# Microsoft’s Annual Shareholders Meeting Questions and Responses

Below are questions submitted in advance of and during the Microsoft annual shareholders meeting held Wednesday, December 4, 2019. We have provided answers to the questions received. Where we received multiple questions on the same topic, we’ve grouped them together and provided one answer.

For follow-up questions, please reach out to msft@microsoft.com.

# Questions

## Topic: Board Structure

* Why are there 4 Investment firms in the board of directors? You should have technology related Directors.
* Women to men ratio on Board of Directors needs more female equity. Let's do it folks.
* Why do you value maximizing the % of board members who are independent, as opposed to valuing a balance between independents and insiders?
* If there were fewer board members making fewer dollars, the company would be more profitable.
* Why are there so many people on the board. Any committee larger than 7 people is too large to be productive.
* What does a shareholder have to do to become a Director on the board? Do I have to have a certain number of? Shares, referral from another Director? What do I need? If it's about education, I have 2 BS Degrees in Physiology, Health Sciences with a minor in Business Administration. What does it take, or do I have to be wealthy?
* The need for Latino representation on the Board of Directors. Microsoft prides itself on being inclusive but it is not practicing a value it espouses.
* The proposal of having an employee on the board of directors is a good one. instead of having VC/investment firms.
* The employee will give their perspective to the board and as a more engagement would help you grow organically.
* Your thoughts on this?
* I am concerned that only 38% of the Board is female. There are certainly many qualified women executives who meet your qualifications as outlined in your proxy statement. Why are you not able to get them on your Board? Woman comprise more than 50% of the adult population in the US and either purchase or influence the purchase of your products.
* Should not all Board of Directors be required to hold a minimum number of shares of Microsoft stock & have this listed before voting on all directors? That way just like including employees on the board of directors everyone has a responsible stake in the game.
* I'd like to see at least one Hispanic on your board. You are doing a great job. Why have you not added a Hispanic to your board?

## Answer:

*You can listen to John Thompson’s answer at* [*1:34:03*](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

## Topic: Compensation

* Why is Satya getting a 65 percent or multi-million dollar raise when you are telling your data center technicians you can’t afford to give them more than a 1 percent or 25 cents to 75 cent raise? Seems like a whole lot of senior leadership greed while peeing on the people who make the company run.
* Will Microsoft make an effort to improve compensation for all employees and not participate in the race between major corporations to pay their executives excessive salaries? I believe the ratio of Microsoft CEO to median employee compensation of 249 to 1 is a reflection of the outrageous wage gap in the US. I as a shareholder feel that Microsoft should reward its employees for the excellent performance of the company. Microsoft should take the leadership in creating a new metric in which there is peer comparison between corporations to demonstrate good and reasonable compensation of employees.
* Why do executives get paid so much money regardless of the work results produced while "regular" non-executive workers earn so much less in actual amounts as well as percentages (as compared to executives)?
* Will the board of Directors please publicly, justify the huge/exorbitant/obscene salaries/compensations the Board members and Upper Senior management are given at Microsoft for their work/positions? [No one is really worth a Million $$$$ + compensation per annum. No one can spend this money sensibly in a lifetime, without appearing opulent and greedy!]
* Upper/Senior Management Salaries have grown faster than the average US workers in these past 15 years by approximately 250 times the lowest paid average US worker. Also, Wall St should not be Kowtowed too for always demanding ever increasing profits/returns [Japanese companies look for long term not short term]. I would like the above publicly addressed at the annual meeting and placed on the AGM record of minutes?
* There is a growing concern in employees that management compensation is being tied to hitting diversity numbers. What are such incentives and how is it ensured that we are not artificially trying to hit these numbers ignoring the fiduciary duty to our company?
* The say-on-pay vote this year dropped 20% from last year's vote. Does the board have any comment on this?

## Answer:

*You can listen to John Thompson’s answer at* [*1:43:37*](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

## Topic: Gender Pay Gap

* Why is the board against the two shareholder proposals?
* So why this lack of transparency on the Gender pay gap?
* Why is the board against sharing the gender pay gap?
* Why does the Board against the Report on Gender Pay Gap?
* Microsoft could become an early adopter of equal gender pay simply by declaring it to be their policy and then act on it. This declaration and resulting action could be the most effective marketing technique possible and elevate Microsoft to a new and welcome position as a humanitarian icon. Why not do this simple act immediately?
* Why are you against a review of the gender pay gap? Wouldn't ensuring equal pay for both genders guarantee better talent who are more motivated to help the company succeed?
* What if any, is the gender gap pay amongst senior executive officers at Microsoft?
* Why is the gender pay gap reporting vote suggesting against?
* Is there a gender pay gap?
* Please explain the rationale for the below proposal vote for Against: Shareholder Proposal - Report on Gender Pay Gap
* Why is the board opposing a review of the gender pay gap?
* Why in the world would the board be against fair pay for all genders? This surprised me as a shareholder, and I was expecting better of this company. This makes me consider selling my shares and investing is a more egalitarian and thought-driven company.
* How can you possible oppose gender equity? What are you hiding?
* Why is the board recommending I vote against proposals 4 and 5?
* There shouldn't be a pay gap between employees.
* Why are you proposing against gender pay Gap and you don't want employees at the table? You must explain rationale otherwise Microsoft smacks of utter misogyny and lack of employees at table is utterly patronizing.
* Where can we get some information about the proposals being voted? What is the rationale for the Board recommending to vote AGAINST two of the proposals?

## Answer:

*You can listen to Dev Stahlkopf’s answer at* [*1:16:40*](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

## Topic: Diversity

* Why is Microsoft in the name of "Inclusion and Diversity" practicing "exclusion" of Asian (Chinese and Indian) and Caucasian males for all Principal + roles. I am hearing from multiple members that the roles are either left unfilled or filled only after 100+ days of job posting when CVP grants exception (which they do not want to do due to diversity quota compensation). Is the intention that Microsoft wants to lose senior valuable resources in the Asian and Caucasian male category for the sake of diversity?
* Is it true that only 28% of your employees are female? Certainly, that does not reflect the gender of your customer base. If true, what is the issue with hiring qualified female employees?

## Answer:

*In November we published Microsoft’s first* [*Diversity & Inclusion Report*](https://nam06.safelinks.protection.outlook.com/?url=https%3A%2F%2Fblogs.microsoft.com%2Fblog%2F2019%2F11%2F12%2Fthe-microsoft-diversity-and-inclusion-report-reveals-momentum-and-learnings-for-the-future%2F&data=02%7C01%7Csglass%40microsoft.com%7Cef1884d015154d3122d808d76798be79%7C72f988bf86f141af91ab2d7cd011db47%7C1%7C0%7C637091781937133668&sdata=GgpJGuHo6mkiwswV1ZHQzV1QOwWb9DexzdjFqz%2F7O48%3D&reserved=0) *and our Annual Global Workforce Demographic Update which we have published each year since 2014. This report provides greater visibility into the programs, partnerships and people that strengthen our ongoing diversity and inclusion work for the company and the industry.*

*The workforce data shared in the report reflects a continuing trend of gains in the representation of women and racial and ethnic minorities at Microsoft. It also includes this year’s Inclusion Index score, shared for the first time publicly, and an expansion of our equal pay data to include data from the five largest markets outside the US. We’ve distinguished directors and executives from each other in the category we previously labeled as “Leadership,” and called out metrics for women and racial and ethnic minorities among managers and individual contributors, to better understand representation throughout the workforce.*

## Topic: Capital Return

* Are you going to increase dividends in future? Thanks.
* Dividends should be increased.
* Raise the dividend to 3%. Be aggressive for retirees $$. I am 90 yrs. and hold 800 shares which is a major component of my retirement income. I appreciate the market growth and solid future for MSFT, but MSFT must be competitive in that area which has been lacking too many years.
* I object to Microsoft Corporation buying back its own stock.
* With the change in the tax laws has the Board or Microsoft administration repatriated any overseas monies or profits? If so, is the Board considered issuing a special dividend for shareholders from the repatriated monies? Thank you.
* Does the majority of the share buy back in 2019 going to stock options?
* Any consideration on increasing the stock dividend?
* We need another special dividend because of the massive cash hoard….PLEASE. Is this in the corporate plan.
* Does Microsoft plan to increase its’ dividend in the very near future?

## Answer:

*You can listen to Amy Hood's answer at* [1:37:02](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

## Topic: Strategy/ Innovation

* How are you preparing for the advent of quantum computing and a movement toward edge computing?

## Answer:

*You can listen to Satya Nadella’s answer at* [*1:35:18*](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

* At what horizon do you see revenue from Distributed Ledger and Blockchain playing an essential role in your product platform strategy.

## Answer:

*In a world where digital aggregators are entering new industries to capture customers and associated signals that span silos, our customers need to transform to compete. They need to create their own digital feedback loops – and they need to connect across boundaries with their partners, suppliers and customers to gain insights and transact more efficiently.*

*Blockchain is a key ingredient for multiple organizations to optimize shared business processes in a trustworthy way. All the apps and data that will be built around those business processes are where we seek to grow our business. Ultimately, blockchain drives consumption across our cloud offerings starting with apps, infra & data – but going all the way up the stack to business applications and modern workplace solutions. This is happening already – and as the tech and business models around blockchain mature this will only pick up.*

* On Microsoft Strategy - The cloud business is doing better, but what is your immediate/ Long term strategy for the rest of Microsoft?
	+ 1. Namely Windows - which is losing market share to other OS in PC market
	+ 2. The rollout of Windows 10 - which has so many Bugs, Bad patches
	+ 3. Windows Mobile - is this dead?
	+ 4. LinkedIn - What is LinkedIn roadmap. Of late it has started becoming like a social media site instead of a place to connect for professionals."

## Answer:

*Windows remains a very important part of Microsoft. It plays a critical role in fueling our cloud business and Microsoft 365 strategy, and it powers the growing range of devices on the “intelligent edge.” We are extremely pleased with the adoption of Windows 10, now on more than 900 million monthly active devices. Both our consumer and commercial customers tell us this is the best Windows yet and we continue to see strong enthusiasm and growth—we also continue to release monthly quality updates to maintain and secure Windows 10 Mobile, as well as support specific phone models with firmware updates to in-market devices upon OEM request. In terms of LinkedIn, we continue to focus on creating a safe, trusted and professional community for our members and deliver real value for our customers.*

* What are the Board's plans for new future business pursuits?

## Answer:

*As computing becomes more ubiquitous, we’re focused on building the tools and solutions our partners need to navigate tech intensity. This means the ongoing innovation and growth of our Azure cloud infrastructure layer, bringing massive cloud computing power and AI-driven insights to customers where they are. We’ll continue to invest in technologies that empower employees to do their best work. Solutions like HoloLens 2; that empower workers with the right information at the right time, and Power Platform, which makes it easy for anyone to build an intelligent app or workflow where none exists. Most importantly, we’re prioritizing putting people at the center of our technologies, ensuring that technology works for them, and not vice versa.*

* Will MSFT be significantly investing in the development of AI tools for the healthcare industry?

## Answer:

*You can listen to Satya Nadella and Brad Smith’s answer at*[*1:46:41*](https://aka.ms/2019annualshareholders)*in the annual shareholders meeting.*

* How large can the cloud computing business be for Microsoft?

## Answer:

*You can listen to Satya Nadella’s answer at* [*1:40:04*](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

* How do you see 5G impacting the future of technology?

## Answer:

*5G will bring immensely more data to the network edge. Whereas previous generations of wireless devices were primarily mobile devices like smartphones, watches and tablets, 5G is a true leap forward in terms of connectivity capabilities. 5G promises speeds 10x faster than 4G and, just as important, support for a larger variety and volume of devices. This will provide a significant opportunity for edge devices in the digital feedback loop to take advantage of processing high volumes of data at much faster speeds. We expect to see 5G accelerate this new wave of computing by supporting the proliferation of IoT and edge devices involved in these digital feedback loops and connecting moving devices like drones, as well as remote devices in smart agriculture.*

* What is your view on cryptocurrencies and programmable money?

Answer:

*Microsoft is focused on advancing the enterprise readiness of blockchain. We monitor the market closely for the benefit of our customers and partners; however, public cryptocurrencies currently fall outside the scope of our strategy.*

## Topic: Product

* What is Microsoft's short- and long-term strategy to promote publicly and in its products the security of elections in USA?

## Answer:

*You can listen to Brad Smith’s answer at* [*1:41:20*](https://aka.ms/2019annualshareholders) *in the annual shareholders meeting.*

* Is the continuation of support for Windows 7 a possibility? If not, could it at least be considered?

## Answer:

*End of support for Windows 7 is scheduled for Jan 14th. There are currently no plans to change that date. However, if that date changes, we will make an announcement.*

* Retired electrical engineer 36 years Silicon Valley. Can you please discuss generally the ongoing efforts to thwart software cloning and pirating? Thanks very much. I truly appreciate every employee's terrific efforts. Microsoft is successfully nurturing a better world. I mean this in the most genuine sense. Thank you.

## Answer:

*Software piracy and fraudulent subscriptions are serious, industry-wide problems affecting consumers and organizations around the world. For decades, through partnerships with industry, governments, and other agencies, Microsoft has been working to fight software counterfeiting and to protect consumers from the dangers posed by this and other types of cybercrime. Today, Microsoft’s Digital Crimes Unit (DCU), a unique group of cybercrime-fighting investigators, analysts, and lawyers, works globally to detect and prevent fraud targeting our customers. Our priority is to protect our customers and help create a secure experience for everyone. You can read more about this work and steps you can take to stay safe from counterfeit software and fraudulent subscriptions in this* [*blog post*](https://www.microsoft.com/security/blog/2018/04/02/take-these-steps-to-stay-safe-from-counterfeit-software-and-fraudulent-subscriptions/) *by Matt Lundy, Assistant General Counsel, Microsoft.*

* When will MS allow Windows users control over the never-ending upgrade rollouts that always manage to interfere with current settings on user devices. Thank you!

## Answer:

*Thank you for the feedback and product suggestion. Windows 10 is our most secure platform to date. The ability to maintain that high level of security requires regular updates to ensure the platform is able to defend against threats and attacks.*

* With Microsoft now challenging Amazon for the cloud data business, what safeguards do you have for future opportunities to expand its platform to an open source which would allow more individual people to contribute more apps?! I think the downfall of the windows phone, was due to lack of an open source/ platform for individuals/businesses and institutions to create apps that most people use today.

## Answer:

*You can listen to Satya Nadella’s answer at*[*1:45:30*](https://aka.ms/2019annualshareholders)*in the annual shareholders meeting.*

* Can you provide info on product release for Surface Duo?

## Answer:

*Visit* [*Microsoft.com*](https://www.microsoft.com/en-us/surface/devices/surface-duo?&OCID=AID2000022_SEM_5ldgJCez&msclkid=46930d3ad0061e38e7fb50d342f71212) *for product details on Surface Duo.*

## Topic: China

* Are the President's positions regarding China favorable to the company?
* Are the negotiations (good or bad) with the Chinese favorable to the company?
* Why does a great American company like Microsoft feel the need to have products using their name made in China where we as a nation, have a trade imbalance?
* How do we see Microsoft in terms of AI leadership, specifically what is Microsoft doing to address concerns around China and their ability to abuse privacy to gain AI leadership?

## Answer:

*We operate in an increasingly global, interconnected business world. Trade wars between nations are generally bad for both local and international business. When they happen, we hope they are resolved swiftly, fairly and amicably on both sides. Microsoft's strategy in Greater China is one of partnership. We see great opportunity to tap into the enormous innovation potential that exists there.*

## Topic: Other

* During my time as employee of Microsoft, the company is using SAP/R3 to handle its finance/accounting work. Is it still the case or has Microsoft finally switched to use its own products, namely Dynamics ERP/CRM to handle this?

## Answer:

*Microsoft moved to S4HANA on Azure a couple years ago. It has become a representative example of a large-scale deployment on S4HANA that is used in our recently announced partnership with SAP.*

* Based on current performance, how important is profitability to the company right now compared to internal growth, would we rather see better quarterly and fiscal profitability, or is the company focusing on long-term goals by investing extreme amounts into newer businesses?

## Answer:

*Our focus remains on strong execution and making strategic investments to capture expanding markets where growth and opportunity exists. We’re on a multi-year journey and view every quarter, every year as an opportunity to continue to differentiate, invest in innovation, and execute well to take share and grow.*

* Content on Microsoft News page presents a bias view against conservatives. Can you correct this?

## Answer:

*We respectfully disagree. We* [*share stories*](https://news.microsoft.com/) *about innovations that support and reflect our mission: to empower every person and organization on the planet to achieve more*.

* Microsoft recently hired former AG Holder to investigate its investment in AnyVision Interactive Technologies Ltd, which put the Palestinian occupied population under constant surveillance, violating Microsoft's own standards on the use of facial recognition technologies. Following our letter on this issue, representing investors with more than $80 billion in AUM, what due diligence, if any, did Microsoft conduct before it invested in AnyVision? When does Microsoft expect the Holder probe to be complete, and can you commit to making the results public?

## Answer:

*We take these mass surveillance allegations seriously because they would violate our facial recognition principles. We are engaging a highly experienced, outside law firm to conduct an audit, and AnyVision is implementing a board level review and compliance process. If the audit discovers any violation of our principles, we will end our relationship.*

*You can listen to Brad Smith’s full answer at*[*1:37:54*](https://aka.ms/2019annualshareholders)*in the annual shareholders meeting.*

* How are you factoring climate change into your profitability?

## Answer:

*You can listen to Brad Smith’s answer at*[*1:48:54*](https://aka.ms/2019annualshareholders)*in the annual shareholders meeting.*

* Our family is a small investor in Microsoft. While we appreciate the importance of good employee and community relations and stewardship of the environment, we believe that under existing laws and MSFT bylaws American capitalism has been and continues to be a huge engine for economic growth and educational advancement that, in turn, allows not only shareholders but also workers and communities where American businesses have facilities to benefit under existing legal and corporate bylaw concepts of board and officer duties. We believe to tinker with such duties by enacting resolutions is bad and could easily have unintended consequences. It also smacks of paternalism because it could divert profits or energy from MSFT total return growth and, in effect, say that individual shareholders like us cannot be trusted to donate some of the profits to charities or pro-worker causes that we (instead of MSFT) select. Can you make this view known, please? Thank you.

## Answer:

*We believe that earning the trust of our customers, partners, shareholders, and other stakeholders is a foundation of our business success and is fundamental to realizing our mission. To earn and maintain this trust, we are committed to conducting our business in ways that are principled, transparent, and accountable to our shareholders and broader set of stakeholders.*

* Can Microsoft provide some benefits such as a discount on Microsoft products to their shareholders?

## Answer:

*We do not currently offer product discounts to Microsoft shareholders.*

* How long has Deloitte & Touche been Microsoft's independent auditor?

## Answer:

*As stated in the proxy, as part of its auditor engagement process, the Audit Committee considers whether to rotate the independent audit firm. Deloitte & Touche has been Microsoft’s independent auditor since the Company’s initial public offering in 1986. Deloitte rotates its lead audit engagement partner every five years; the Audit Committee interviews proposed candidates and selects the lead audit engagement partner. Pursuant to this process, the Committee selected a new Deloitte & Touche lead audit engagement partner beginning with the fiscal year 2020 audit. The Audit Committee believes there are significant benefits to having an independent auditor with an extensive history with the Company. These include:*

*• Higher quality audit work and accounting advice due to Deloitte & Touche’s institutional knowledge of our business and operations, accounting policies and financial systems, and internal control framework.*

*• Operational efficiencies and a resulting lower fee structure because of Deloitte & Touche’s history and familiarity with our business.*

* Has the Board considered a stock split so that transactions that must be performed in tranches of whole shares can be more granular?

## Answer:

*The company does not comment on potential plans for stock splits. You can view historical stocks splits on Microsoft’s* [*Investor Relations*](https://www.microsoft.com/en-us/Investor/FAQ.aspx#section_4) *page.*

* Based on the prior and current Annual Reports, it appears that your plan is to redeem long term debt only in the year in which it matures, rather than accelerating debt repayments to include any future-dated debt (and thus utilize some of the excess cash holdings of the company). As such, per the long-term debt schedule on page 70 of the 2019 Annual Report, it would appear that these debt repayments would stretch out for another 37 years to 2057, including some with fairly high coupon rates. Can you provide some insight into why the future-dated debt would not be bought back in the open market during the next few years, rather than waiting for the debt to mature? Is it partly because the prices to be paid in the open market are far higher than the Par Value of the bonds, thus it would be a less-than-optimal use of company funds, or are there other reasons at play that you can illuminate for us?

## Answer:

*The company has been transparent on its debt and share repurchase programs through its public filings and will continue to share information at the appropriate times.*