing example of a product born from a need and a passion.

So, to help me with this, I'd like to invite onstage Solomon Romney, who is going to tell us more about the Xbox Adaptive Controller. Solomon?

**SOLOMON ROMNEY, Retail Learning Specialist, Microsoft Stores:** Good morning.

**SOLOMON ROMNEY:** So, I'm really excited to be here no behalf of Microsoft Stores to demo this controller. The Xbox Adaptive Controller was designed for gamers with limited mobility. Now, limited mobility is a broad term that can mean many things, but for me it means I have a partial hand.

Now, you might think that this makes things difficult when it comes to playing games, and you would be correct, which is why we made a controller that is more usable for more people.

So, would you like to play some Forza Motorsport with me?

**JAMAL WASHINGTON:** Yeah, sure. Sure I would.

**SOLOMON ROMNEY:** Well, I'm going to use the Adaptive Controller, and this is going to be you. So, give me just a second here.

**SOLOMON ROMNEY:** And we will get you set up.

**JAMAL WASHINGTON:** Now, in the meantime, I see that we have all these different buttons, triggers, and configurations on this controller, but I only see two buttons on the Xbox Adaptive Controller.

**SOLOMON ROMNEY:** That's correct. There are two big buttons built into the Adaptive Controller, but really what makes it the first of its kind is if we take a look at the back here, we've got all of these different ports, and every one of them is unique and matches up to the inputs on a standard controller.

So, simply I take a peripheral, which in this case is my little PDP one-handed controller here, I plug it in and away we go.

So what I've got configured here is what I like to call my three-finger Forza setup. I'll have gas, brake, and steering right here on my one-handed, lightweight controller.

When you are ready --

**JAMAL WASHINGTON:** I'm ready. Let's go.

**SOLOMON ROMNEY:** We are ready to go.

**JAMAL WASHINGTON:** Good luck.

**SOLOMON ROMNEY:** I will be in blue, you will be silver.

**JAMAL WASHINGTON:** Okay.

**SOLOMON ROMNEY:** And may the best man win.

**JAMAL WASHINGTON:** I wish you luck. You're going to need it.

See, I'm already in first.

**SOLOMON ROMNEY:** I know. I'm giving you a head start. It's foreshadowing.

See how this works.

**JAMAL WASHINGTON:** Oh wait, no, wait, hold up. Hold up. Hold up. Wait. Ooh, yeah.

You know what, we've got to stop, we've got to stop. We can't have -- we have the investors here, I can't lose that bad on camera.

**SOLOMON ROMNEY:** All right. We will try this later and we'll see who wins, but --

**JAMAL WASHINGTON:** Hopefully, when the cameras are off.

**SOLOMON ROMNEY:** That's right.

**JAMAL WASHINGTON:** That way you can win.

**SOLOMON ROMNEY:** So, up to this point, if someone needed to build a controller around their mobility, they had to hack apart our hardware, prototype, solder, assemble, build a whole new device, which took a ton of time and money. And with the Xbox Adaptive Controller, we've simplified all that by creating a hub that is easy to use, affordable for all gamers, flexible to all setups, and available through our Microsoft Stores.

**JAMAL WASHINGTON:** Now, you all even made changes to the packaging, didn't you?

**SOLOMON ROMNEY:** Absolutely. We wanted to make sure that from the controller to the accessories app to even the packaging, that it was all as accessible as it possibly could.

I have one here and we're going to open it up. Just to show you how easy it is, this loop on the outside here, and the box just really blossoms right open. And then I take this other loop right here, and I grab that, and that's it, there's our controller. Slides right out. Easiest thing in the world.

(Applause.)

We really see this as the beginning of a new era in inclusive design. And this was born out of a hackathon project during which we partnered very closely with our Gamers with Disabilities community.

There is a saying that has special meaning in the disability community, "Nothing about us without us," which for us meant including gamers with disabilities during the entire development process. This was and remains a core tenet of our design process.

Thank you.

**JAMAL WASHINGTON:** Thank you so much, Solomon.

(Applause.)

So, this gives you just a glimpse into how we're creating amazing content and games with Xbox Game Pass, investing in the future of gaming with Project xCloud and designing products like the Xbox Adaptive Controller to help build communities that allow anyone to participate.

But now I'd like to show you, talk to you all about Microsoft 365. As Satya said, this is already a multibillion-dollar business for Microsoft and empowers everyone, from the largest of enterprises to small businesses, and even teachers and students around the world.

So, I wanted to give you a sense for how I use Microsoft 365 every day. I like to start with the app I use most for work, Outlook Mobile on my phone. If you have an iPhone or Android phone and you're not using Outlook Mobile, you're missing out on the best e-mail experience available today, regardless of whether you're using it for Hotmail, Outlook.com, a Microsoft 365 work account, or even Gmail.

So, Outlook brings together your e-mail, calendar, contacts, and files to help you get stuff done, even on the smallest of screens.

As you can see here at the top, Outlook intelligently separates my mail into two tabs, focused and other. These mails in the other tab aren't necessarily junk, they're just less important than those in my focused inbox. Outlook is using AI to deliver what's most important to me and priorities the e-mail based on importance.

We all use e-mail differently, but for me I spend the most precious moments I have between meetings prioritizing my e-mail. And Outlook makes this incredibly easy. You simply swipe to take an action on a message, and Outlook will let you customize the action to match how you work. I have mine set up so I can archive this one with a simple swipe to the left or I can flag it to follow up later with a swipe to the right.

It's not just about getting through my e-mail effectively, it's about being smart. It's about not distracting me when I need to focus like a meeting or when I'm away from work.

Our Android version of Outlook has a new feature that allows you to set an amount of time for Do Not Disturb. Or you can have it set to automatically turn off e-mail notifications during evenings or weekends, or even during calendar events like meetings.

Now, I'd like to switch gears to Microsoft Teams. Microsoft Teams is a shared workspace for all of my team conversations, files, meetings, and apps. It gives me real-time chat with anyone inside or outside of my organization. And here you can see the chat I have with all of my coworkers.

It's also a full calendar and online meeting experience. But where Teams really shines is how it allows me to collaborate in this shared Teams workspace.

As you can see, I can converse with the team, share and co-edit files, or even pin apps, depending on what works best for the team.

Here, I've pinned apps so we can watch a previous demo that I've done with Microsoft Stream and with You Tube. And here, I can check social media metrics to see how our demo did online.

Also, if I wanted to add another apps, I have a tab here where I have a big selection of first and third-party apps to choose from. For instance, I could choose Excel, I could choose OneNote, or if I was on a development team, I could add a shared code repository on GitHub.

Microsoft Teams brings together everything you need in one place, letting you work from anywhere and making it easy for you and your team to connect, share files, and work with all of your business applications.

Now, I'd like to introduced you to Microsoft Search. What I'm about to show you is available for public preview to Microsoft 365 subscribers.

With Microsoft search the best way to get internal company information about people before you meet with them is the same as what you're already used to doing. Just search for it on Bing.

A Bing search in Edge mobile browser for Chris Capossela, who is the CMO and my boss, gives me key information about him a glance. Because I am signed into Bing with my Microsoft 365 credentials, I can see internal company information, as well as Bing public search results like his LinkedIn page and his Wikipedia entry. In addition, I can see his office location, files he's shared publicly, where he sits in the org chart, and even groups he's a part of. All of this from a single search in Bing in a browser on my phone. But of course, it's also available on PC.

As you know, we're in the middle of the holiday season, and I'd love to take some time off around Christmas to go visit my family back in Maryland. But I can never seem to remember the URL or the name of our internal time-off management tool.

So, I can just search for something as simple as vacation, and there it is, our internal time-off management tool.

I could never remember the official name, the Time and Reporting Tool. And before Microsoft Search, if I didn't search for those words exactly, I never would have found it.

I could navigate to the full tool, but for now I can just show the basics. I can check how many vacation days I have, how many days of sick leave and how many floating holidays. And I can do all of this without leaving the search experience in the modern Power Apps widget.

Being able to find corporate resources using natural language is a powerful tool to increase employee productivity, and we're going to be bringing this capability to many more Microsoft 365 products in the coming year.

Now, I want to show you a new experience between my Windows 10 PC and Android phone, that we just released this fall, called Your Phone.

So often, I'm sitting at my PC trying to be very productive, and I get that text from my friends or family. I pick up the phone to answer, and the next thing I know, I've already lost ten minutes.

Not only do I have to respond to that text on the phone keyboard, but I get sucked into other notifications, social media posts, and all the other things that smart phones do to distract us.

Now, with the Your Phone app, I can get my texts and photos right on my PC. Let me show you how it works.

This is the Your Phone app I downloaded from the Microsoft Store. You can see all the recent text conversations I have right here. And I can reply to it.

My Forza skills do need work, but I can reply to it on my keyboard, so I can type my message faster. I no longer get distracted by the five missed calls from telemarketers that I didn't want to talk to, and I can reply and just get back to getting work done on my PC.

Another fundamental experience on our phone is photos. We've all had that moment where we had taken a picture on a phone and we want instant access of it on our PC. Let me show you how that works.

I can paste pictures from the Xbox Adaptive Controller for a presentation I have later for work, since I work in Xbox marketing. So, what we can do is I can just take a picture of the setup, and it shows up almost instantaneously on my phone -- on my PC. And then we can drag this photo directly from here right into the PowerPoint presentation I've been building.

I really love how easy this makes it for me to use my phone and PC together. Your Phone is available on the Windows 10 and Android phone apps stores today.

So, this gives you a sense for how I use Microsoft 365 each and every day, but so much of the work we do is about empowering others.

So, I'd like to invite onstage Jessica Rafuse from our Accessibility Team to show us some of the amazing work we've done to make presentations more inclusive. Jessica?

(Applause.)

**JESSICA RAFUSE, Senior Program Manager, Microsoft Accessibility Team:** Good morning, everyone. My name is Jessica Rafuse. I'm a mother, an attorney, a former administrative judge, and I'm also a person with a disability. At Microsoft I lead our strategic engagement with organizations that focus on people with disabilities.

Microsoft 365 can create and deliver more inclusive presentations for all of us. But today, we're planning a birthday party.

**JAMAL WASHINGTON:** Let's do it.

So, today, I'm working on a PowerPoint slideshow for the birthday boy, my son Spencer. First, I'm going to insert a photo of Spencer.

Automatically, PowerPoint Designer recommends some layout options for me to choose from. The AI that powers this feature creates an aesthetically pleasing slide in just a couple of clicks. As someone with Muscular Dystrophy, like many people with disabilities, we are masters at finding efficiencies. Just a few clicks saves us time, which is better for everyone.

In addition to layout, AI is also calling on computer vision to recommend alternative text, or alt-text, for the photos I insert. Alt-text is a description of an image that is useful for someone who is blind or low vision, who is using screen reading technology.

Our friends, Eric and Rebecca, they live on the East Coast, so they can't make it to Spencer's party. They are blind, and when I e-mail them this slideshow, their screen readers will read aloud the Alt-text, so they can enjoy the photos as well.

In this image you see that the Alt-text is recognized by AI as a young boy in a yard. That's accurate, but I can also modify it to an adorable young boy in the yard. I know, he's pretty cute.

Our birthday party is not complete without a timeline of Spencer's key milestones. PowerPoint Designer can help with that, too. A simple list of key moments can be transformed into a beautiful timeline, again very quickly. This one looks good.

**JAMAL WASHINGTON:** That would have taken me forever.

**JESSICA RAFUSE:** I know. These inclusive tips are really good for everyone.

So, our slideshow is almost ready to go. But before we want to ship it, I want to make sure that the entire presentation is accessible to everyone by using the Accessibility Checker.

In the review tab right near spellcheck you'll find the Accessibility Checker. This will not only show me the accessibility errors, it will also give you suggestions for how to fix them.

Okay, the day of the big party has arrived, all of the grandparents, the aunts, the uncles, they're all huddled in the living room waiting for me to deliver our slideshow. And AI is here to help, too.

Presentation Translator is located in the slideshow tab. You simply select Start Subtitles, choose a language, in this case English to English, and get started.

So, a new slide pops up with a code. You can take a picture of that code and you can join our slideshow. Our guests who are deaf, or Spencer's grandparents who are hard of hearing, even his friends' parents who speak a different language, everyone can use captions for a more inclusive experience.

Go ahead and try it. It's free and available now.

PowerPoint Designer, auto Alt-text, presentation translator, each of these features creates a more inclusive presentation, no matter where you are.

And people with disabilities have been critical to the creation of these features. When we innovate through the lens of disability, we build products that make the workplace and our lives better.

So, please, everyone, go out, try these features in the latest version of Microsoft 365, and thank you for your commitment to disability inclusion and accessibility.

**JAMAL WASHINGTON:** Thank you.

(Applause.)

Before we go into Q&A, I want to show you one last thing. It's something we've been working on and gives you a sense for what the future of meetings could look like. Using some technology that we like to call HoloBeam. It was developed by one of our Microsoft partners, Valorem. They've built a shared 3D holographic meeting experience that we hope will make every conference call and meeting more engaging than ever before.

To show us, please welcome onstage Sohana Punithakumar. Sohana?

(Applause.)

**SOHANA PUNITHAKUMAR, Senior Product Marketing Manager, Microsoft Mixed Reality:** Thanks, Jamal.

**JAMAL WASHINGTON:** You're welcome.

**SOHANA PUNITHAKUMAR:** As you likely recall, HoloLens lets you augment the world around you with holograms. This morning, I'll be calling a colleague, Daniela, a design engineer that I've been working with to refine a piece of hardware.

Cici is here with a camera so you all in the audience can see the holograms that I see in my HoloLens.

Okay, let's get started.

Hi, Daniela.

**DANIELA CHOCRON Product Marketing Manager, Microsoft Mixed Reality:** Hi, Sohana. How's Bellevue? Are you at the Shareholders Meeting?

**SOHANA PUNITHAKUMAR:** I am. Super excited to be here. But I really want to talk about the hardware changes that we made. Have you had a chance to look at them yet? They have the latest casing, per your design request.

**DANIELA CHOCRON:** I did, but it was difficult to see on the 2D spec sheet.

**SOHANA PUNITHAKUMAR:** No worries. We can look at it here.

Show Gateway.

Can you see it okay?

**DANIELA CHOCRON:** Yeah, this is amazing. Oh, wow, I can even air tap to get an expanded view. The changes look great, Sohana. We just saved so much time instead of going back and forth on e-mail.

**SOHANA PUNITHAKUMAR:** Awesome, I'm so glad. Yeah.

Do you have any other questions? Are you --

**DANIELA CHOCRON:** No, everything looks great. Thank you.

**SOHANA PUNITHAKUMAR:** Yeah. Awesome. Thanks, Daniela. I'm so glad we were able to meet here.

**DANIELA CHOCRON:** I'll talk to you later.

**SOHANA PUNITHAKUMAR:** Okay, let's take a moment to just recap what we saw.

First, I was talking to a hologram, which means my colleague, Daniela, could have been anywhere in the world, but it felt like she was right here.

Second, I was able to bring in a 3D model of the hardware that we wanted to discuss. And Daniela, who was remote, could interact with it, too.

What we saw really just scratches the surface of what's possible with HoloLens and mixed reality. We think it could reshape the way people around the globe interact, both at work and at home.

Thank you.

Jamal?

(Applause.)

**JAMAL WASHINGTON:** Thank you, Sohana.

Pretty cool, huh?

What we've shown you today is how we're making gaming available for everyone, how Microsoft 365 is improving productivity for everyone, regardless of the device they're using, how PowerPoint can make presentations more accessible and inclusive for everyone, and how HoloBeam can make meetings more engaging and immersive for everyone.

The technology we create every day needs to fulfill its purpose of addressing the broadest societal needs, so that we can live and breathe our mission to empower every person and every organization on the planet to achieve more.

Now, before we transition to Q&A, let's take a look at the Surface Hub 2. Thank you all.

(Applause.)

(Video segment.)

**MIKE SPENCER:** Good morning. I'm Mike Spencer, Microsoft's head of Investor Relations. I'll be the moderator for today's question and answer session. I'll now invite the speakers to come back out on stage, and I also want to welcome Brad Smith, our president and chief legal officer, to the session.

(Applause.)

I hope you enjoyed the exciting product showcase. If you haven't already done so, after we conclude the Q&A, I encourage you to visit with the Microsoft Store associates who are on hand in the room next door to experience firsthand some of Microsoft's latest products and services. They're also available to assist with any technical support questions as well.

In the aisles, you'll see microphone stands set up. If you have a question, please queue up at the stand. There is also a representative at each microphone from the Investor Relations team that can provide any assistance and we'll try to get to as many questions as we can. Let's go ahead and start first over here with microphone two.

**JOHN OSBORNE:** Thank you. I'm John Osborne. I'm a physician. I'm representing the shares of Bartlett Naylor. I'm here in support of Columbia River Tribes and First Nations. I'm in support of those tribes and first nations, I don't speak for them.

We've heard a couple of phrases today, "crucial time in history" and "deep responsibility." Microsoft benefits greatly from the cloud and cloud computing, cloud services. Part of that is made possible by the Columbia River and cheap hydropower. While Microsoft has benefited, as many others have, those who have paid the price have included tribes and first nations.

I'm here with a request, and that is that -- and I also asked this of Jeff Bezos at the Amazon shareholder meeting earlier this year -- that leadership here meet with the leadership of tribes and first nations. It really is a crucial time.

The Columbia River was once the world's richest salmon fishery. The dams have changed all of that. Climate change is underway. I think we're all aware of that, and I think this gets to the global responsibility that Microsoft has. In the Columbia River Basin, the forests are burning, the glaciers are melting, temperatures are rising, the salmon are dying from the hotter temperatures. We have real needs for attention.

At the same time, the United States and Canada are negotiating the Columbia River Treaty. The tribes and first nations have been excluded from the negotiating table. My plea to Microsoft as a world leader is, to the extent that you can, to step in and help these indigenous people to right these historic wrongs and be forward looking in terms of stewardship.

I think that Tahlequah, the mother orca who carried her dead calf for 16 days over 1,000 miles riveted the world on the realities of what's taking place here on both sides of the crest, so I make that plea. I have a letter that I will leave with the board, an economic analysis by the tribes, the Catholic bishops, Columbia River pastoral letter, and the University Consortium on Moral Responsibility. Thank you very much.

**MIKE SPENCER:** Thank you.

**SATYA NADELLA:** I mean, the one thing, first of all, thank you for your comments and suggestions. One thing that we are doing across all of our data center footprint -- one of the things I described is how we have 54 regions around the world.

One thing that we have come to realize is that in many of the regions that we operate, the communities that are around our data centers, some of the most high-tech artifacts of the modern world, there is a lot of inequity. There is a lot of lack of access to even technology like broadband.

So, one of the things that we have done even in the last year is really taken a bunch of initiatives like Airband to bring, for example, rural broadband connectivity so that they can have access to healthcare and education.

But in the spirit of what we did there is what I think we should definitely take a look at what you've brought up with the Columbia River and the native communities. We definitely will do so.

**BRAD SMITH:** Yeah, I'll just add, we have been working with some of the tribes, including in that area. As Satya mentioned, we've actually recently just a few weeks ago announced an agreement with a broadband provider to bring broadband access to some of these tribal lands.

You know, we're also working with them to promote stronger educational opportunities. But we can have a conversation about this, it's a good prod, thank you.

**MIKE SPENCER:** Okay, thank you for the question. Let's go to mic three, please.

**WILLIAM NYBERG:** William Nyberg, shareholder. With Azure becoming the world's computer, what will be your strategy to navigate for the immense political differences, including tariffs?

**SATYA NADELLA:** I mean, overall, the goal we have is to ensure that the computing resource, which is I think going to become one of the most important resources for any society, any economy to thrive, right?

As I described, when every walk of life and every part of our economy is increasingly digitized, the new digital -- or, rather, the need for more compute is going to be ever increasing. And that's why we've built the footprint.

That also means that we have to be mindful of all of the regulations and compliance with those regulations is a very important aspect. That's why we're not only just building a large footprint, but we also have the broadest compliance of any cloud. So, that's what we're doing.

But at the same time, I think we also work within the framework of laws across the countries in order to ensure that there is really security and privacy in our cloud, and that's something that we ensure for any customer, whether a consumer customer or an enterprise customer. I don't know, Brad, if you wanted to add?

**BRAD SMITH:** No. I think that covers it. I was going to suggest rather than make the guest who's come the longest distance stand the longest amount of time to get to the microphone, why don't we let Reverend Jackson ask a question and then we'll get to the others a microphone two as well?

**MIKE SPENCER:** Okay.

**JESSE JACKSON:** Good morning. I want to address the shareholders today, as I did a few years ago. The human dimension of this situation as the gap gets greater between the "haves" and the "have nots," the vertical gaps. We've globalized technology and athletics, we've not globalized human rights, workers' rights, women's and children's rights, and environmental security.

We have this tremendous climate explosion. We have children in cages on the borders and the Army lined up to shoot refugees. The crisis must also be addressed by this vast technology.

We've seen some progress along the way. Microsoft has led the way in diversifying its board of directors. In fact, three years ago, there were three African-Americans on the board of directors of leading tech companies, now there are 20, and you're leading the way with a chairman of the board.

Microsoft is instrumental to bringing minority financial services firms into numerous debt offerings, and over three years, minority firms have demonstrated their talents and capabilities, participated in over 35 tech debt deals, generating over $20 million in fees.

Your legal diversity and supplier diversity programs have broken open new doors of opportunity, I think, Mr. Chairman, it must be addressed more meaningfully.

Despite the new initiatives and hundreds of millions of dollars deployed, we're now expected to do better and improve, the tech industry is still stuck in the mud, with the 2-percent promise still alive and well. There's not a talent deficit, there's an opportunity deficit.

I said before, include leads to growth. Where there's growth, everybody wins. 100 cities are majority black and brown, two-thirds of our neighbors in this hemisphere speak Spanish. We cannot speak to each other in the hemisphere, and we've been making enemies of our allies and our natural friends.

Over 100 million blacks and Latinos live in these 100 cities, and they must be addressed and we want to partner with you in such a process. We must close ranks as never before.

How can Microsoft deepen and expand its efforts to accelerate African-Americans and Latinos represented at the company vertically and horizontally? Can you transfer this minority firm representation and this debt capital market program to include minority firms in 401(k)s, for example, and pensions?

With privacy rights addressing that in a very meaningful way, it must not be taken away. We also run the danger of becoming technological giants and moral midgets. Today, we are growing at a tremendous rate as a nation, and yet I think about some of our children in jail or locked out our education, our seniors who don't have the mobility to get to their medicine or to their food.

I'm anxious for us to work together in some joint venture, some shared way to work on these things. I listened to the tremendous work by Jamal today. Many people I know in these senior citizen homes means nothing to them, my mother who just died included, or those youth locked away in jail. When they come out, they're still ours. What do we do with them?

One thing about Microsoft, there are no borders. There are no foreigners in Microsoft's world. Language is one message. I'm anxious for us to work together, how we can make these technologies real to all of us, because fewer and fewer have more and more, and more and more are locked out, it's privilege for the few.

Thank you so very much. (Applause.)

**MIKE SPENCER:** Thank you.

**SATYA NADELLA:** Thank you, Reverend, first of all, for being here as well as your comments, the prod, and the suggestions. Maybe I'll start and then Amy, Brad, and John can add to it.

On the first point you made around diversity and inclusion, which is a very core priority for us. In fact, even our compensation for me as well as the senior leadership team is tied to actually making progress on this year over year and just a couple of weeks ago is when we released our annual report, which shows in a very transparent way all of our diversity statistics. And it's good to see the progress we're making, whether it is ethnic and racial diversity or whether it is gender diversity, there is progress. But we are grounded that there is a lot more distance to cover and every year and every day, we continue to push.

Specifically on the African-American, black, and Hispanic communities, one of the new initiatives we started was to actually go to the 50-plus institutions which are traditional HBCUs as well as predominately Latino and Hispanic colleges, and we're now able to attract a much more diverse student body.

In fact, for example, the intern class that I spend a lot of time with each year is more diverse than ever before. Each year, we're more diverse. And the entering class reflects that.

And so one of the things that we're also working on is inclusion. Because if you get diversity in, one of the main things that's going to keep them at Microsoft is their ability to find that sense of inclusion and belonging inside the Microsoft community. So, we're working that every day. That means everyone at Microsoft needs to be trained and mindful and practice the inclusive behaviors. And so that's really what we're doing, but it's sort of a very important initiative and an important priority for all of us.

So, maybe on the financial inclusion piece, do you want to talk a little bit?

**AMY HOOD:** I really do appreciate your acknowledge of our leadership in terms of supplier and partnering with many minority-owned firms. We continue to be proud of our progress on that front.

Your push on the 401(k) I appreciate. We will review that every year. I think we'll continue to look at a very broad group of 401(k) offerings. We remain incredibly focused on having the best offers for employees, so that's a good push, and we'll make sure to look into it.

**BRAD SMITH:** I would just say the other two things, first, on your focus on senior citizens, it is definitely something we're focused on. When we think about what it means to develop inclusive technology, when we think of what it means to make our products easier for everyone to use. You saw some of that demonstrated here just in something like PowerPoint.

When we think about what it means in terms of screen readers, changing sizes of fonts. I benefit from that myself directly every day. So, we are thinking broadly.

You may sometimes walk into a Microsoft retail store and find someone who is older as well. So, we recognize the importance of that and we've had the opportunity to work with you, Reverend, and Rainbow Push, and there are opportunities in the future. We welcome the opportunity to do more of that.

And then I would just say on privacy, we would agree that privacy is really one of the issues of our time. Microsoft stood up and called for federal privacy legislation in the United States, and that was the year 2005. And so each and every year for 13 years, we have consistent advocated for it.

And I think the year 2018 is really a watershed year for privacy here in the United States for a few reasons. First, we're starting to see other industry leaders step up as well. When Apple stood up, when Salesforce stood up, those were good days for our industry, and I think for the protection of privacy in the United States.

Second, perhaps the biggest watershed of the year came in June when the State of California adopted a landmark privacy law. And it's clear to us at this stage that we are going to see more states adopt privacy laws in all likelihood in 2019, and the day will finally come when we will get strong privacy protection for the country passed by Congress, and that will be a good day for people and, in our view, it will be a good day for the industry because it will give people the confidence they need and deserve when they're using our industry's products.

And, finally, I think in some ways, the most interesting data point of the year, Microsoft was the only company when the European privacy regulation took effect in May to say that we would extend the privacy rights that Europeans got under that regulation not just to the customers and consumers of Europe, but to the customers and consumers in the United States and every country around the world. No other major tech company has yet followed us in doing that.

And the most interesting thing, I think, is this: In the months since May, in a region of over 500 million people in the European Union, two million EU citizens have made us of their rights with our services. In the United States, a country that's only three-fifths the population of the EU, almost three million Americans have used their privacy rights.

And I think that more than anything shows that this is an issue of interest to the American public and we will continue to take new steps and we are committed to continuing to be an industry leader when it comes to the protection of people's privacy.

**MIKE SPENCER:** Great. (Applause.)

**JESSE JACKSON:** I was jailed in 1960 trying to use a public library. I watched America grow tremendously. But the time when NATO is shaking, when the storms are coming on the east coast and fires on the west coast, and we dismiss the tragedy of Pittsburgh and its ramifications and Charlottesville and babies on borders, there's something of a moral nature. Because if we are successful in all that we do technologically and not inclusive enough -- put it this way: When the Seattle Seahawks played the Panthers last week, were you in Seattle or in Charlotte or London? The playing field is even, the rules are public, and the goals and the referees are fair and transparent.

And it's important that technology be a factor in that world because, as I listened to presentations, there's a subset of an even-playing-field world. The inequality, the unevenness jeopardizes all that we're doing. Please, we want to work with you on how we humanize this technology and make it available to those who really need it the most. Thank you so much.

**MIKE SPENCER:** Okay, thanks. Why don't we go to mic four in the back?

**QUESTION:** Hi there. Thanks for giving me the opportunity to make a comment. I'm a Windows 7 user. I'll probably just keep using Windows 7 after end of support. (Laughter.) But, you know, Internet browser support on Windows 7 is IE-11. And IE-11 doesn't render a lot of features that are in a lot of websites today, but there's an easy workaround. All I have to do is install an Internet browser made by another company, but hardly a day goes by when I wonder, why is Microsoft outsourcing browser support on an OS that so many users are still using? Thanks.

**SATYA NADELLA:** Thank you for the feedback.

**BRAD SMITH:** You might consider Windows 10. (Laughter.)

**MIKE SPENCER:** Let's come back to you, mic two here.

**KEN COPLEY, Capital Executive:** Thank you. Ken Copley, Capital Executive. Satya, what a great leader and a great team. You're missing a golden opportunity to satisfy a significant unmet need, societal need. To start, as a nation, are we really doing everything we can to reach out to the next generation during a critical period in self-development to teach, motivate, and develop the next generation to really understand career development?

I can't think of a better platform than LinkedIn to help solve society's long-term labor problem.

**SATYA NADELLA:** I mean, first of all, thank you for the comment. But what you just said about LinkedIn as a platform for skills development and, most importantly, for allowing everyone to reach their economic opportunity is what really got us together as Microsoft and LinkedIn.

And we're very, very excited. I mean, one of the things to me, a daily habit is when I use the LinkedIn app, it's to not only see the news feed, which gives me all of the relevant information around all of the topics and all of what's happening in the industries that I track and the customers that I track and the topics of interest, but also training.

One of the most -- you know, in the last year, if you think about it, there are so many LinkedIn Learning courses, which are these micro courses, whether it's on leadership or on technical topics or commercial topics that are right there in the news feed, where you can go in and in snack sizes, you can just get trained so that you're better equipped for the jobs of the future.

Because the thing that is most exciting for us in LinkedIn is there's real-time feedback, which is what are the jobs, what are the skills required for the jobs, where are you today, and how can we bridge that gap? And so you're absolutely right about the opportunity ahead, and I would say we are well on our way to create that platform to be able to sort of really go after that.

**KEN COPLEY, Capital Executive:** Where I was going with that is, really, the next generation and some of the youngsters, maybe even in high school, where they could use as little bit more direction, a little bit more coaching in terms of what might be out there and available to them with a little bit of guidance that they might not be getting right now, and that's where I see the beauty. You've already got the professional network sewed up with the 570 million members, it's what I'll term the "next generation." But thank you very much for allowing me to ask this.

**MIKE SPENCER:** Great. Thanks, Ken. Let's go over here to mic one.

**QUESTION:** Thank you. I'm Paul from Bonn, Germany. I'm happy to be here. I have a question. I would like to know: What's your vision for Skype or communication between users in general? What role does Microsoft want to play?

**SATYA NADELLA:** I mean, it's a very, very crucial part of Microsoft 365 today. We have Skype and Skype for Business and Teams, they're all related in the sense that it's fundamentally about bringing people together with video.

But, really, what we want is a rich scaffolding, and I think Teams represents that next opportunity for us, where video communities is a super-important element, but so is text messaging as well as this ability to collaborate and communicate in situ with the communities. And so that's kind of where we're going. Skype is an important asset, it's something that we've now improved the quality of the back end so that people using mobile phones predominately are also able to be good Skype users.

Desktop-to-Skype usage is something that we are very focused on and recently we did -- speaking about education -- something called the "Skype-athon," which is the ability for teachers and students in a given classroom to be able to tap into the wisdom of teachers and students across the planet and make connections. And so that is a fun thing where, around the world, lots and lots of schools got connected just using Skype. Skype I think is that invaluable tool that still remains very popular and something that we're investing deeply in.

**QUESTION:** Thank you.

**MIKE SPENCER:** Thank you for the question. Let's go to the back of the room, mic three, please.

**DOUG KILGORE, Worker Owner Council:** Thank you. My name's Doug Kilgore, I'm the executive director of the Worker Owner Council of the Northwest. We represent building trades' pension funds, and North American pension funds of our members are large, and long-term holders of Microsoft.

I want to commend the company for its ability to improve shareholder value while making substantial gains in social responsibility. And we appreciate the willingness of the company to address issues that we've noticed on its projects here in Washington State.

When we look at the policies, though, that you've adopted for manufacturing, we see some very beneficial things within those policies, but no policy that covers construction. So, I guess my question is: Would you be willing to examine that subject and look into adopting a responsible contractor policy that would address its construction needs throughout the world?

**SATYA NADELLA:** Brad? (Laughter.)

**BRAD SMITH:** I think we'd be happy to take a look at it. I think we'll have some good things to learn, we'll welcome the opportunity to learn from you and others. I know we have people, you know, because we do a massive amount of construction work around the world, whether it's our data centers around the world or, obviously, a huge construction project that's just beginning on our Redmond campus, and it'll benefit us to understand where our present policies sort of fail to miss the mark, and I think we could sit down and take a look at it. So, we'd welcome that.

**DOUG KILGORE, Worker Owner Council:** Congratulations on your success.

**MIKE SPENCER:** Great, thank you. Let's go back to mic four.

**QUESTION:** Good morning. My name is Bart. I'd, first, like to compliment the early founders of Microsoft, how prophetic they were in building buildings one through ten, that it sort of looks like Xbox. (Laughter.)

**BRAD SMITH:** Well, Bill was a visionary and still is. (Laughter.)

**QUESTION:** Which gives me a segue talking about education and everything. When buildings one through ten are going to be demolished for new uses of that area. I was wondering if you would entertain the idea, at least it's my idea du jour, of having a building there that would be called a "renaissance school." I don't know if you're familiar with the term "renaissance school," we had it back in New York, I think it's still there. And it talks of the grades K through 12. And it would be on the campus of Microsoft. The building would rise from the rubble, and maybe the name on the building could be called the Mystical Building Seven. (Laughter.)

And then continue along those lines, possibly the senior software architect can be persuaded to come back to campus to become the dean or the principal of that school. And what's more important in a curriculum than a music component? Now, the music component would have a music chair or music person in charge who knows a lot about music, and who better than that would be Jim Allchin? Who would come back, be a teacher, or the head of the music department. And then better than all of that, he'd be able to resurrect Uncle Bill's Blues Band. (Laughter.)

So, what say you to my idea du jour? And me, I'm just saying. You know? (Laughter.)

**BRAD SMITH:** I think we are better served by being inspired by your idea than perhaps pursuing every aspect of its literal implementation.

But let me just say, in all seriousness, we really do think a lot about how to serve education and how to reach people and inspire people and give them new skills and tools.

And, you know, there are companies, including some great ones in this region, that have sort of adopted a school, that built a school. And we haven't done that. And while we could bring a school into our campus, and we would serve well every student who went to that one school, our real goal is to bring technology and advancements in learning to every school in this area and around the world and, ultimately, to reach every student through devices and platforms like LinkedIn Learning, and ultimately, to serve not just the next generation, but every generation. Because we're all living at a time when we need to keep learning new things.

So, I would say you're giving us great inspiration, we'll leave to Bill what he wants to do with his time and Jim what he wants to do with his time, but I think you can assume that we'll all work hard to sort of put your inspiration into some form of action.

**QUESTION:** Well, I was hoping that that would be a prototype, the renaissance school at Microsoft and then you would spread out.

**BRAD SMITH:** You never know.

**MIKE SPENCER:** Thank you for your question.

**QUESTION:** Thank you.

**MIKE SPENCER:** So, we actually have time for only one more question, and we have Investor Relations folks in the back of the room for those that we don't get to. I'd like to go to mic three for our last question.

**TYLER ECKHOL:** Hi, my name's Tyler Eckhol, and I've done some Microsoft testing for the blind. My question is: What games do you have for the blind?

**SATYA NADELLA:** That's a great question. I think I'll have to sort of go back and say what is the gaming investment we're making as well as what are the accessibility investments we're making so that people can play games because of the accessibility work?

I mean, overall, the things that we've done, whether it's the Soundscape work or Seeing AI have really helped us break new ground when it comes to, I'll call it, information work or just empowering mobility in a much more general sense. But it's a great prod, and let me sort of go back and talk to the team and come back and maybe offline even get back to you on the specific set of investments around game content that is addressing people with blindness and visual impairment. Thank you.

**MIKE SPENCER:** Great. That concludes our meeting. We thank everyone for coming today. Please travel safe. Again, there are folks in the back of the room if you have additional questions. Thank you.

**SATYA NADELLA:** Thank you.

**AMY HOOD:** Thank you.

**BRAD SMITH:** Thank you.

(Applause.)

END