

Investor Intelligence Report Microsoft Corp.

"Voice of the Shareholder"

2Q 2023- June 5th

Brendan Wood International
First Intelligence

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Brendan Wood & Partners

The Brendan Wood Shareholder Confidence Panel

BWI Panel
Institutional
&
Private Wealth Investors

Secondary Markets
Professionals
Research, Sales & Trading

GLOBAL PANEL
 2000+ Debriefs with Decision
 Makers
 >\$56 Trillion in Assets
 70% Sector Specialists
 30% Generalists
 Average 9 Yrs Professional
 Experience, 25% more than 15
 Years

+/- 600 Professionals, including...
 +/- 400 TopGuns

GLOBAL RESOURCES PANEL
 350+ Debriefs with Decision
 Makers
 >\$15 Trillion in Assets
 80% Sector Specialists
 20% Generalists
 Average 11 Yrs Professional
 Experience, 35% more than 15
 Years

+/- 100 Professionals, including...
 +/- 100 TopGuns

Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

Global Resources Panel:

35%
34%
27%
3%
1%+

WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

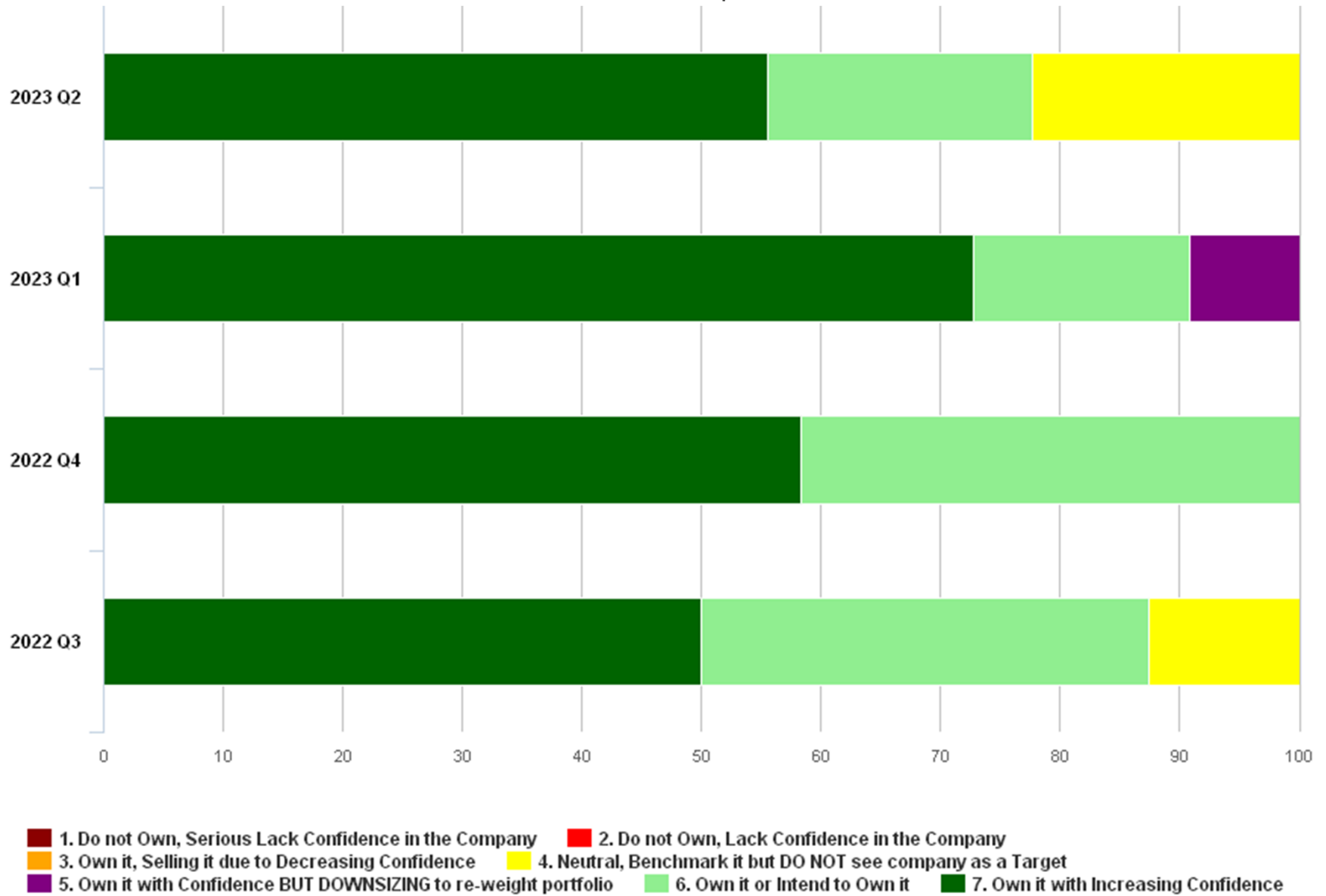
This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

APPARENT CONTRADICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

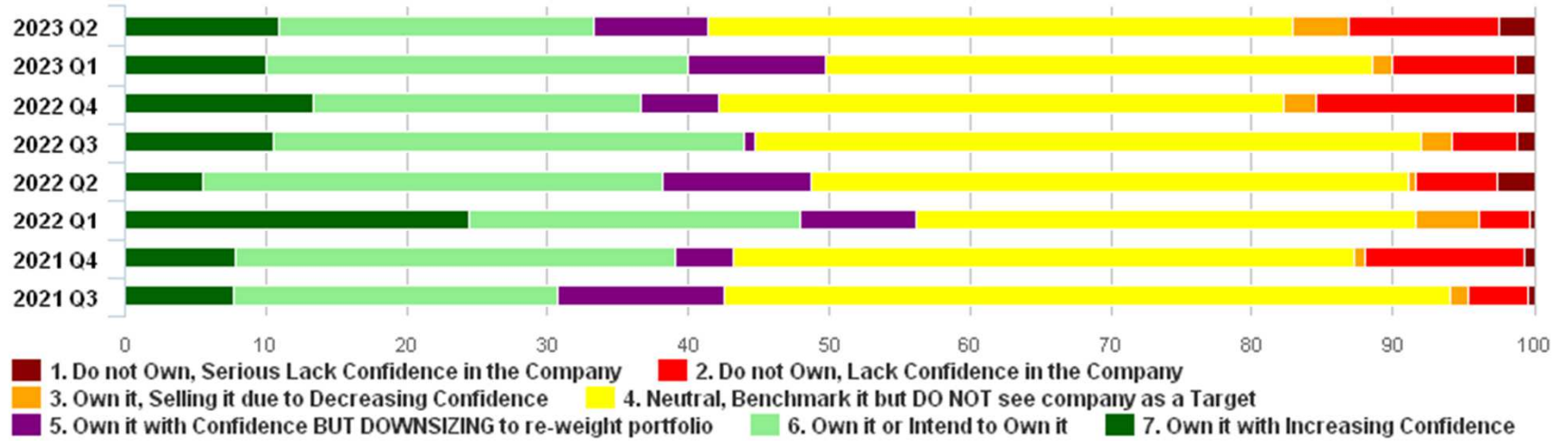
What is Your Commitment to Own This Stock in The Year Ahead?

Microsoft Corp.

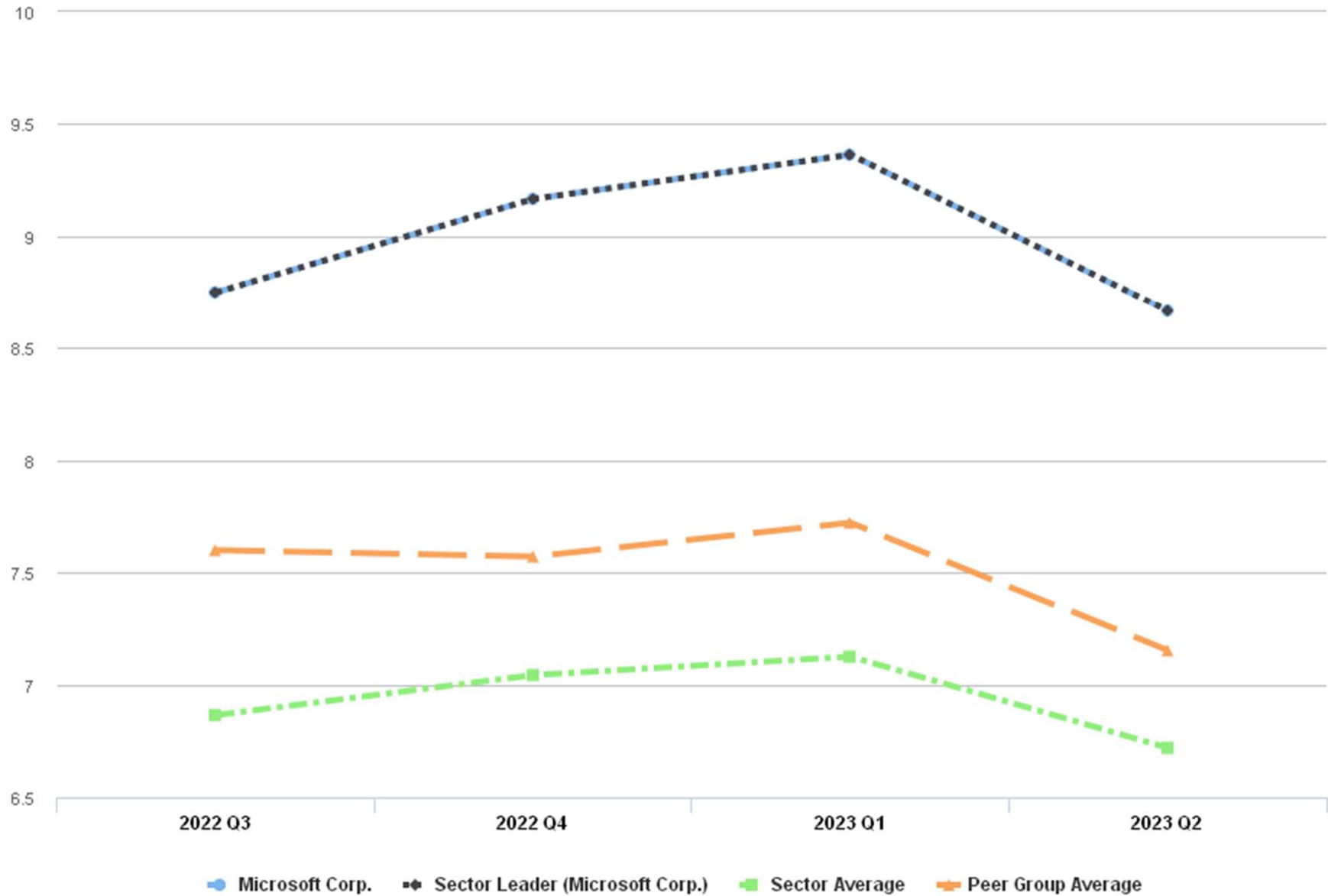


Commitment to Own

Global Software & Services Companies



What is Your Commitment to Own This Stock in The Year Ahead?



Shareholder Confidence Metrics

Microsoft Corp.'s Performance Vs Microsoft Corp. Peer Group

Microsoft Corp. Peer Group

Adobe Inc.

Autodesk Inc.

IBM

Microsoft Corp.

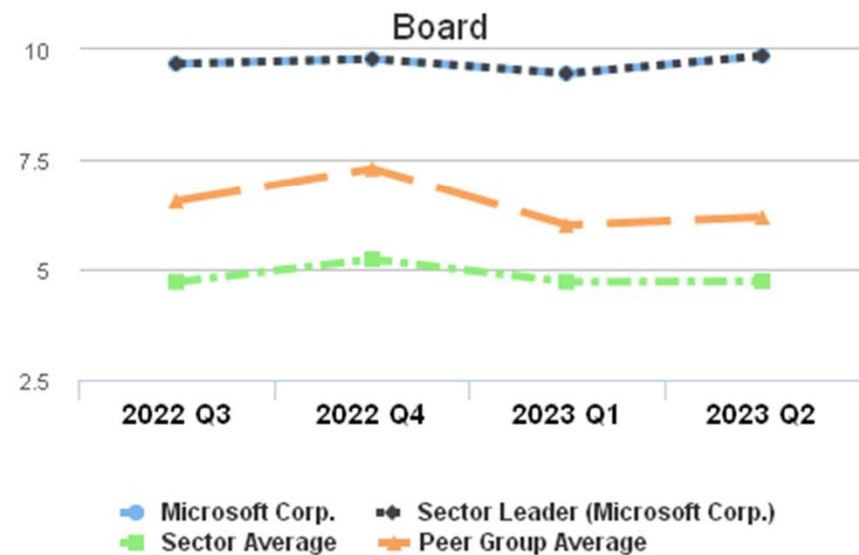
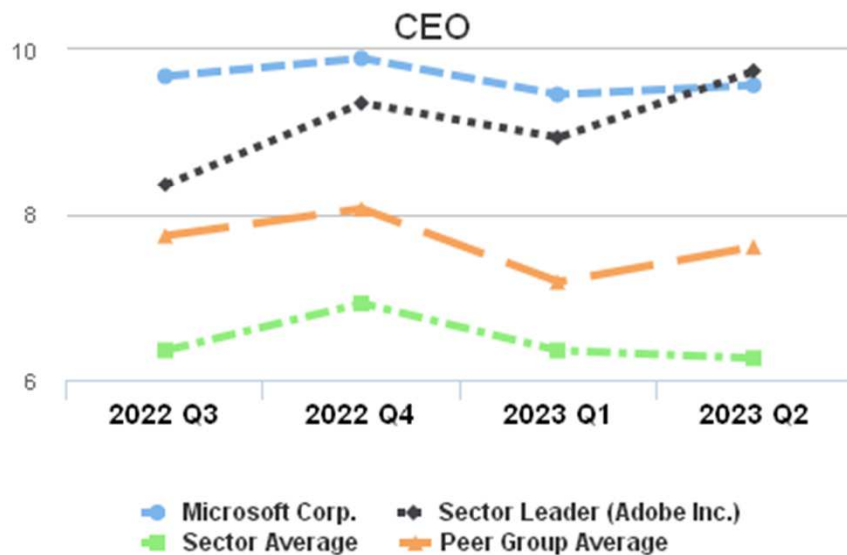
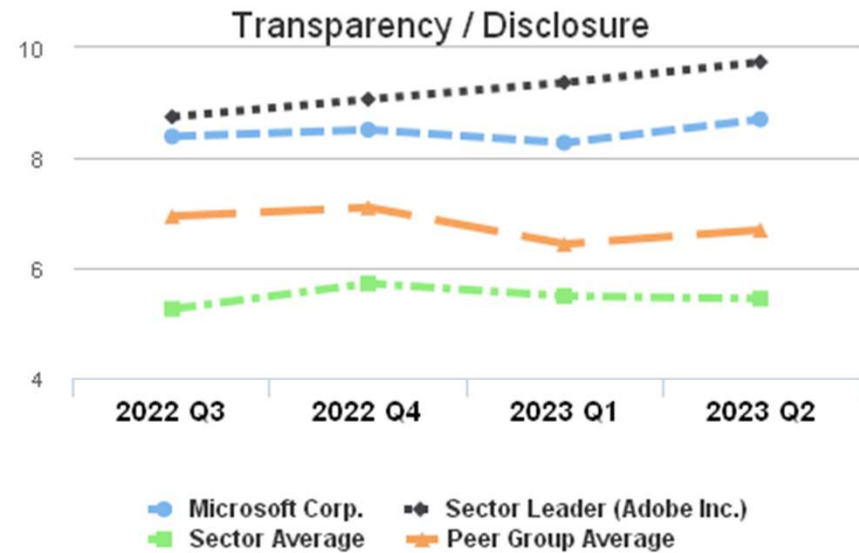
Oracle Corp.

Salesforce.com

Symantec Corp

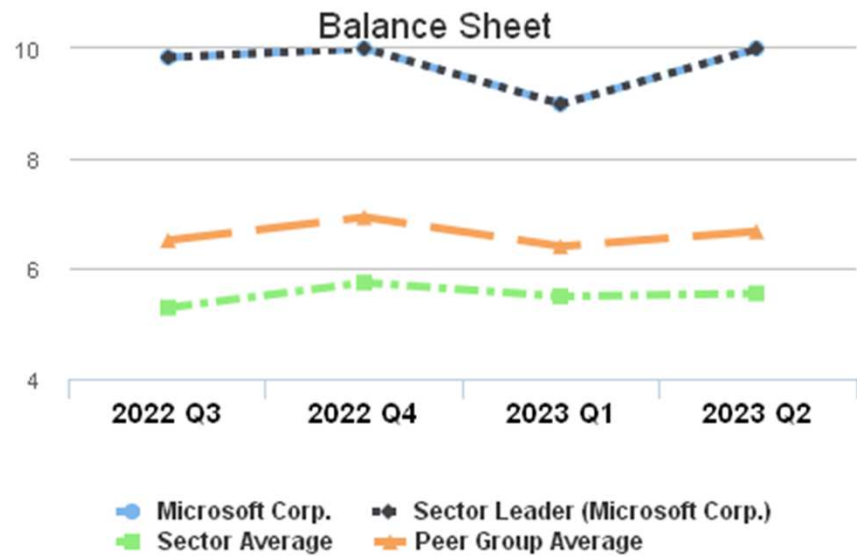
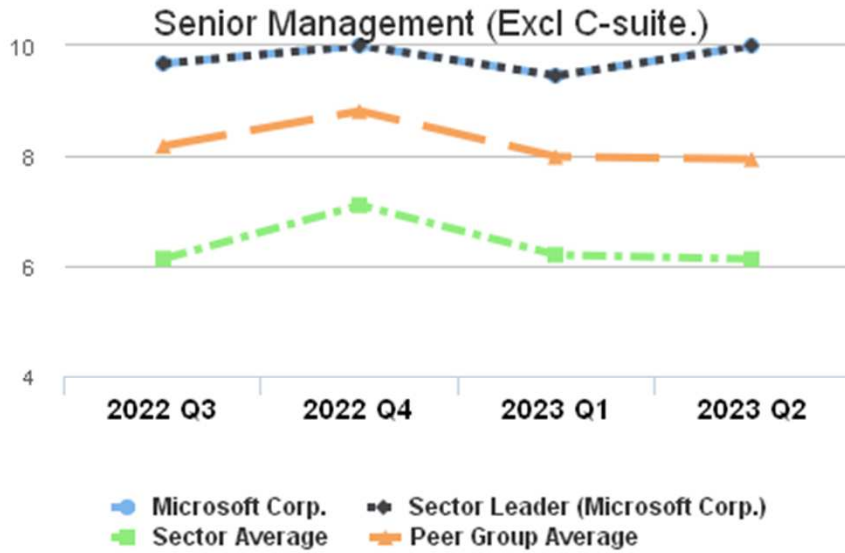
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



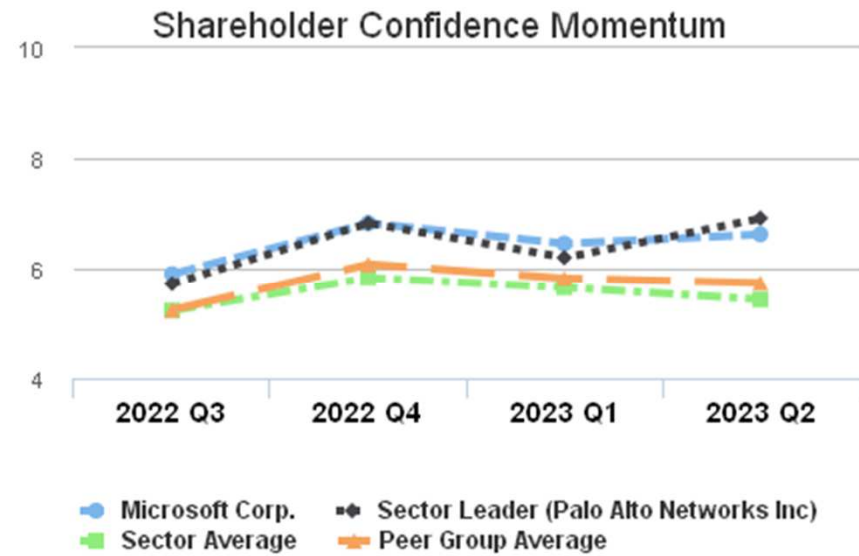
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



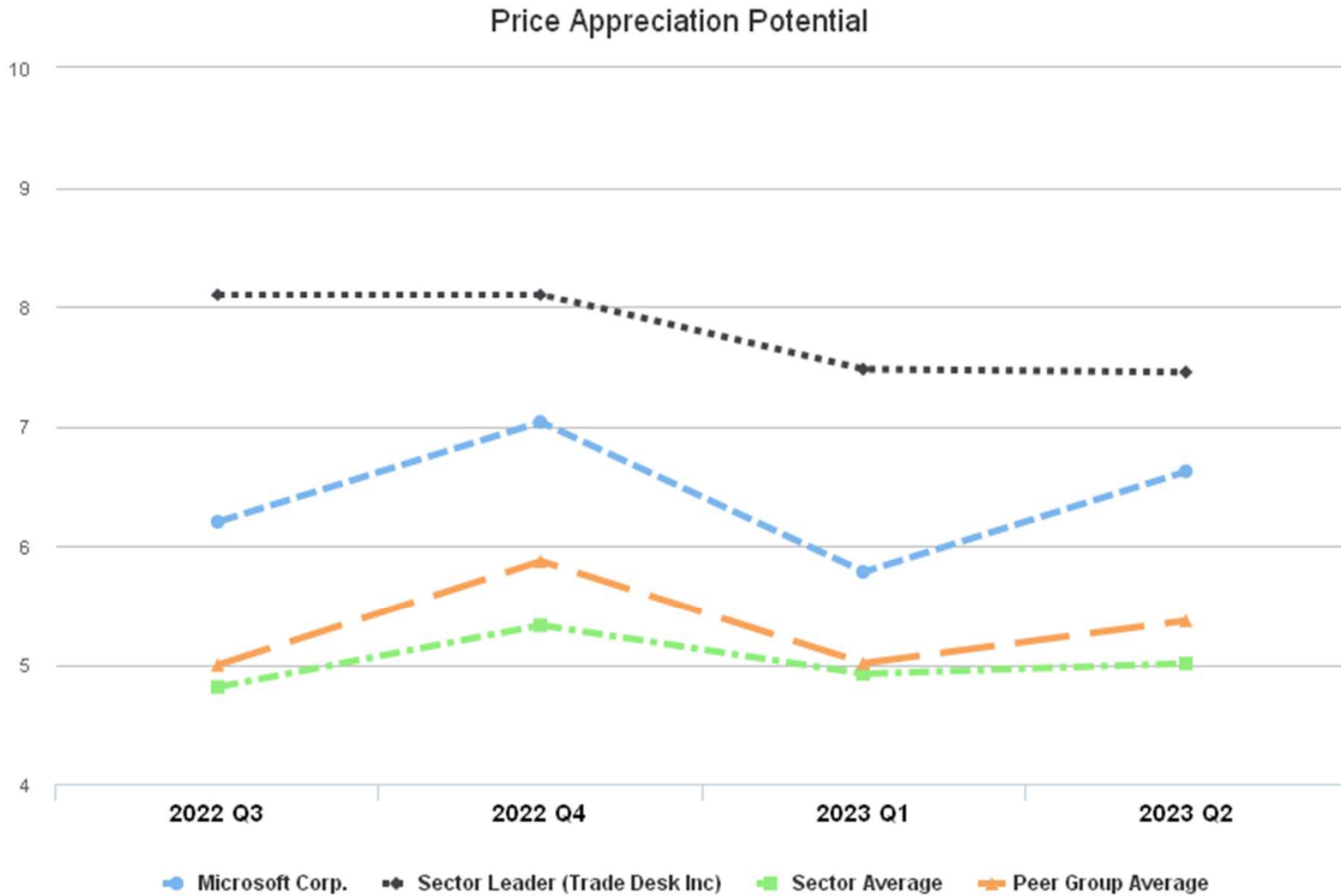
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



Typical Investor Verbatim

Positive Momentum Verbatim

"I can't argue with Microsoft's CFO being at the top. She has done a good job."

"I'm confident in Microsoft, ANSYS, Service Now, and Adobe because I like the fundamentals of the business and the long term growth opportunities of all of the software names. There are different trends, but they are all solid companies with reasonably long track records."

"Microsoft is expensive, but they have been leading the AI adoption. They are a company that can monetize AI rapidly, so my conviction is increasing."

"I have a lot of confidence in Microsoft, and I will continue to."

"Microsoft continues to grow. They are not as affected as much in an inflationary environment. They have really high growth margins. People invest in their software to help you cut costs as well. This has a contracyclical effect on a part of the business. If we're heading to a recession, I'm not saying this business won't be affected. However, relative to other businesses, they will be less affected. It's hard to imagine a scenario where Microsoft's revenues will decline. Even though it's slowed down, it's still growing by double digits."

"Microsoft has the best CFO I have ever met."

"Microsoft has generally been very good at forecasting."

"Microsoft's CEO, Satya Nadella, has done a good job."

Typical Investor Verbatim

Positive Momentum Verbatim

"I like Microsoft's Acquisition Blizzard deal. Microsoft has executed on a successful gaming strategy and this pushes the gaming strategy further forward. It's a good place for Microsoft to allocate their capital."

"I can understand why people have a lot of confidence in Microsoft's CEO."

"Microsoft is a subscription model. Certain licenses can get cancelled and so on if we go into a severe recession, not a normal recession. This is not buying a Windows CD off the shelf, this is now a complete subscription model. Azure is going through the roof. There's absolutely no let up on the data center, so why would anybody be selling Microsoft?"

"Microsoft is one of our top ten holdings of any company in any sector."

"Satya Narayana Nadella, CEO, Microsoft, is a TopGun CEO."

"Amy Hood, Microsoft CFO, is a TopGun CFO."

"The Board of Directors at Microsoft, is a TopGun Board of Directors."

"Microsoft is a very well-run company. The only weakness I can see in the short term is the PC consumer business. The cloud business is more exposed to traditional businesses. I think it's quite resilient to Amazon and Google services because these guys are exposed to many retail techs."

"Satya Nadella, CEO, Microsoft, is a TopGun CEO."

"Brett Iverson, Vice President, Investor Relations, Microsoft, is a TopGun IR Executive."

Typical Investor Verbatim

Positive Momentum Verbatim

"Microsoft's CEO, Satya Nadella, is executing very well and he communicates well with the street. It would be hard for him not to do a good job. They're doing well with what they've got."

"To say that AMD has a better short-term outlook than Microsoft is absurd."

"Microsoft have a solid board. It's pretty stacked."

"I like Microsoft's reporting, they give you a lot of detail about their different segments."

"I have confidence in Microsoft's short term growth potential because they invested in ChatGPT. They will probably add it to Microsoft Office, which will help the function of a lot of their stuff. That will help them grow."

"I have confidence in Microsoft and Adobe's momentum because they are quality companies, and they will benefit from the economy. Microsoft has been navigating the business growth model extremely good when they have changed from Microsoft Office into other stuff."

"Out of the entire BWI Software Index, Microsoft is top notch, while the others are not."

"Microsoft's CFO, Amy Hood, is very special. Usually, I feel that CFOs don't have an impact on the organization. She is one of the exceptions."

"Microsoft has always been transparent when it comes to reporting."

Typical Investor Verbatim

Positive Momentum Verbatim

"Microsoft's CEO, Satya Nadella, is the best CEO by far, he is the best in this generation. It's incredible what he has done with the company."

"I have confidence in Microsoft's balance sheet because they have a lot of cash."

"Amazon and Facebook are going to become cyclical given their shares of the advertising business. Advertising is a cyclical business, and they've taken share for years. But now they're at the point where the overall market starts to impact them. Because of their advertising independence, they're going to become more cyclical. Because of Amazon's dependence on consumption, they're heavily affected by macroeconomic factors. Microsoft had some cyclical slowdown in their hardware business last year, but they're still more reliable than advertising driven companies. If you look at Microsoft's cloud business versus Amazon, Microsoft is the cloud business for the Fortune 500. Those are longstanding themes. Google, Amazon and Microsoft are all seeing growth, but it's decelerating. Microsoft just has a more stable runway of growth. Amazon is the cloud business for a lot of start-ups."

"Microsoft has invested in OpenAI and they are looking to incorporate more of these features. There seems to be incremental pressure; Microsoft's leveraging their relationship to try and gain share, and it's putting a lot of heat on Google. Google can respond, but they tend to be fairly conservative regarding product launches and for a good reason. Whereas Microsoft's more aggressive in terms of the hype."

Typical Investor Verbatim

Neutral Momentum Verbatim

"Microsoft is so large, it becomes harder to grow percentage wise. It needs hundreds of billions of dollars to grow meaningfully."

"I don't like the fact that Microsoft's CEO is their chairman. It's different if it was Bill Gates because he's the owner of the company, but right now, there's too much power for a single person. However, they still have a great board."

"The big factors driving the market are still working against a lot of these companies like Microsoft, such as higher rates and higher inflation. It will take that to turn around before you see these companies start to get appreciated a little more. That's the only thing holding people back from jumping in. Valuations are starting to look attractive for some of the bigger companies. However, a lot of the momentum in the short term has been negative. We are probably staying away from many companies with no earnings and trying to stick with more established larger companies."

"People have high confidence in Adobe, Microsoft, CrowdStrike, and Snowflake's reporting because of their business models, it's not because the company is giving you extra clarity. Adobe's subscription business model gives them visibility. It has become the de facto standard for everyone."

"When it comes to Microsoft, I have confidence they are a compounder. However, the compounding rate versus growthier companies like Snowflake, ServiceNow or Lightspeed, they are in completely different brackets."

"Microsoft is such a large company. It would have to move so much to continue to be near the top of any price appreciation potential list."

"The greatest challenge facing the global technology industry over the next 18 to 24 months is acquiring talent."

Typical Investor Verbatim

Negative Momentum Verbatim

"It doesn't seem like there has been a lot of confidence in Microsoft. It was down 6% after the last quarter."

"There are still some concerns about Microsoft's cloud and PC businesses."

"What's interesting about Microsoft's CEO is that he doesn't own that many shares in Microsoft and he never buys them. I don't know if anyone is aware of that, but he runs a fantastic business, he's a fantastic manager and he's a fantastic operator, but I wouldn't call him shareholder aligned, personally."

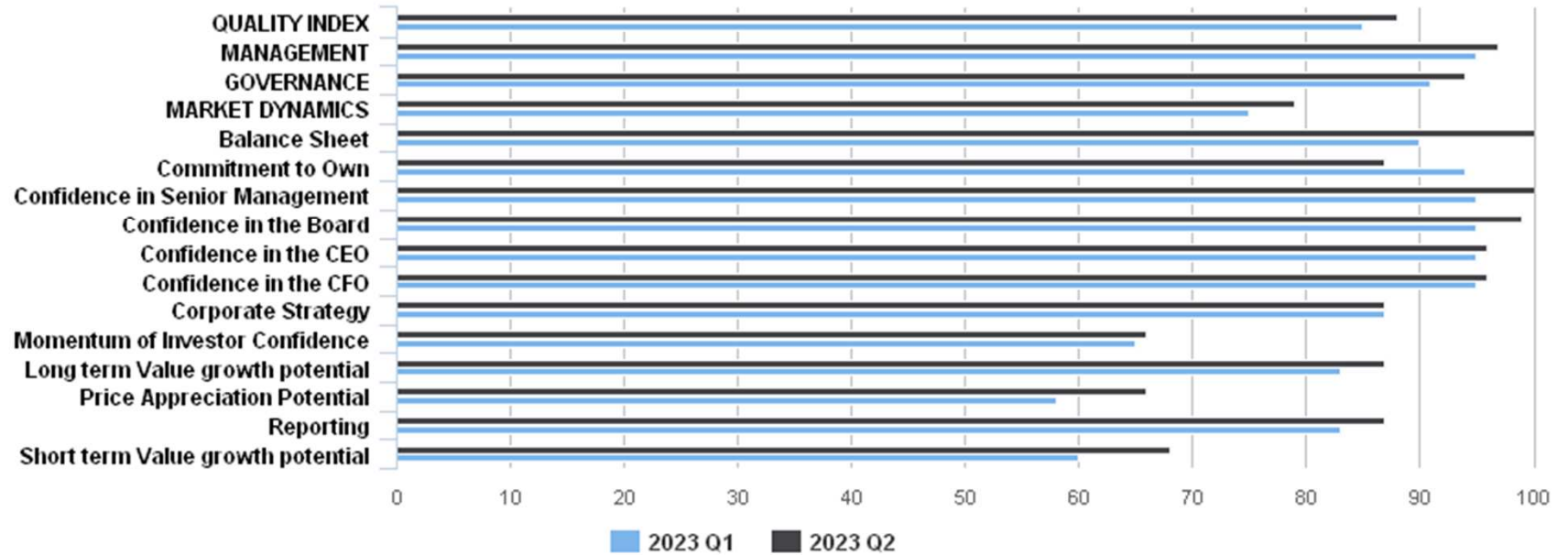
"When it comes to the technology names like Microsoft, we've seen a ton of layoffs. All these companies focus on managing operating expenses and keeping a keen eye on unit economics. It's a real paradigm shift from two or three years ago when it was growth at all costs. We are now in an environment where names are facing recessionary headwinds, and they're focusing on their operating costs."

"When it comes to Microsoft acquiring Activision Blizzard, if they were allowed to do what they normally do, in terms of making many of the titles exclusive to the Microsoft gaming service, I think it makes sense. However, the only way they're going to get this through the regulators is if they make commitments that all the games will continue to be offered on PlayStation only. I understand why they're doing it. I don't think they will see the value out of it and I don't think it's an effective use of capital."

Quarter over Quarter Results

Forecast for the Year Ahead

Microsoft Corp.



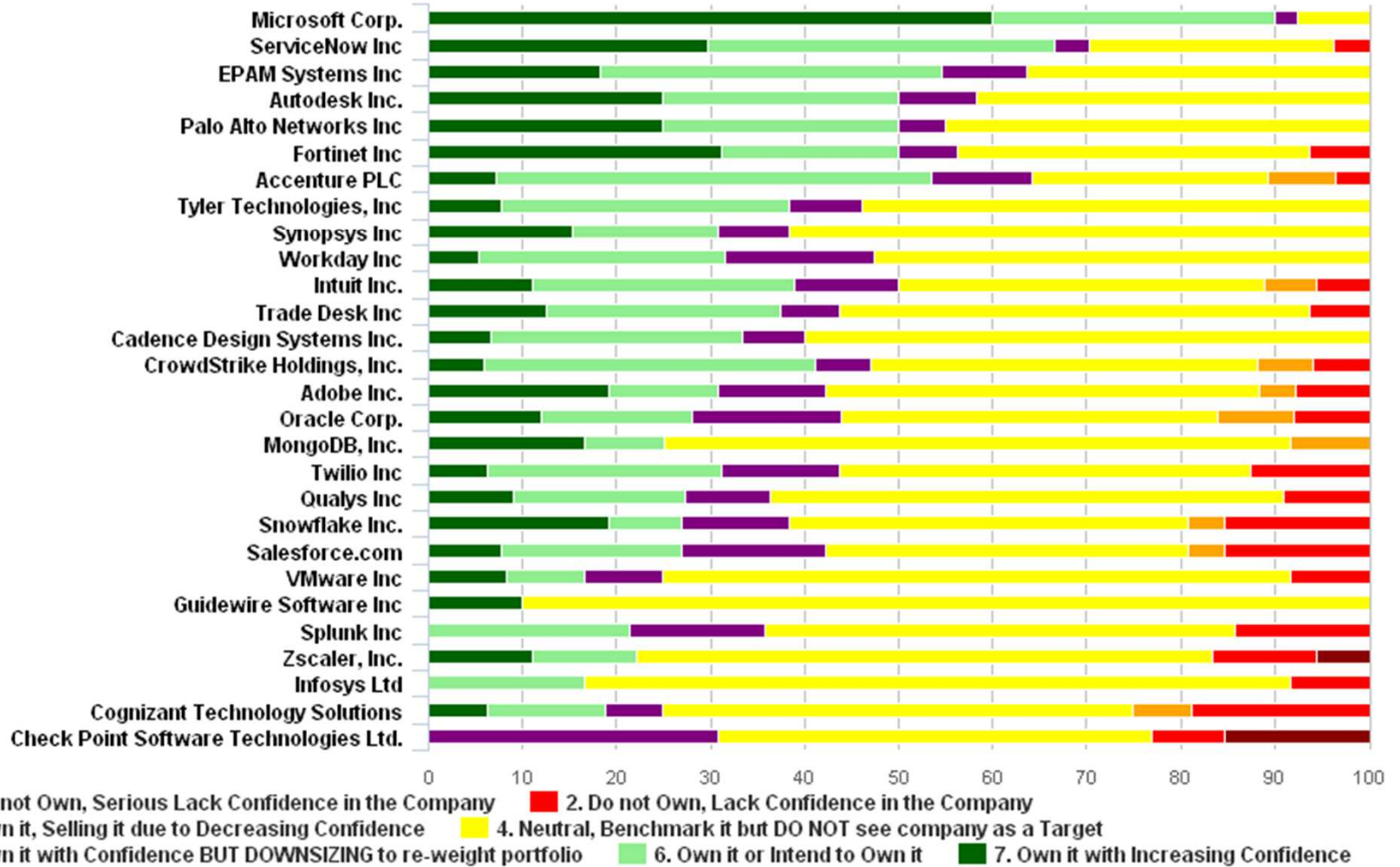
Rolling Year Data*

*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the
BWI Shareholder Confidence Panel

What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

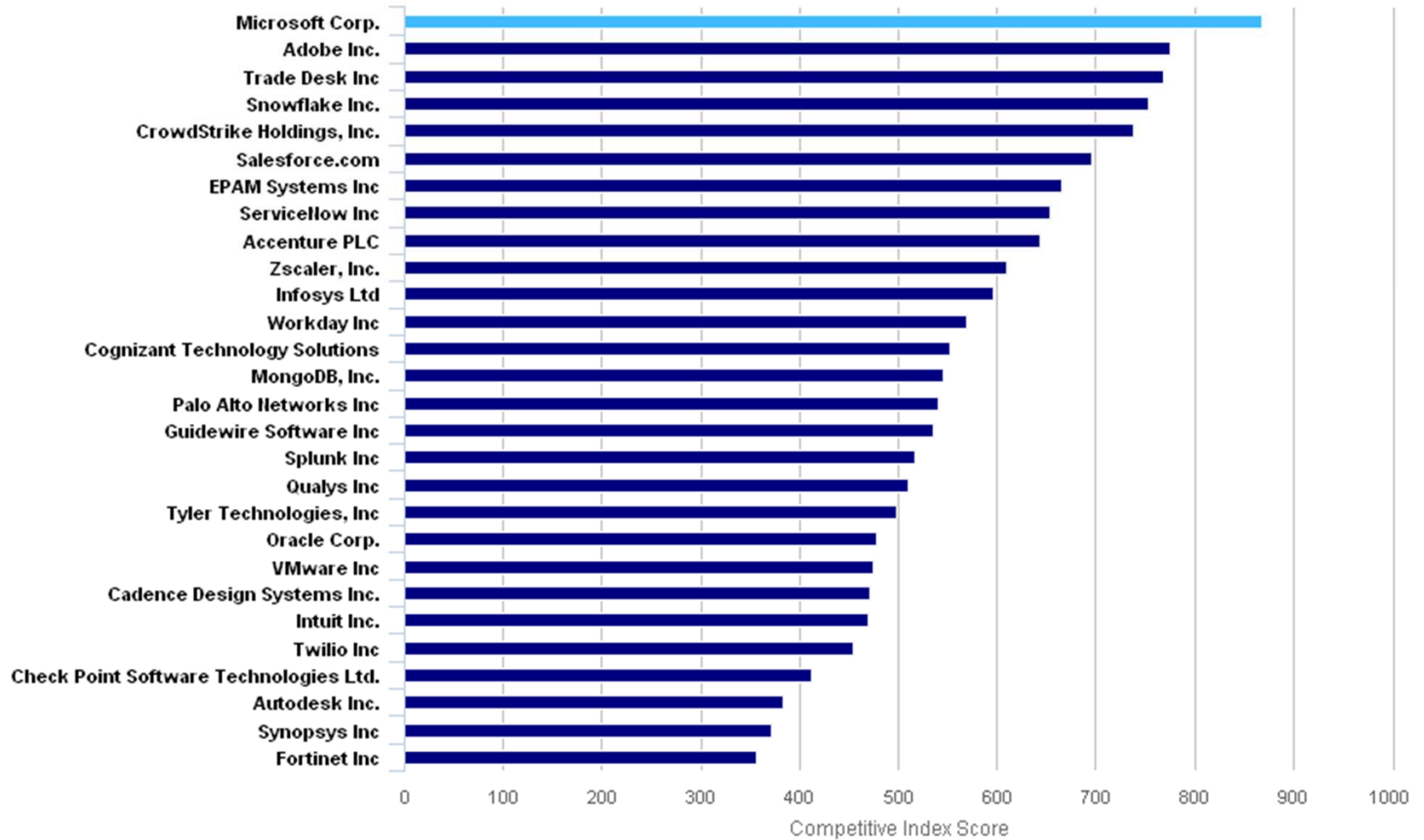
Buyers/Sellers by Sector



Shareholder Confidence Competitive Index

Global Investors - Investment Quality Index

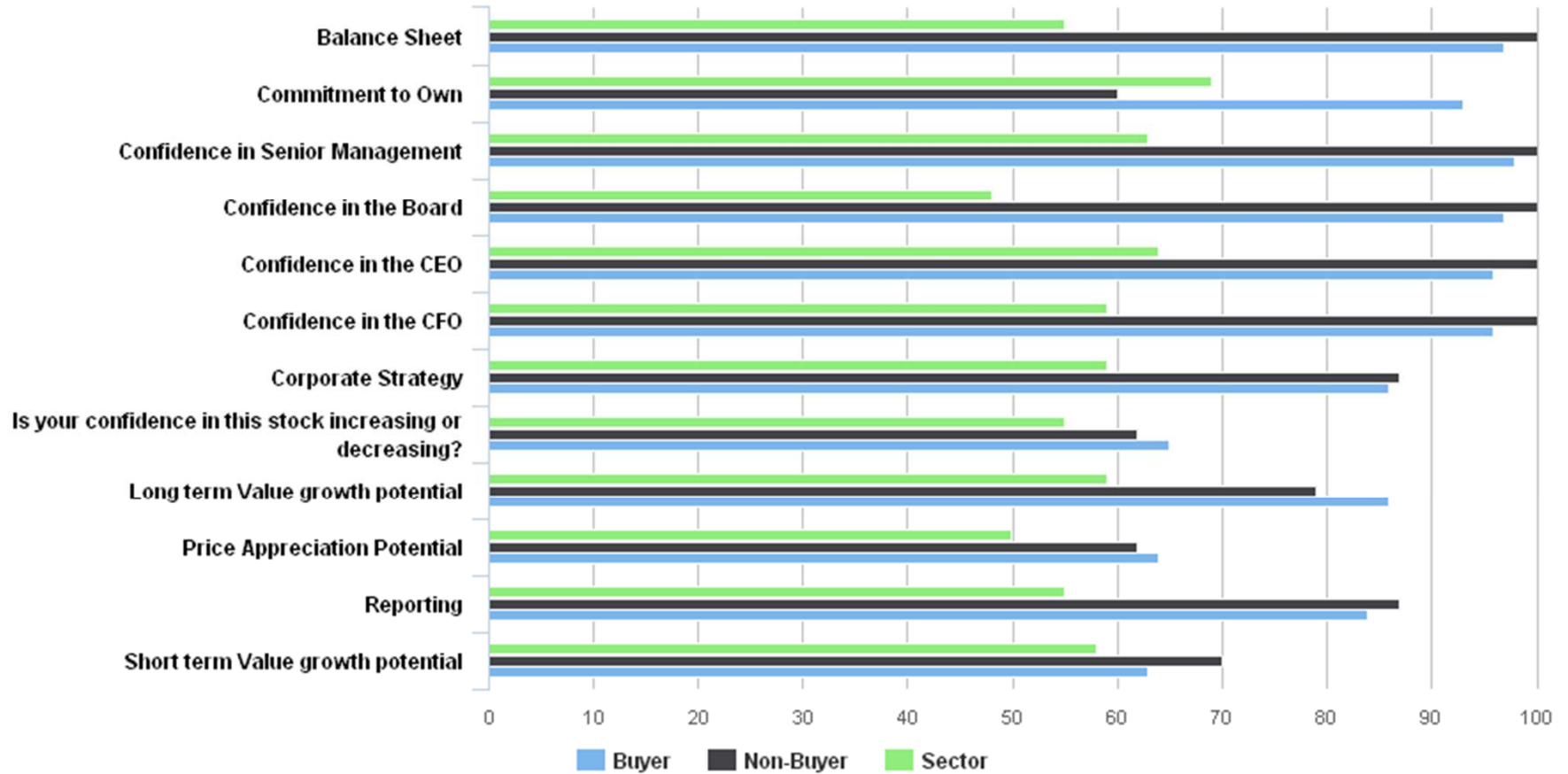
Rolling Year Data



Investment Target: Buyer Ratings Vs Non-Buyer Ratings Forecast for the Year Ahead

Rolling Year Data

Microsoft Corp.



Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
Microsoft Corp.	1st	1st	1st	1st
Snowflake Inc.	2nd	5th=	4th	4th
CrowdStrike Holdings, Inc	3rd	7th=	2nd=	5th=
Trade Desk Inc	4th	3rd	2nd=	3rd
Palo Alto Networks Inc	5th	17th=	12th	17th
ServiceNow Inc	6th	12th	5th	11th=
Intuit Inc.	7th=	23rd	20th	22nd
Tyler Technologies, Inc	7th=	20th	19th	18th=
Adobe Inc.	9th=	2nd	11th	2nd
Cadence Design Systems In	9th=	21st	23rd=	18th=
Salesforce.com	9th=	4th	6th	7th
Workday Inc	9th=	13th	16th=	13th=
Accenture PLC	13th=	5th=	8th	11th=
MongoDB, Inc.	13th=	16th	9th=	20th
Zscaler, Inc.	13th=	9th	18th	8th
EPAM Systems Inc	16th	7th=	7th	5th=
Twilio Inc	17th	26th	14th=	21st
Check Point Software Tech	18th	24th=	28th	23rd
Autodesk Inc.	19th	27th	21st=	25th
Synopsys Inc	20th	28th	23rd=	26th=
Oracle Corp.	21st	22nd	16th=	26th=
Guidewire Software Inc	22nd	10th=	25th=	9th
Infosys Ltd	23rd	10th=	9th=	10th

Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
Cognizant Technology Solu	24th=	15th	13th	15th=
Splunk Inc	24th=	17th=	14th=	15th=
VMware Inc	26th	17th=	25th=	24th
Qualys Inc	27th	14th	21st=	13th=
Fortinet Inc	28th	24th=	27th	28th

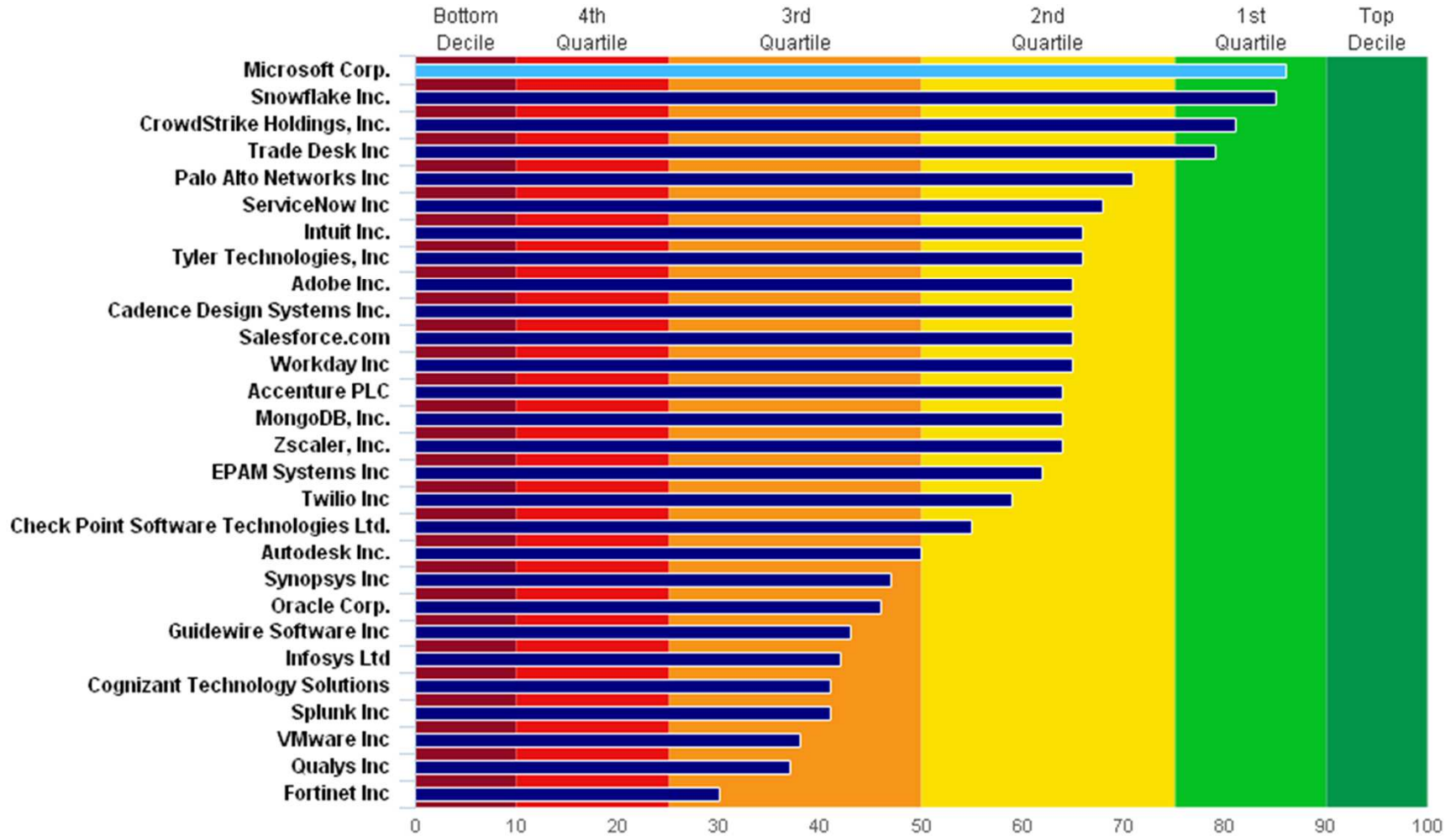
Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Strategy?

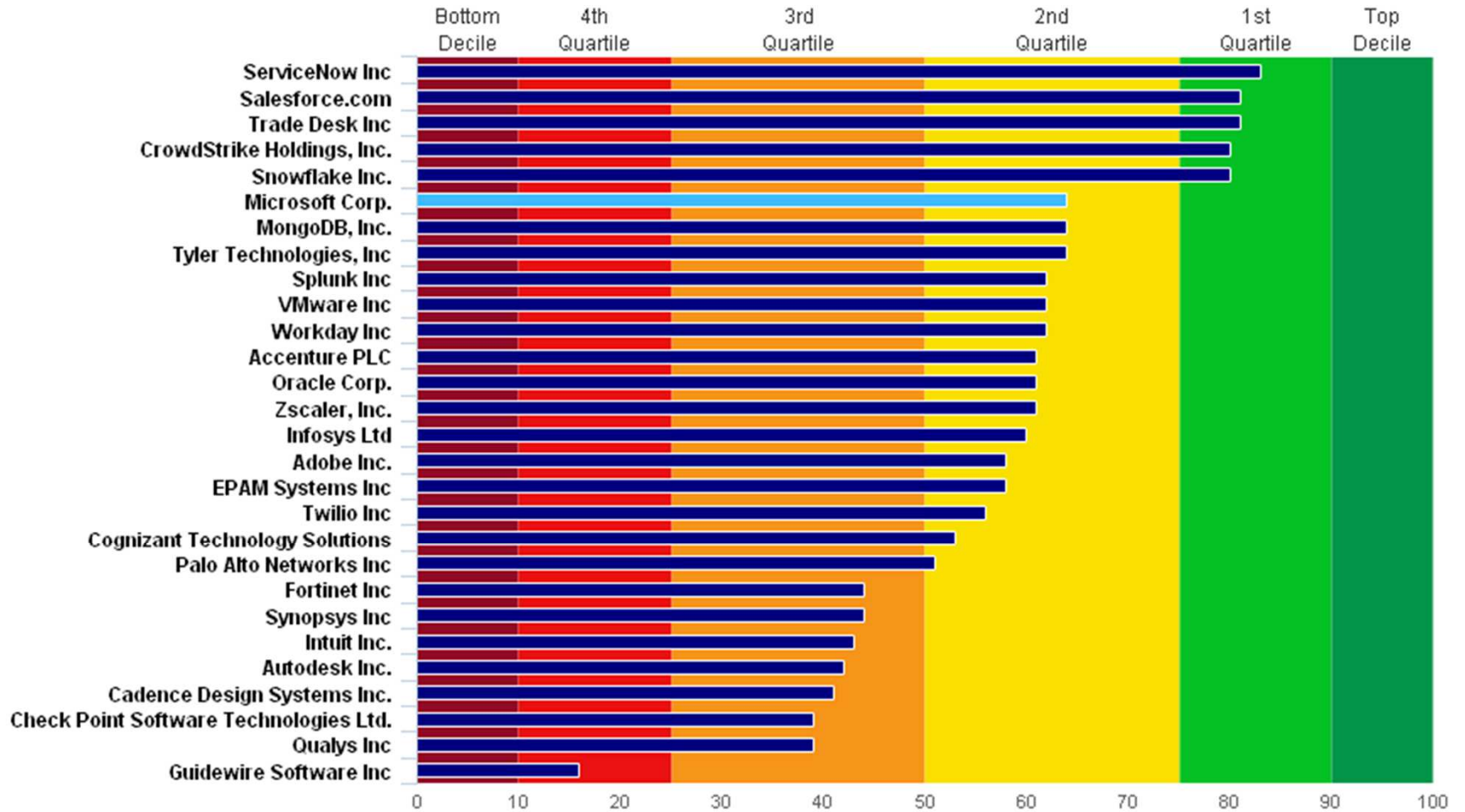
(*Applies to cases where compliance/administration executes the proxy.)

(TD: Very Strong Vote to Retain, Q1: Strong Vote to Retain, Q2: Vote to Retain, Q3: Vote to Replace, Q4: Strong Vote to Replace, BD: Very Strong Vote to Replace)



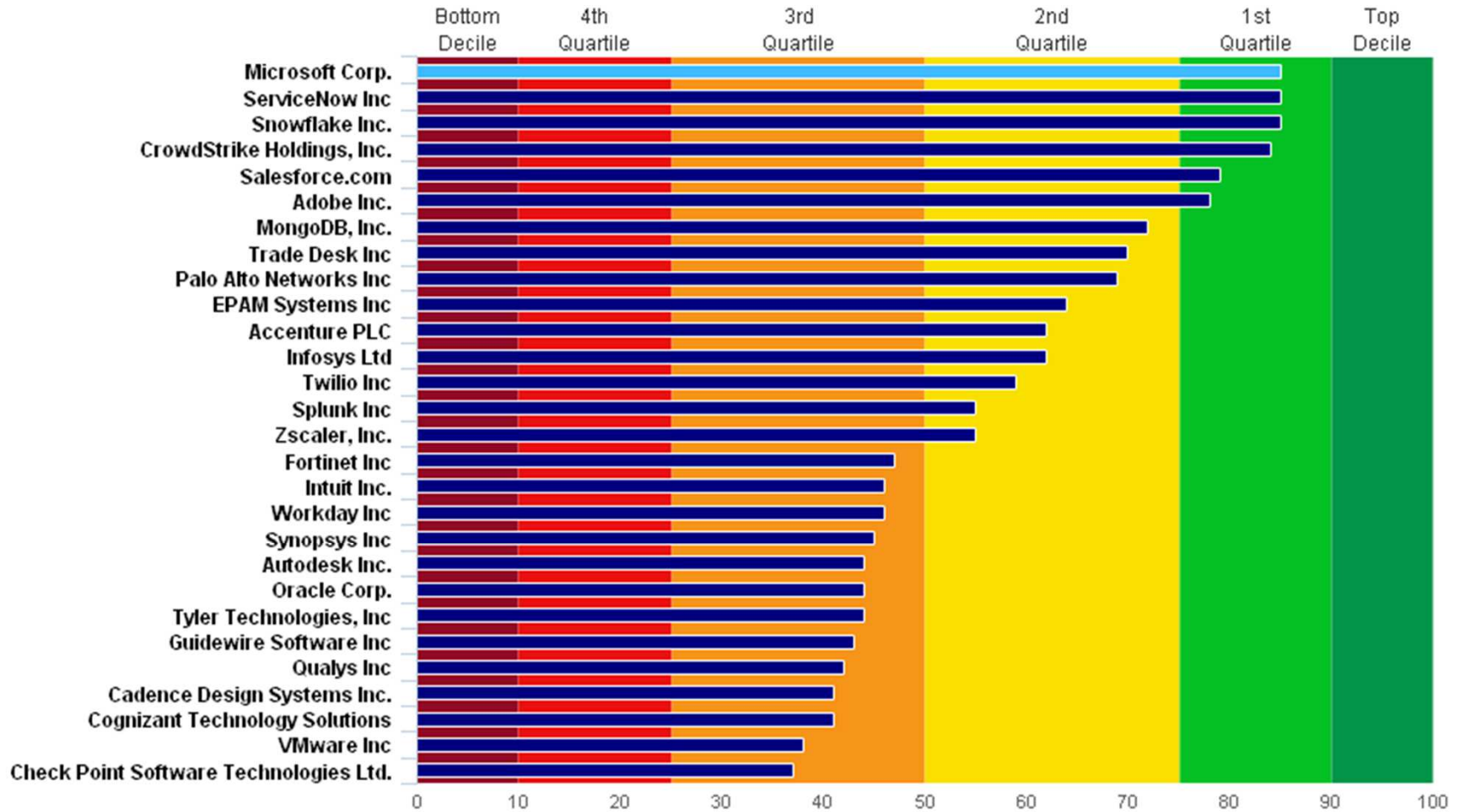
Confidence in Short Term Growth Forecast for the Year Ahead

Rolling Year Data



Confidence in Long Term Growth Forecast for the Year Ahead

Rolling Year Data



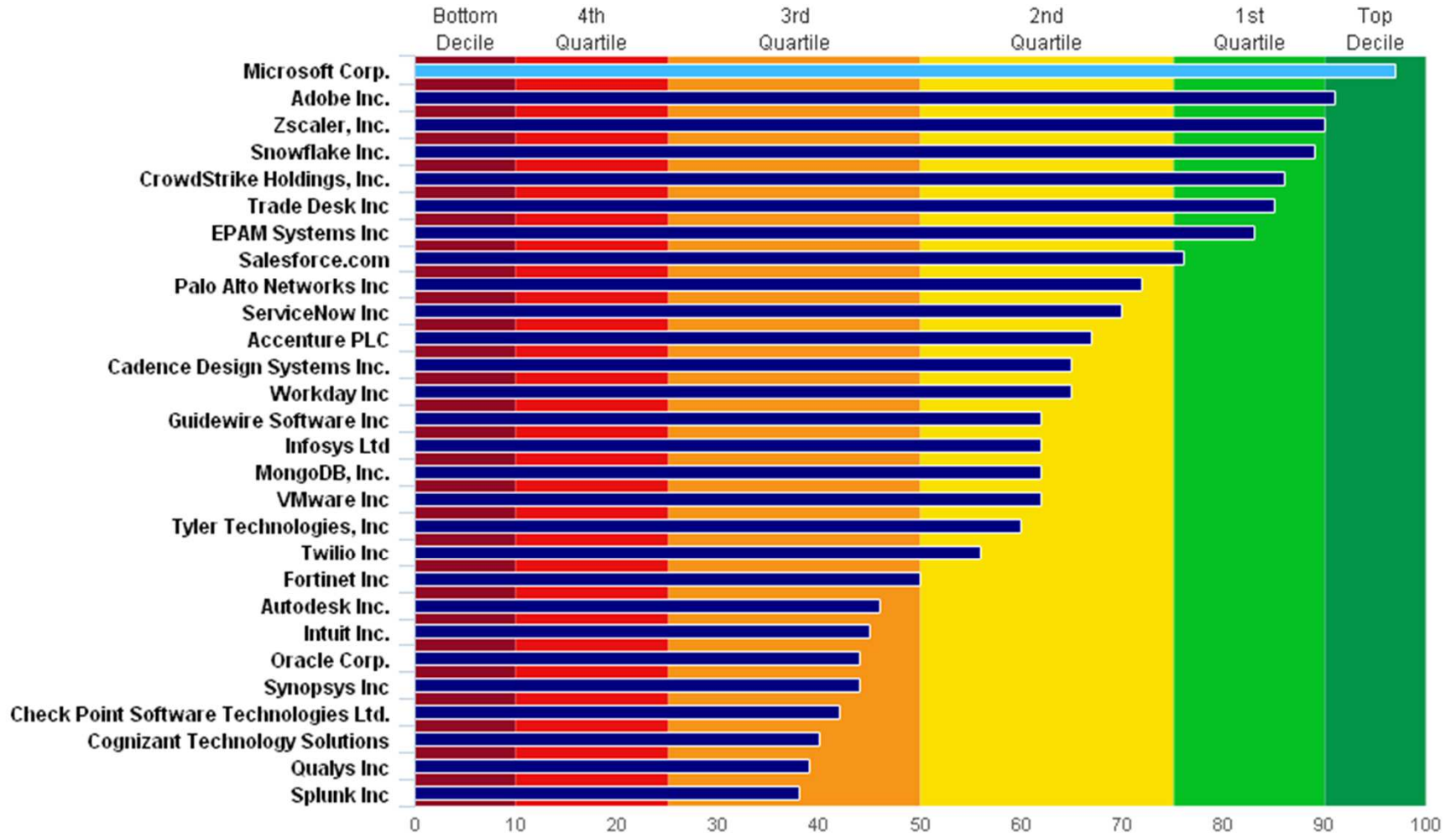
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing CEO?

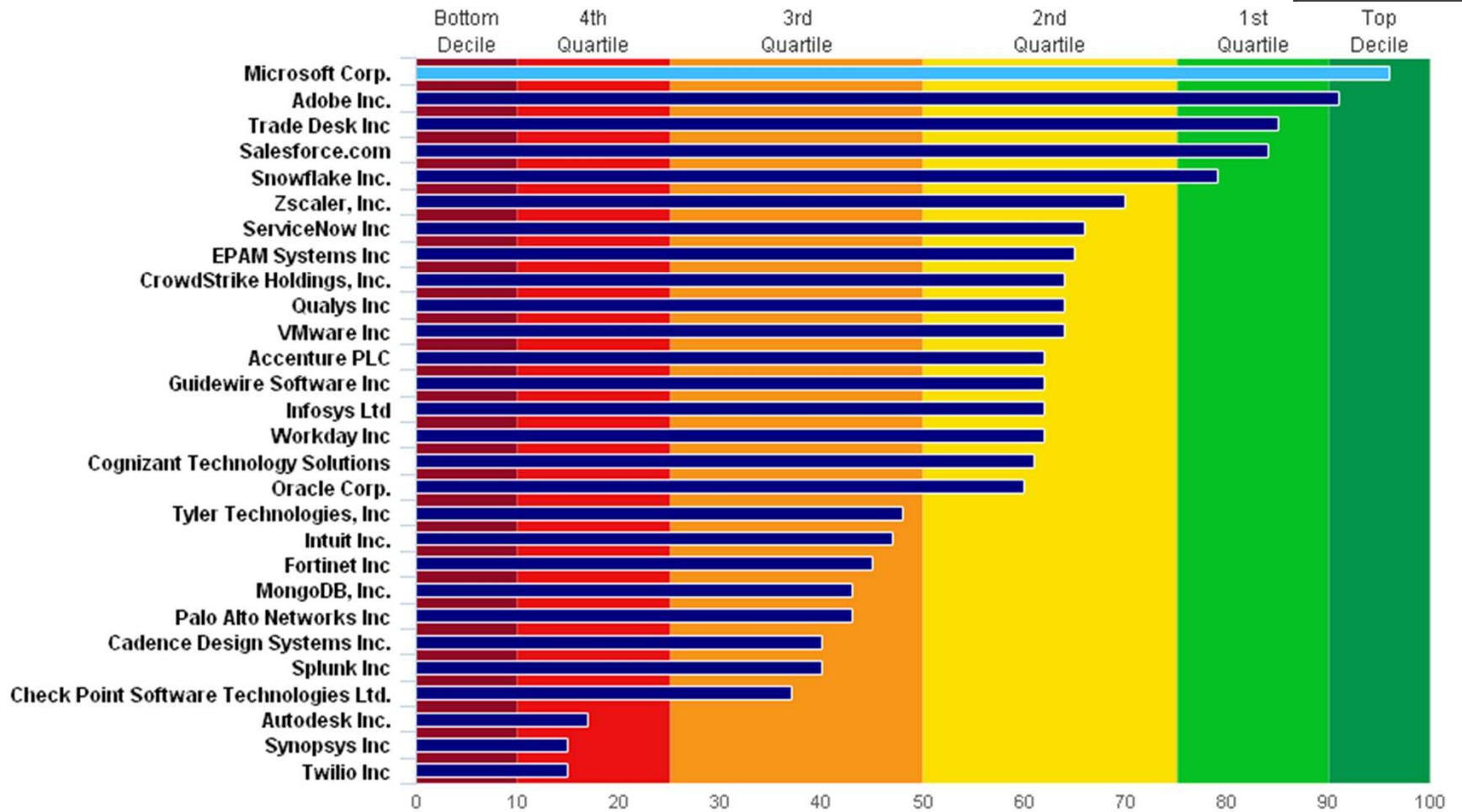
(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



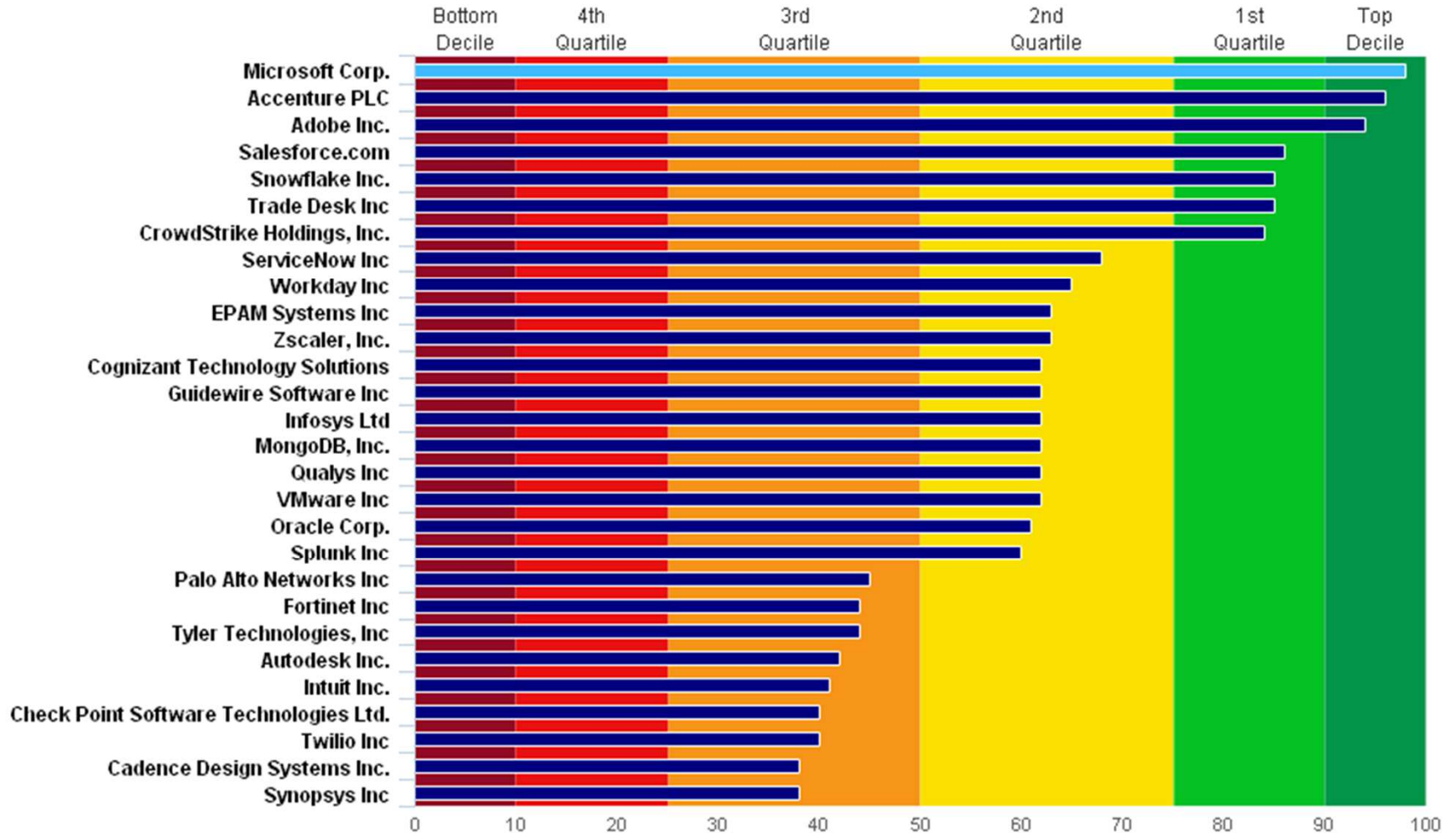
Advance Proxy Poll - Senior Management Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Senior Management?

(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



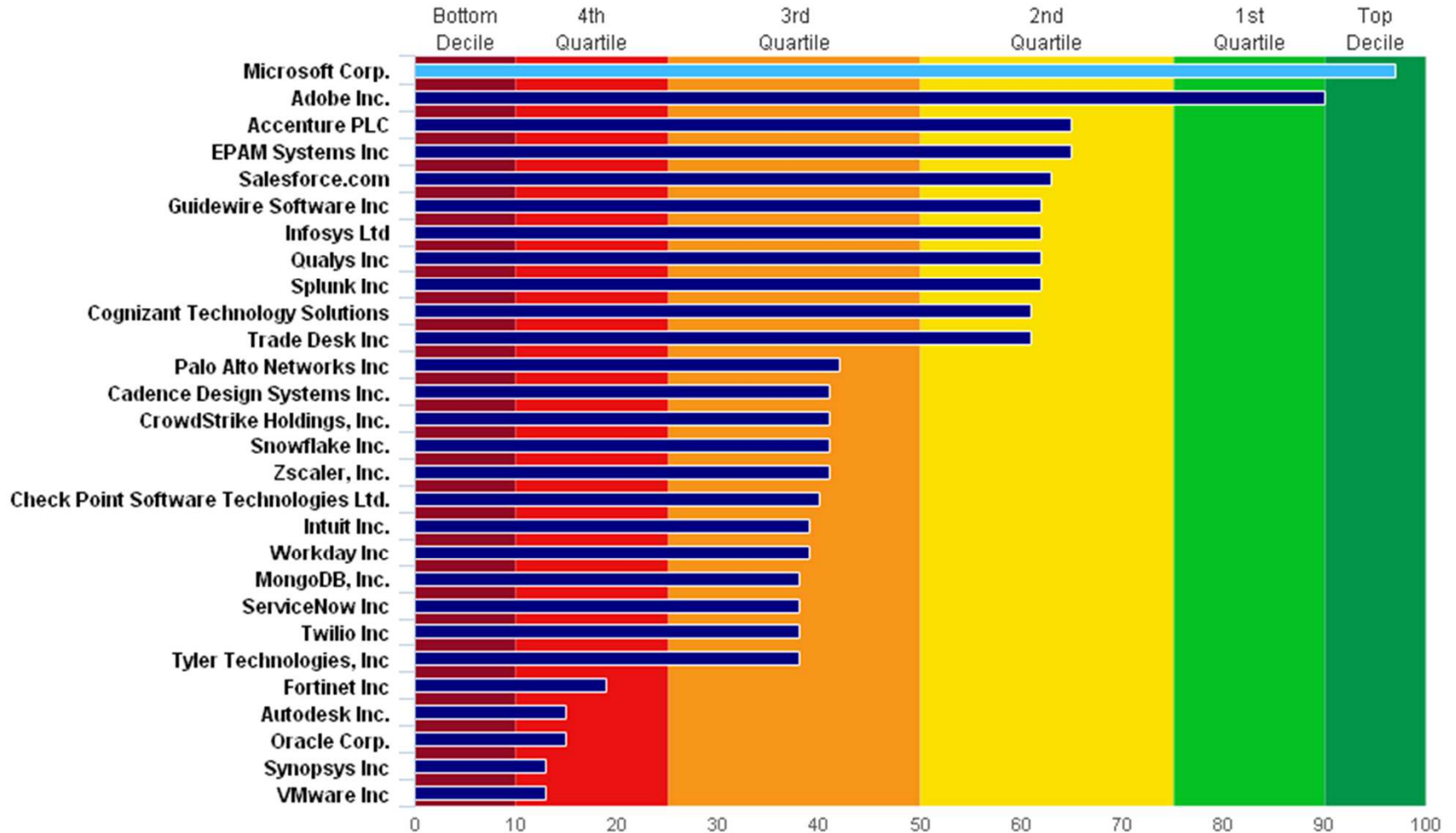
Advance Proxy Poll - Board Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Board?

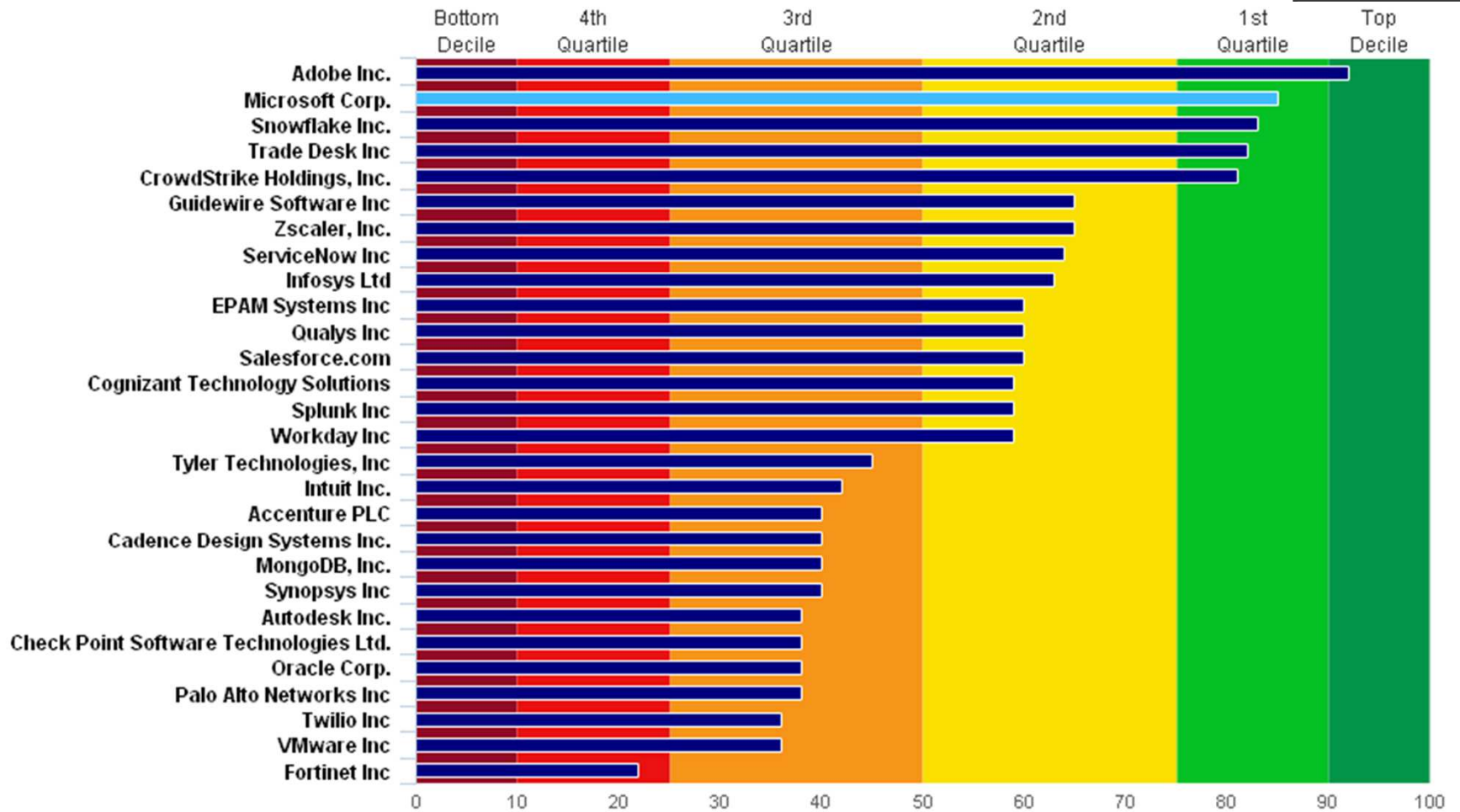
(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



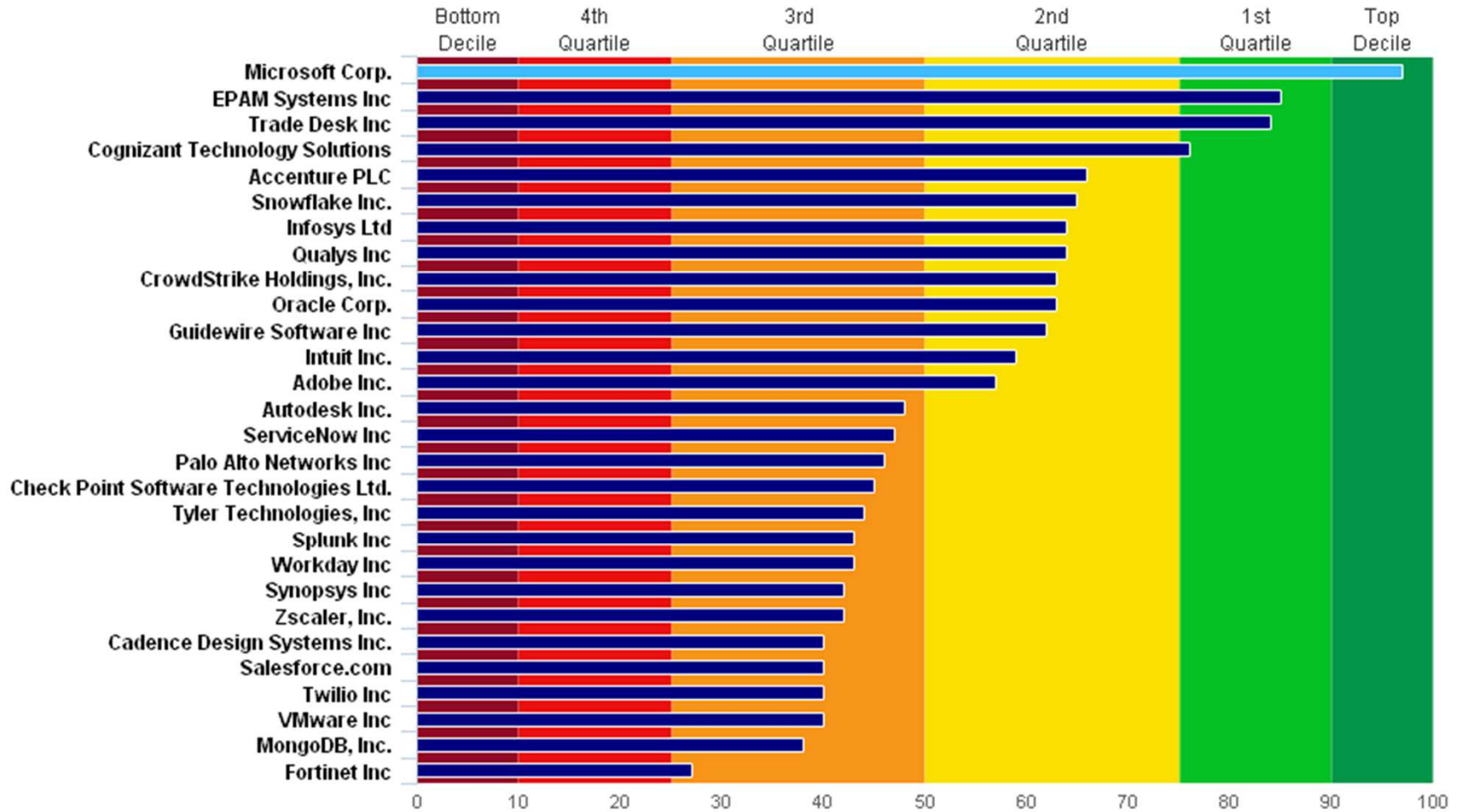
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



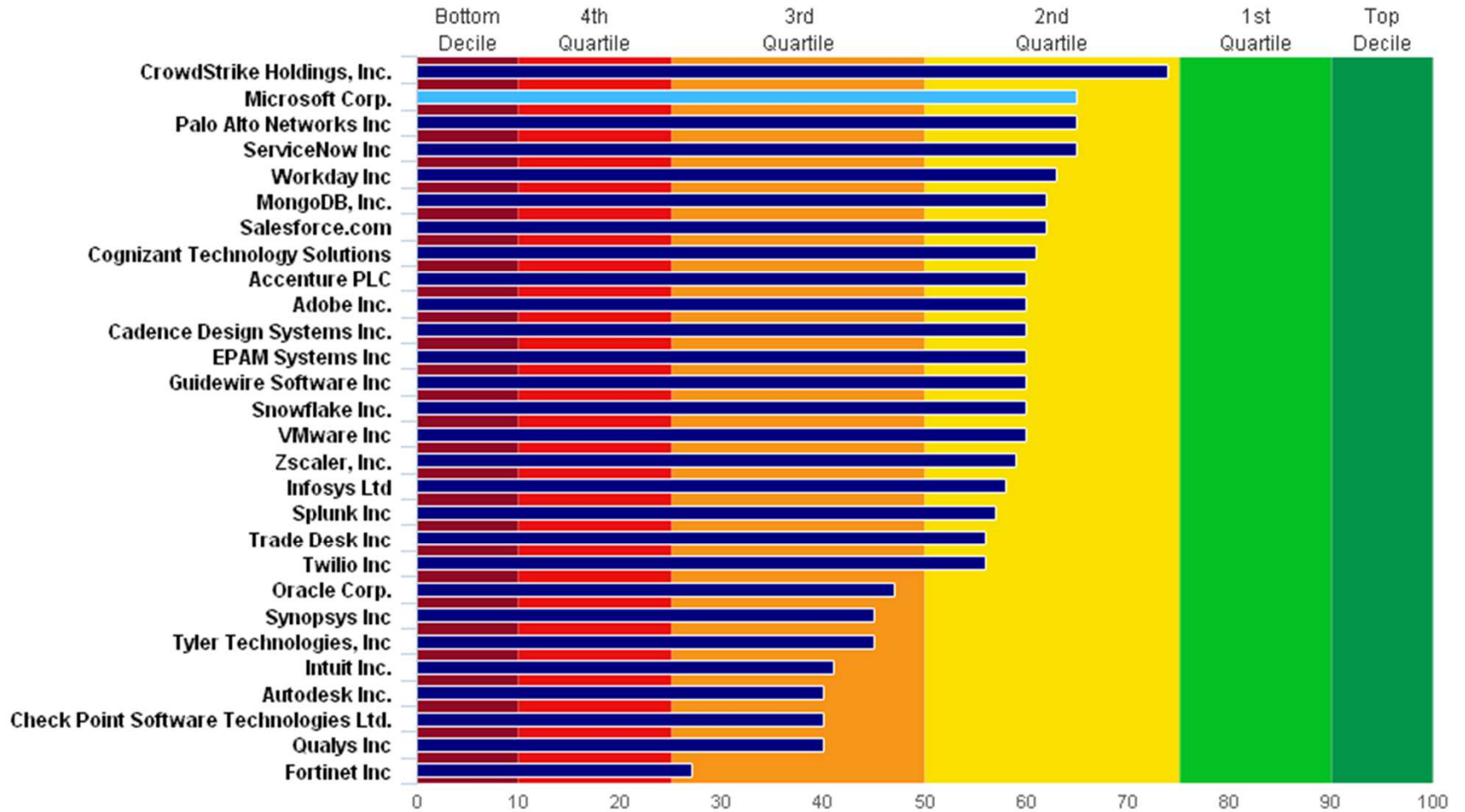
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

Rolling Year Data



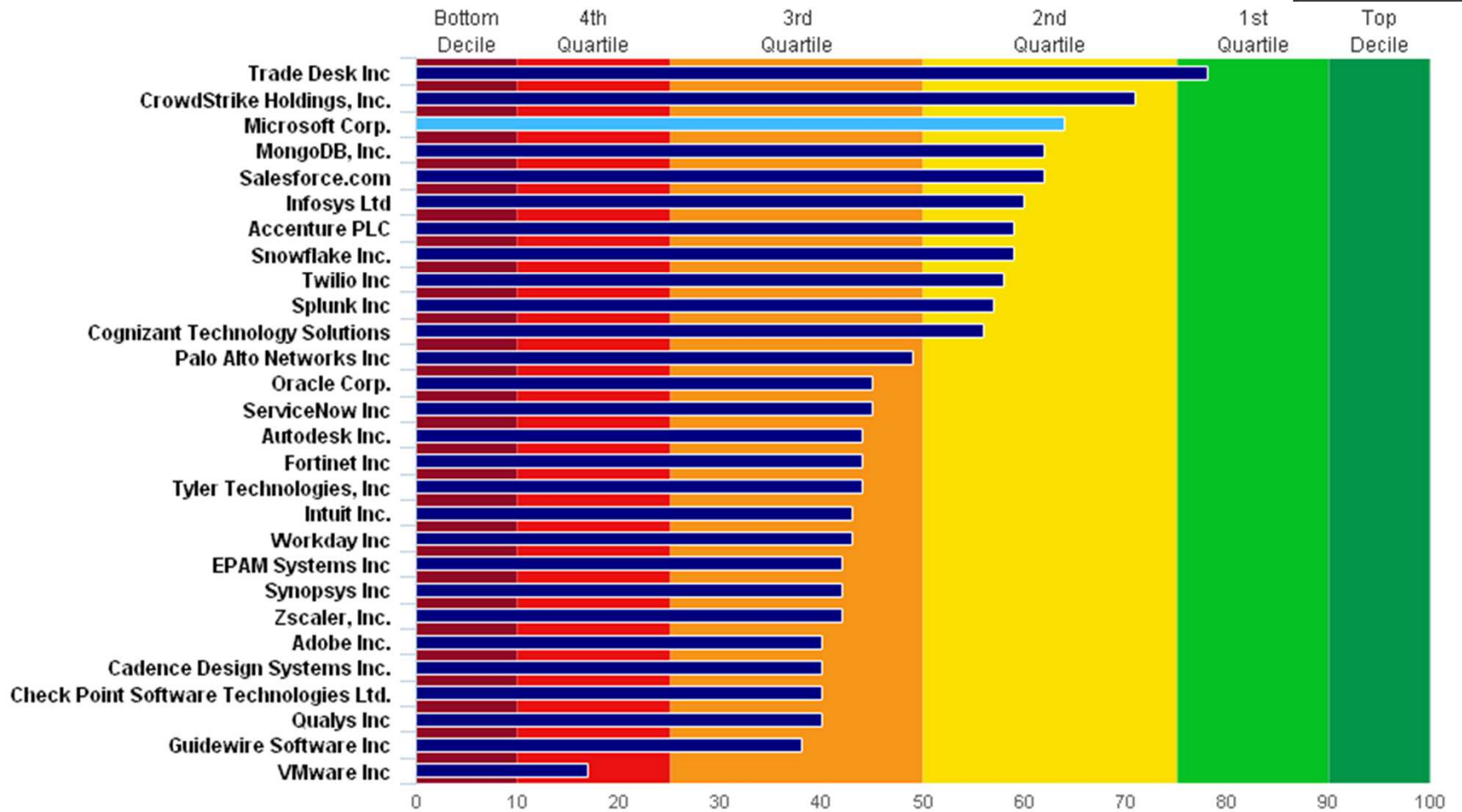
Momentum of Investor Confidence Forecast for the Year Ahead

Rolling Year Data



Price Appreciation Potential Forecast for the Year Ahead

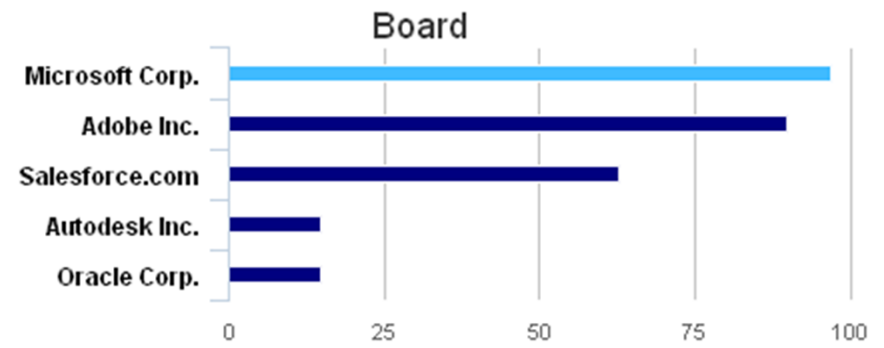
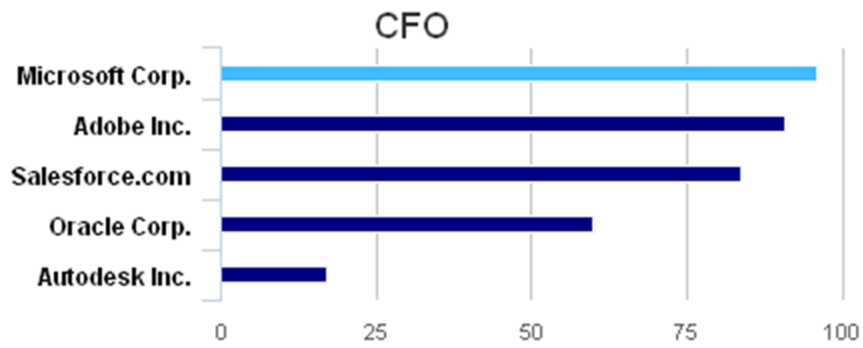
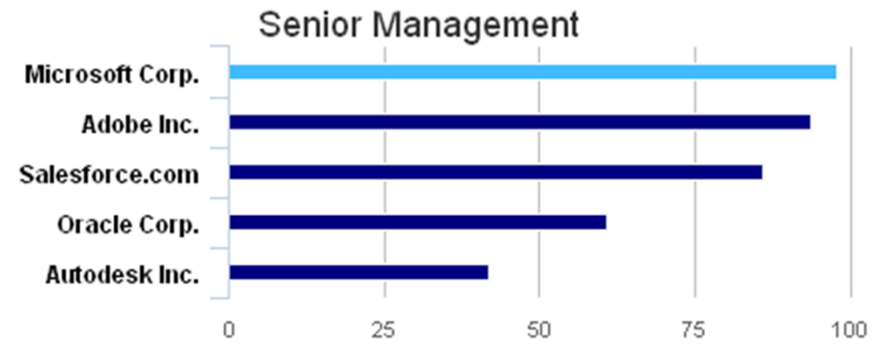
Rolling Year Data



Microsoft Corp. vs. Comparables

Forecast for the Year Ahead

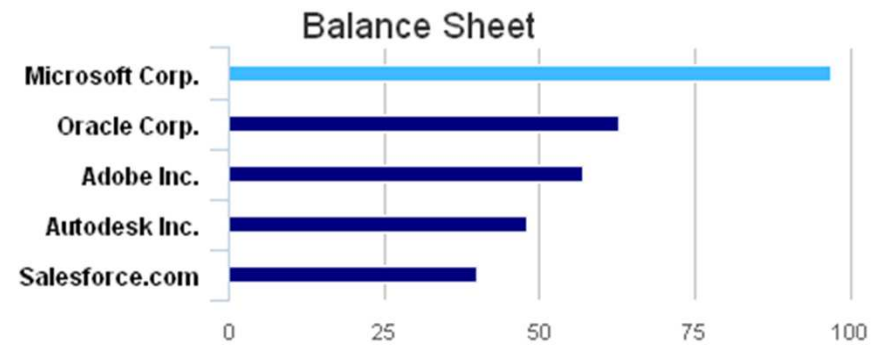
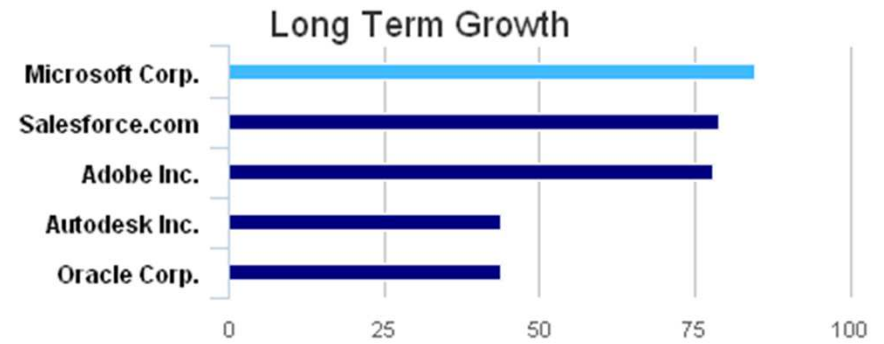
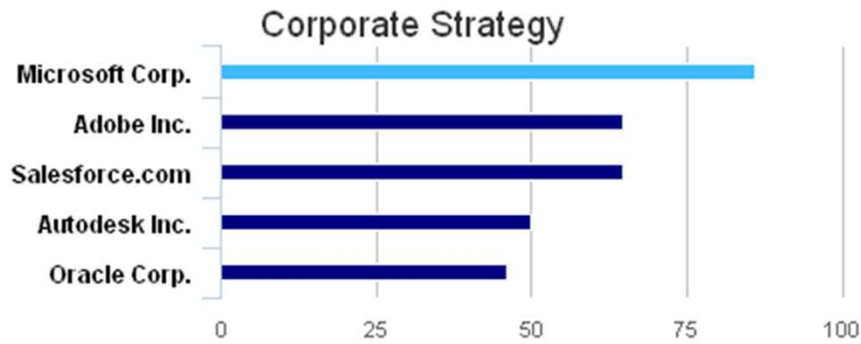
Rolling Year Data



Microsoft Corp. vs. Comparables

Forecast for the Year Ahead

Rolling Year Data



Microsoft Corp. vs. Comparables

Forecast for the Year Ahead

Rolling Year Data

