Prices as of 2026-11-13 close · Financials as of FY27 Q1 (2026-09-30; 10-Q filed 2026-10-28); subsequent 8-Ks through 2026-11-05

Microsoft MSFT

Microsoft: Azure growth of 48%; OpenAI reaches 10.8% of revenue; valuation remains above peers

FY27 Q1 revenue was $92.3B (+18.8%) and operating income $45.9B (+20.9%). Azure grew 48% (prior quarter 42%), and the company guided Q2 Azure growth of 49–50% in constant currency, so growth has accelerated further since our previous report. Other income was only $38M this quarter, and GAAP EPS of $4.92 was essentially in line with adjusted EPS of $4.89, so earnings quality is better than in FY26. Our review of the filings identified three changes that warrant attention: revenue from OpenAI was $10.0B, or 10.8% of total revenue, exceeding 10% (10-Q, 2026-10-28); leases not yet commenced rose from $329.1B to $364.6B, and the company completed a $25.0B notes offering on November 4 (8-K, 2026-11-04); and after the useful life of datacenters was extended from 15 to 25 years, more leases are classified as operating leases and are no longer counted in capital expenditures, which reduces the comparability of capex and free cash flow with prior periods. On forward indicators, commercial bookings declined 12% year over year, and commercial RPO (remaining performance obligation) of $677B was essentially flat versus $678B in the prior quarter.

Rating · 12 months · vs S&P 500	Price	Market cap	1-year change
Neutral Confirmed 2026-11-17 · Rating definitions	$523.88 2026-11-13 close	$3.89T Technology	+4.9% YTD +9.0%
Current-year P/E	**Next earnings**		
26.2x EPS 20.01 (consensus mean)	2027-01-28 yfinance calendar		

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Market context

Indices: As of 2026-11-13, the S&P 500 was up 10.5% year to date and 12.2% over one year, and down 2.0% over the past month. Performance diverged markedly over the month: the Nasdaq fell 5.8% and the technology ETF (XLK) fell 10.6%, while the Dow rose 1.4% and the Russell 2000 rose 2.2%, indicating rotation out of large-cap technology. In

the most recent week, all three major indices rose more than 2%, the largest weekly gain since August.

The stock: MSFT fell 1.8% over the past month, materially better than XLK and the Nasdaq; it is up 5.9% over three months and 9.0% year to date. Excess return versus the S&P 500 was +8.8% over three months, +22.6% over six months, -7.3% over one year and -1.4% year to date. In the most recent week the stock fell 1.3%, underperforming the S&P 500's +2.5%, a period that included Anthropic's launch of productivity tools and a Microsoft 365 service outage.

Rates and volatility: The 10-year Treasury yield was 5.15%, broadly unchanged over the month (-4bp) and still above 5%. The VIX was 20.0, up from 14.9 at the time of our previous report, and the dollar index was 103.5 (+1.7 over one month). The Federal Reserve held rates at 3.75%–4.00% on October 28, but after October CPI came in above expectations, markets priced in a near-100% probability of a hike on December 9.

Implications for the stock (our inference): At 26.2x current-fiscal-year earnings, versus a peer median of 20.8x, the stock is relatively sensitive to a higher discount rate. The fixed-rate notes issued in November carry coupons of 4.85%–6.35%, so higher rates directly raise the cost of new funding. Q1 interest and dividend income of $744M was already below interest expense of $870M (10-Q); lower cash balances and higher finance lease interest have turned net interest negative. The stock's one-year beta to the S&P 500 is 1.03 with a correlation of 0.42, so the share price is driven mainly by company-specific factors such as AI capital spending, OpenAI and the competitive landscape.

Indices and sector

	Last	1W	1M	3M	YTD	1Y
S&P 500	7,561.67	+2.5%	-2.0%	-2.9%	+10.5%	+12.2%
Nasdaq Composite	25,136.27	+2.3%	-5.8%	-6.0%	+8.2%	+9.9%
Dow Jones Industrial	52,347.55	+2.1%	+1.4%	-2.6%	+8.9%	+10.3%
Russell 2000	2,790.49	+1.3%	+2.2%	-9.1%	+12.4%	+17.1%
Technology sector ETF	170.28	+3.4%	-10.6%	-10.3%	+18.7%	+19.4%
MSFT	**523.88**	**-1.3%**	**-1.8%**	**+5.9%**	**+9.0%**	**+4.9%**

Rates, volatility and relative performance

VIX 20.00 1M +0.01	10-year Treasury yield 5.15% 1M -4bp	US Dollar Index 103.54 1M +1.70	Beta vs S&P 1.03 1-year correlation 0.42	3M excess return +8.8% vs S&P 500
1Y excess return -7.3% vs S&P 500				

Macro and market events

Date	Event	Implications for the company	Source
2026-11-13	October PPI rose 0.3% month over month, slightly below expectations, and 6.5% year over year; US equities posted their largest weekly gain since August	The 10-year yield held above 5.1%, and CME FedWatch showed a 100% probability of a hike on December 9 (about 87% for 25bp and 13% for 50bp). Persistent inflation pressure implies that discount rates for highly valued growth stocks are unlikely to decline (our inference), and the stock's valuation premium is sensitive to this.	CNBC
2026-11-12	Nvidia CEO Jensen Huang resigned and CFO Colette Kress became interim CEO; Nvidia shares fell about 6% over two days	The event is a governance matter with no direct business link to Microsoft. However, Nvidia is the principal supplier of AI infrastructure, and risk appetite for the AI sector may fluctuate as a result (our inference). Nvidia's earnings and the Anthropic IPO both fall in the week of November 16 and are the main near-term reference points for AI sector sentiment.	CNBC
2026-11-10	October CPI rose 0.4% and core CPI 0.3% month over month, both above expectations; the 10-year yield briefly rose above 5.0%	Governor Waller said he is leaning toward a December hike. On the same day, Microsoft shares fell about 3% in a rapid move after Anthropic announced productivity tools (see company events). The combination of higher rates and competitive news caused the stock to underperform the market that day.	CNBC
2026-10-28	The FOMC held the federal funds rate at 3.75%–4.00% by a 10–2 vote, with two members favoring a 25bp hike	The statement said inflation "remains elevated." Microsoft reported FY27 Q1 results after the close the same day. With the policy rate held high and futures pricing a further hike in December, valuations of long-duration assets face pressure (our inference). The company priced $25.0B of notes on October 29, with coupons of 6.25%–6.35% on the longest tranches.	CNBC / Federal Reserve

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Company events

2026-11-16

Undetermined News

yfinance headline: US administration plans an AI "national champions" program including Nvidia, Amazon and Microsoft (citing WSJ)

Only a yfinance headline is available (InvestorsHub citing WSJ). We did not read the original article, and our web search found no confirmation from a reliable source; the content of the program and its effect on the company could not be verified.

Source: yfinance（InvestorsHub）

2026-11-12

Negative News

A widespread Microsoft 365 outage affected Outlook and Teams; the company apologized

The outage began on the afternoon of November 12. The company attributed it to "an issue during an earlier network capacity upgrade" and restored service by November 14; a full incident report has not yet been published. CNBC reported that the shares fell more than 1% intraday. The financial impact, such as service level agreement (SLA) credits, has not been disclosed and could not be verified; the effect on commercial customer renewals remains to be seen (our inference).

Source: CNBC

2026-11-10

Negative News

Anthropic launched Claude productivity tools; Microsoft shares fell about 3% intraday

Anthropic introduced productivity products that may compete with Office, prompting the market to reassess competitive risk to Microsoft 365. Anthropic is also a Microsoft investee and an Azure customer, so the relationship involves both competition and cooperation. M365 commercial cloud grew 17% in Q1 and commercial seats grew 5% (10-Q); no impact is yet visible in the financial data.

Source: CNBC

2026-11-06

Neutral News

Media report: Microsoft plans to reduce the number of third-party GPU cloud providers (neoclouds) it works with

According to CNBC, citing people familiar with the matter, Microsoft will concentrate on a few suppliers and prioritize its own datacenters, and has not decided which providers it will stop using. The CFO said on the earnings call that some third-party GPU capacity deliveries were delayed to the first half of 2027, with some effect on Azure growth. The report relies on anonymous sources, and there has been no formal company announcement.

Source: CNBC

2026-11-05

Neutral 8-K

Director Emma Walmsley will not stand for re-election

The 8-K (item 5.02) states that Walmsley will serve until the December 8 annual meeting and that her decision was not due to any disagreement with the company. The proxy statement mailed on October 22 still listed her as one of 12 director nominees, so the number of nominees will be reduced accordingly. She is the second director to leave this year, following Reid Hoffman in June.

Source: 8-K item 5.02 (2026-11-05)

2026-11-04

Neutral 8-K

Completed a $25.0B senior unsecured notes offering with maturities from 2028 to 2066

The offering comprised 10 tranches: $2.0B of floating rate notes (due 2028 and 2029) and $23.0B of fixed rate notes with coupons of 4.850%–6.350%, an amount-weighted average of about 5.58% (est.), implying annual interest of about $1.4B (est.). The size exceeds every issuance listed in the 10-Q debt table (the previous largest was $23.8B in 2015). The CFO said on the earnings call that the company had used leasing as a financing vehicle and had not yet tapped the debt markets. After the offering, the face value of bonds rises from about $41.3B to $66.3B (est.).

Source: 8-K item 8.01 (2026-11-04) ; CNBC

2026-10-29

Positive Rating

Multiple firms raised price targets after the results: Bernstein $662 → $722, Wells Fargo $725 → $750, Citigroup $636 → $680

On October 29, 17 firms adjusted their price targets, all maintaining their ratings, with no downgrades. The yfinance median price target rose from $575 at the time of our previous report to $631. We did not read the underlying research, so the rationale could not be verified.

Source: yfinance

2026-10-28

Neutral 8-K

Financial data for FY24–FY26 recast under the new segments

The 8-K (item 8.01) recasts the past three years under two segments, Agents and Infra and Devices and Consumer. The company states that this is not a restatement of previously issued financial statements, and consolidated totals are unchanged.

Source: 8-K item 8.01 (2026-10-28)

2026-10-28

Undetermined Company filing

10-Q discloses revenue from OpenAI of $10.0B, or 10.8% of revenue

Revenue from OpenAI was $24.1B (7.3%) for all of FY26 and reached $10.0B in this quarter alone. Accounts receivable from OpenAI rose from $6.0B to $7.2B, or 11.6% of total receivables. Customer concentration has increased, while OpenAI now also uses several other cloud providers (CNBC). The company holds an approximate 24% interest in OpenAI on an as-converted basis and has funded $12.0B of its $13.0B investment commitment.

Source: 10-Q (2026-10-28)

2026-10-28

Positive Earnings

FY27 Q1 results: revenue $92.3B (+19%), GAAP EPS $4.92, adjusted EPS $4.89, Azure growth of 48%

Revenue and adjusted EPS exceeded the LSEG consensus of $90.69B and $4.73, respectively (CNBC). The company disclosed Azure revenue in dollars for the first time: $33.2B, or 36% of total revenue. Microsoft Cloud revenue was $63.9B (+30%). Q2 guidance calls for revenue of $96.0–97.1B, Azure growth of 49–50% in constant currency, and capital expenditures (including finance leases) of more than $50B. On the other hand, commercial bookings declined 12% year over year (the prior-year quarter included large Azure contracts), and Microsoft Cloud gross margin fell from 68% to 66%.

Source: 8-K item 2.02 (2026-10-28) ; CNBC

2026-07-29

Neutral Company filing

From FY27, the useful life of datacenters and office buildings is extended from 15 to 25 years

The CFO said the change would have only a "minimal" positive effect on FY27 operating income, but more future datacenter leases will be classified as operating leases rather than finance leases, and only the latter are included in the company's capital expenditure measure. As a result, the calendar 2026 capex figure was lowered from about $190B to about $175B, while the company said its underlying investment plans were unchanged (CFO Dive, 2026-07-30). In Q1, new operating lease right-of-use assets were $6.5B (prior year $1.4B) and new finance leases $5.2B (prior year $9.1B), consistent with this shift (10-Q).

Red denotes positive, green negative (Chinese market convention), grey neutral, and blue undetermined.

Analyst rating changes, last 90 days (40; latest 12 shown)

Date	Firm	Action	Rating	Target
2026-10-29	Bernstein	main	Outperform → Outperform	662 → 722
2026-10-29	RBC Capital	reit	Outperform → Outperform	640 → 640
2026-10-29	Citigroup	main	Buy → Buy	636 → 680
2026-10-29	DA Davidson	main	Buy → Buy	550 → 650
2026-10-29	TD Cowen	main	Buy → Buy	625 → 650
2026-10-29	Scotiabank	main	Sector Outperform → Sector Outperform	625 → 650
2026-10-29	Citizens	main	Market Outperform → Market Outperform	550 → 625
2026-10-29	Truist Securities	reit	Buy → Buy	600 → 630
2026-10-29	Barclays	main	Overweight → Overweight	600 → 610
2026-10-29	Wells Fargo	main	Overweight → Overweight	725 → 750
2026-10-29	StoneX	main	Buy → Buy	600 → 630
2026-10-29	Guggenheim	main	Buy → Buy	586 → 595

Aggregated by yfinance and not individually verified. up = upgrade, down = downgrade, main = maintain, init = initiate, reit = reiterate.

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Rating and scorecard

AlphaScope rating

Neutral Total return expected to be within ±10 percentage points of the S&P 500 over the next 12 months · Weighted scorecard 3.40

The weighted score is 3.40 (Fundamentals 5, Valuation 2, Momentum 3, Earnings quality 4, Risk 3), within the Neutral range (2.4–3.6).

Principal upside factors: Azure growth accelerated from 42% to 48%, with Q2 guidance of 49–50%; the operating margin of 49.8% is the highest among peers; earnings this quarter no longer depend on investment gains; and the company says demand still exceeds supply.

Principal downside factors: the current-fiscal-year P/E carries a premium of about 26% to peers; revenue from OpenAI rose to 10.8%, increasing customer concentration; $364.6B of leases not yet commenced and $25.0B of new bonds imply continued increases in fixed costs and financing expense; commercial bookings declined 12% and RPO was flat sequentially; and Anthropic's entry into productivity software adds new competitive uncertainty.

Changes versus the previous report (2026-09-25, weighted score 3.20): Fundamentals rose from 4 to 5 (accelerating growth); Earnings quality rose from 3 to 4 (no large investment gains this quarter); Risk fell from 4 to 3 (OpenAI revenue above 10%); Valuation and Momentum were unchanged. The score rose by 0.20 and remains within the Neutral range.

Conditions that could change the rating: the rating could be raised if a share price correction narrows the valuation premium to within 10%, or if Q2 results show a recovery in bookings and RPO growth together with a lower OpenAI share; it could be lowered if Azure growth falls short of the 49–50% guidance, if capital spending and leases continue to expand while revenue growth slows, or if there is an adverse change in the OpenAI relationship.

Ratings are research opinions based on public information. They are intended for all readers and do not take into account any individual's financial circumstances. For rules and distribution, see Rating definitions

Fundamentals	Valuation	Momentum	Earnings quality	Risk
5 / 5	2 / 5	3 / 5	4 / 5	3 / 5

A higher risk score indicates lower risk. The five dimensions are weighted to derive a suggested rating, which is finalised once confirmed by the publisher.

Basis for the scores

Fundamentals
5 / 5

Revenue growth is above 15% and accelerating, which corresponds to a score of 5: year-over-year revenue growth over the last four quarters was 16.7%, 18.3%, 17.7% and 18.8%, with the latest quarter the highest of the four; over the same period Azure growth rose from 39% to 40%, 42% and 48%, and Microsoft Cloud from 26% to 30%. Company guidance implies Q2 revenue growth of about 18.8% at the midpoint and Azure growth of 49–50%. The Q1 operating margin was 49.8%, up 0.9 percentage points year over year and the highest of the last four quarters (range 45.1%–49.8%), so no deduction applies. The previous report scored this dimension 4; the main difference is that Azure acceleration and Q2 guidance confirm that growth is accelerating. Commercial bookings declined 12% and commercial RPO was flat sequentially; if growth slows in subsequent quarters, this dimension may return to 4.

Revenue Q1 +18.8%, TTM +17.9%; operating margin 49.8% (prior year 48.9%); Azure +48%; ROE 34.2%

Valuation
2 / 5

The current fiscal year (FY27) P/E of 26.2x represents a premium of about 26% to the selected peer median of 20.8x, which corresponds to a score of 2 (10–40% above). PEG is about 1.25 (26.2 ÷ expected FY27→FY28 EPS growth of 20.9%), so no adjustment applies. The premium has narrowed from 35% in the previous report, mainly because the peer median rose from 19.4x to 20.8x, while the stock's own multiple is essentially unchanged. Among peers, AAPL is hardware-led and ORCL is more highly leveraged, so comparability is limited and confidence in this dimension is moderate.

Current-fiscal-year P/E 26.2x vs. peer median 20.8x; expected FY28 EPS growth 20.9%

Momentum
3 / 5

Short-term strength and long-term weakness give mixed signals: the stock outperformed the S&P 500 over three and six months but underperformed over one year and year to date. The share price is above its 50-day moving average (+0.9%) and 200-day moving average (+18.7%), 5.7% below its one-year high, with a one-year maximum drawdown of -30.4% (trough on 2026-06-25). Over the past month the stock fell only 1.8% while the technology sector fell 10.6%, a relatively resilient performance, but it underperformed the market in the most recent week. We maintain a score of 3.

Excess return 3M +8.8%, 6M +22.6%, 1Y -7.3%, YTD -1.4%

Earnings quality
4 / 5

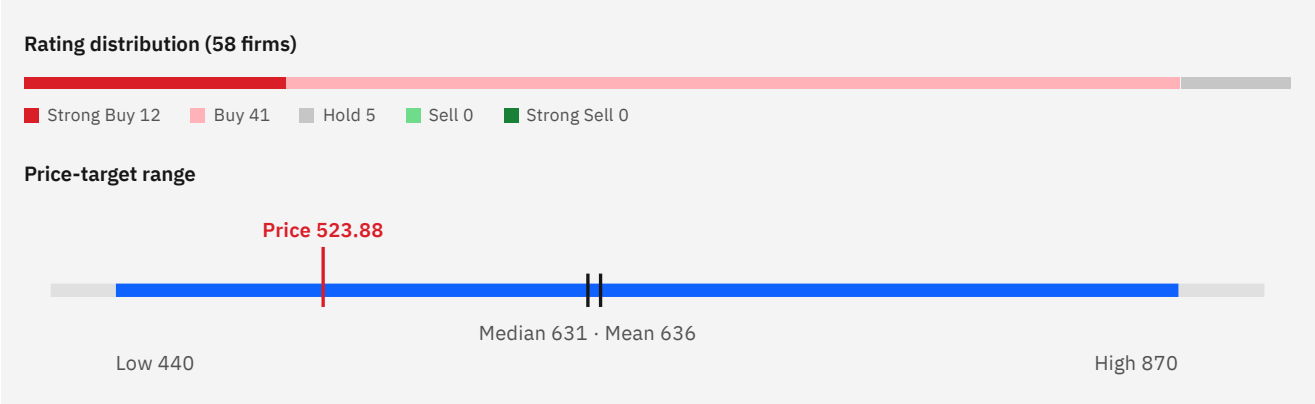
One point is deducted from 5 because comparability has declined and the trailing adjusted measure still includes a one-time gain. (1) After the extension of datacenter useful lives, more leases are classified as operating leases and are no longer included in the company's capital expenditure measure (including finance leases), so capex and free cash flow are not fully comparable with FY26 (CFO Dive, 2026-07-30; 10-Q). (2) Trailing twelve-month adjusted EPS still includes the $3.2B Anthropic investment gain in Q4 FY26 (8-K, 2026-07-29), as the company's adjusted measure excludes only OpenAI. Items not deducted: Q1 other income of $38M was 0.1% of pretax income, and 8.1% on a TTM basis, below 10%; TTM free cash flow / net income was 0.42, but this reflects AI capital spending the company has explained; accounts receivable grew 17.4% year over year, in line with revenue growth of 18.8%. The score is one point higher than in the previous report, mainly because earnings this quarter no longer depend on investment gains.

Non-operating income as share of pretax income: Q1 0.1%, TTM 8.1%; FCF $60.0B / net income $142.6B

Risk
3 / 5

Two points are deducted from 5. (1) Revenue from OpenAI was $10.0B, or 10.8% of Q1 revenue, and receivables from OpenAI of $7.2B were 11.6% of total receivables, exceeding the 10% single-customer threshold (10-Q Note 4). (2) Leases not yet commenced total $364.6B, about 9.4% of market capitalization and 1.9 times TTM operating cash flow (10-Q Note 12). Items not deducted: one-year volatility of 34.0% and maximum drawdown of -30.4% are within thresholds; bond face value is $41.3B, or about $66.3B including the $25.0B issued in November; adding finance leases of $71.0B and

Street consensus



Aggregated by yfinance from 54 analysts; update time unknown. The distribution is shown for reference only and does not imply endorsement of any price target.

04

Financial analysis

Quarterly results

Quarter end	Revenue	QoQ	YoY	Gross margin	Op. margin	Net income	Diluted EPS	Op. cash flow	Free cash flow
2025-09-30	$77.7B	+1.6%	+18.4%	69.0%	48.9%	$27.7B	3.72	$45.1B	$25.7B
2025-12-31	$81.3B	+4.6%	+16.7%	68.0%	47.1%	$38.5B	5.16	$35.8B	$5.9B
2026-03-31	$82.9B	+2.0%	+18.3%	67.6%	46.3%	$31.8B	4.27	$46.7B	$15.8B
2026-06-30	$90.0B	+8.6%	+17.7%	67.2%	45.1%	$35.8B	–	$55.4B	$19.6B
2026-09-30	$92.3B	+2.5%	+18.8%	67.8%	49.8%	$36.6B	4.92	$58.0B	$18.6B

Source: SEC XBRL. Free cash flow = operating cash flow – capital expenditure. Q4 EPS is frequently missing from XBRL; company-reported figures prevail.

Valuation

Basis	EPS	P/E
GAAP, trailing 12 months	19.16	27.3x
Adjusted, trailing 12 months (street basis)	18.04	29.0x
Current fiscal year estimate (0y)	20.01	26.2x
Next fiscal year estimate (+1y)	24.20	21.7x

The FY27 consensus EPS is $20.01 (range $19.55–$20.63), up 1.3% from $19.76 in our previous report; the FY28 consensus is $24.20 (range $22.90–$25.85), up 2.2% from $23.68. Trailing twelve-month adjusted EPS of $18.04 includes the Anthropic investment gain in Q4 FY26; excluding it, EPS is lower and the corresponding P/E is higher than the 29.0x shown in the table. The company's adjusted measure does not exclude gains or losses on Anthropic or other investments; if Anthropic completes its IPO and is measured at fair value, the related gains or losses would be included in adjusted EPS (our inference), and they should then be separated from operating growth.

Based on the current price. Forward EPS is the yfinance consensus mean, on an adjusted basis.

Key points from the filings

yfinance revenue, operating income, net income, GAAP EPS, operating cash flow, accounts receivable and inventory reconcile with XBRL quarter by quarter, with 0.0% differences for the last four quarters. companyfacts already includes the latest 10-Q, with no lag. The issues requiring attention concern customer concentration, the capex measure and the funding structure:

OpenAI revenue exceeds 10%: yfinance does not provide customer concentration. The 10-Q discloses Q1 revenue from OpenAI (including revenue-sharing payments) of $10.0B, or 10.8% of revenue of $92.3B; for all of FY26 it was $24.1B (7.3%). Receivables from OpenAI were $7.2B, up from $6.0B at June 30, or 11.6% of total receivables (10-Q, 2026-10-28). This implies that a substantial part of Azure's accelerating growth comes from a single related-party customer.

Change in the capex measure: yfinance shows Q1 capex of $39.4B. Additions to property and equipment in the 10-Q cash flow statement were $39.4B; in addition, new finance lease right-of-use assets were $5.2B (prior year $9.1B) and new operating lease right-of-use assets $6.5B (prior year $1.4B). The company's "capital expenditures including finance leases" figure was $45.2B according to CNBC, versus $44.6B (est.) from summing the 10-Q figures; the difference could not be verified. Because the useful life of datacenters was extended to 25 years from FY27, more leases are classified as operating leases and excluded from capex (CFO Dive, 2026-07-30), so capex growth on the company's measure will understate growth in actual investment.

Investment outflows outside free cash flow: "Other" investing outflows in Q1 were $12.9B, up $6.7B year over year, which the 10-Q describes as "primarily to facilitate the purchase of components." This item is not included in capex. If it were included, Q1 free cash flow of $18.6B would fall to about $5.7B (est.). The comparable outflow for all of FY26 was $19.9B (10-K).

Improved earnings quality: yfinance shows Q1 net income of $36.6B, up 32.0% year over year. The 10-Q shows other income of only $38M, including net gains from OpenAI of $272M (pretax), compared with net losses from OpenAI of $4.1B a year earlier. Excluding OpenAI, net income was $36.4B, up 18%, in line with revenue growth. No item similar to the $3.2B Anthropic gain in Q4 FY26 appears this quarter (adjusted other income was -$234M).

Large debt issuance: The company repaid $4.85B of debt in Q1, reducing bond face value to $41.3B; on November 4 it completed a $25.0B notes offering with a weighted coupon of about 5.58% (est.) and a longest maturity of 2066 (8-K, 2026-11-04). Meanwhile, Q1 interest expense of $870M already exceeded interest income of $744M; the 10-Q attributes the increase in interest expense to higher finance lease interest.

Rising depreciation: Depreciation expense was $11.1B, up 56% year over year (prior year $7.1B); the gross cost of servers, network equipment and software rose from $215.9B to $244.8B (10-Q Note 6). The operating margin still rose 0.9 percentage points, which the company attributes to revenue growth and "platform efficiency gains," partly offset by a higher mix of Azure revenue.

Receivables and inventory: Accounts receivable fell 23.2% sequentially, a seasonal decline; days sales outstanding were 61 days versus 62 days a year earlier (est.). Inventory rose 31.4% sequentially but amounts to only $1.8B, or 0.2% of total assets; the 10-Q provides no separate explanation, and we do not regard it as a material issue.

Items disclosed only in the filings

Leases not yet commenced of $364.6B: up $35.5B from $329.1B at June 30, primarily for datacenters, commencing between FY27 and FY34 with lease terms of 1–20 years, "with some arrangements subject to certain contractual conditions being met" (10-Q Note 12). Recorded finance lease liabilities were $71.0B (June 30: $66.6B) and operating lease liabilities $27.5B ($21.9B).

$25.0B notes offering: a subsequent event not included in the 10-Q; see the 8-K (2026-11-04). The floating rate notes are not redeemable at the company's option; the fixed rate notes are redeemable in certain circumstances.

OpenAI is both a related party and the largest customer: an approximate 24% interest on an as-converted basis, accounted for using HLBV (hypothetical liquidation at book value); investment commitment of $13.0B, of which $12.0B has been funded (10-Q Note 4).

RPO and bookings: total RPO was $683B and commercial RPO $677B (+73%), with a weighted average duration of about 2.3 years, about 30% of which is expected to be recognized over the next 12 months (10-Q Note 11). Commercial RPO growth has slowed since $625B in Q2 FY26 and was flat sequentially in Q1; commercial bookings declined 12% year over year (metrics table on the company's investor relations website).

Outflows related to component purchases: "other" investing outflows of $12.9B, "primarily to facilitate the purchase of components" (10-Q).

Legal contingencies: accrued legal liabilities of $582M, with about $400M of additional reasonably possible losses; the appeal of the LinkedIn GDPR fine is ongoing (10-Q Note 13).

Non-GAAP definition: unchanged; only OpenAI-related gains and losses are excluded. No language such as "no longer exclude" was found.

Board change: Emma Walmsley will not stand for re-election (8-K item 5.02, 2026-11-05); see the event timeline.

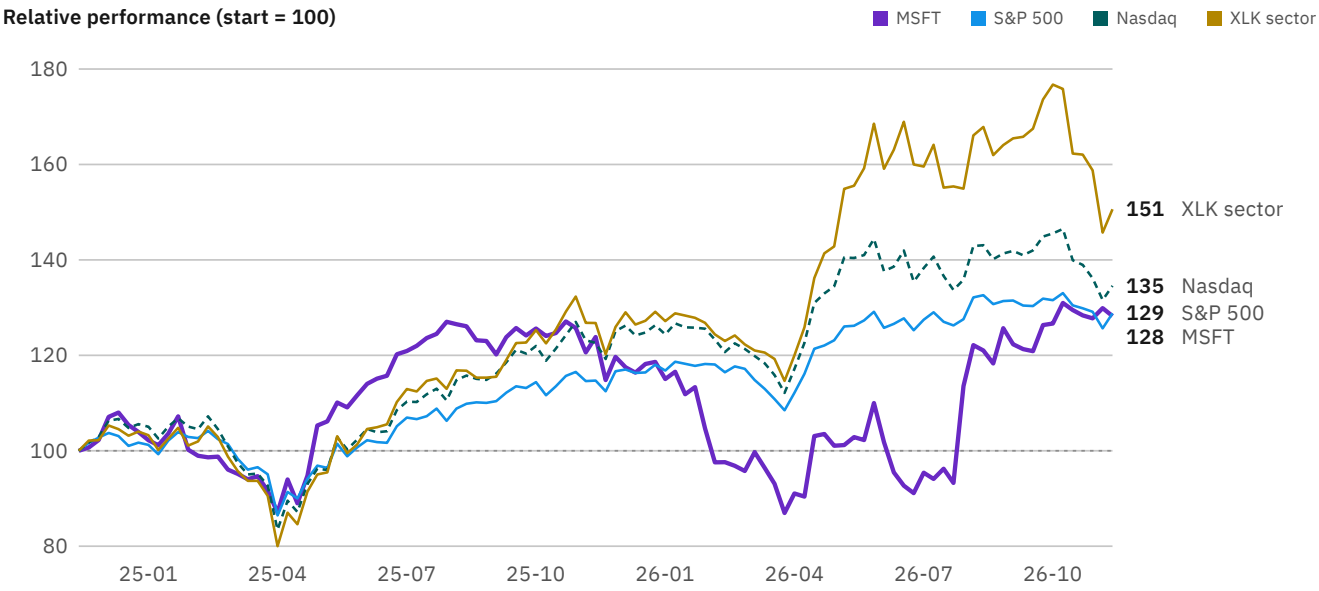
Corrections to third-party data

Item	yfinance	Filing (with calculation)
freeCashflow	$3.0B	**$60.0B** (TTM) = operating cash flow $195.9B – additions to property and equipment $135.9B (XBRL). Including the "other" investing outflows related to component purchases, cash actually available would be lower
forwardPE	21.7x	Based on **FY28** (ending 2028-06) EPS of $24.20; on FY27 EPS of $20.01 it is **26.2x**
totalDebt	$133.9B	Bonds $35.5B + finance leases $71.0B + operating leases $27.5B = $133.9B (10-Q); excludes the $25.0B of notes issued in November
Quarterly total_debt	$57.2B	= bonds $35.5B + long-term operating lease liabilities $21.7B, mixing different measures (10-Q)
earningsGrowth	32.3%	Inflated by the base effect of the prior-year OpenAI net loss of $3.1B (after tax); excluding OpenAI, net income grew **18%** (8-K, 2026-10-28)
Normalized Income	Q1 $36.72B; Q2 FY26 $38.20B	Company adjusted net income for Q1 was **$36.42B**; Q2 FY26 adjusted EPS was $4.14 (GAAP $5.16). The direction and size of yfinance's adjustments are inconsistent with the company's measure
TTM adjusted EPS (sum of earnings_history)	$18.04	Includes the $3.2B Anthropic investment gain in Q4 FY26 (8-K, 2026-07-29); not a purely operating measure
Capital expenditures (capex)	Q1 $39.4B	Additions to property and equipment only; in addition, new finance leases of $5.2B and operating leases of $6.5B (10-Q). The company's measure including finance leases was $45.2B (CNBC)
dividendYield	0.75	This field is a percentage, i.e. 0.75%; the quarterly dividend was raised from $0.91 to $0.98 (10-Q Note 14)

05

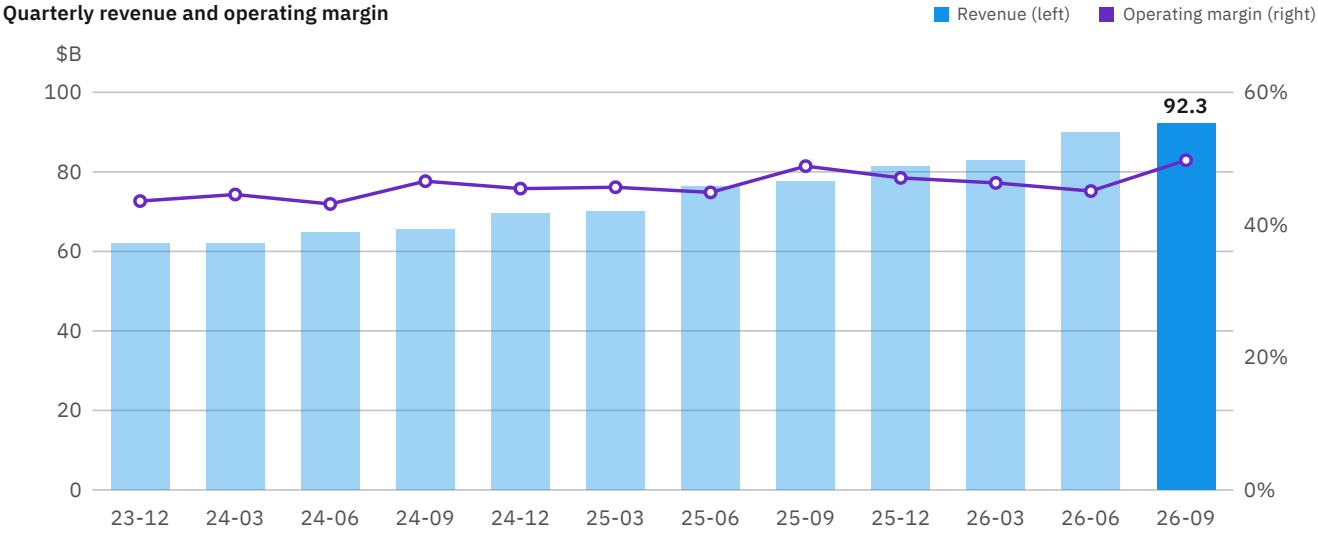
Share price performance

Relative performance (start = 100)



Weekly adjusted closing prices, indexed to 100 on 2024-11-17. Figures on the right are end-of-period values.

Quarterly revenue and operating margin



Last 12 quarters. Source: SEC XBRL.

06

Peer comparison

Ticker	Name	Mkt cap	1M	YTD	1Y	P/E TTM	P/E CY	Rev growth	Gross margin	Op. margin
MSFT	**Microsoft Corporation**	**$3.89T**	**-1.8%**	**+9.0%**	**+4.9%**	**27.3x**	**26.2x**	**+18.8%**	**67.7%**	**47.1%**
GOOGL	Alphabet Inc.	$3.64T	-14.9%	-5.3%	+6.5%	15.4x	15.1x	+24.7%	60.9%	33.3%
AMZN	Amazon.com, Inc.	$2.88T	+5.0%	+15.5%	+12.2%	21.6x	20.8x	+12.1%	51.4%	13.1%

Ticker	Name	Mkt cap	1M	YTD	1Y	P/E TTM	P/E CY	Rev growth	Gross margin	Op. margin
ORCL	Oracle Corporation	$390.8B	-4.0%	-34.8%	-41.6%	19.6x	15.4x	+29.6%	64.0%	34.3%
AAPL	Apple Inc.	$5.18T	+4.0%	+31.5%	+31.0%	39.7x	37.8x	+11.7%	48.8%	33.0%
META	Meta Platforms, Inc.	$1.64T	-13.0%	-2.5%	+5.6%	21.9x	22.1x	+26.1%	81.0%	37.8%
Peer median		*$3.88T*	*-4.0%*	*-2.5%*	*+6.5%*	*21.6x*	*20.8x*	*+24.7%*	*60.9%*	*33.3%*

Aggregated by yfinance and not reconciled to filings. Current-year P/E = price ÷ current fiscal-year (0y) EPS estimate, which avoids the next-year basis used by forwardPE. Peer median excludes this stock.

The peer group retains the large cloud and platform companies selected manually in the previous report (GOOGL, AMZN, ORCL, AAPL, META). The peers matched automatically by yfinance, such as PLTR, PANW and CRWD, are security and software companies that are not comparable in scale or profitability, and were not used. The stock's current-fiscal-year P/E of 26.2x is above the peer median of 20.8x and below only AAPL (37.8x); its operating margin of 47.1% (yfinance TTM basis) is the highest among peers; revenue growth of 18.8% is below GOOGL, META and ORCL and above AMZN and AAPL. Its one-year return of +4.9% is higher only than ORCL's within the group. Peer data are yfinance aggregates and have not been reconciled with filings; ORCL is more highly leveraged and AAPL is hardware-led, which should be considered in direct comparisons.

07

Smart money

Institutional and political holdings: 7 of the tracked investors hold MSFT

Investor	Data	Period	Value / range	Portfolio weight	Change
Bill Ackman	13F holdings	2026-06-30	$2.3B	11.9%	Added
Chase Coleman	13F holdings	2026-06-30	$846M	3.5%	Trimmed
Duan Yongping	13F holdings	2026-06-30	$281M	1.5%	Trimmed
Ray Dalio	13F holdings	2026-06-30	$266M	1.1%	Trimmed
George Soros	13F holdings	2026-06-30	$71M	0.9%	Trimmed
Cathie Wood	13F holdings	2026-06-30	$2M	0.0%	Trimmed
Renaissance Technologies	13F holdings	2026-06-30	$2M	0.0%	Trimmed
David Tepper	13F holdings	2026-06-30	$0	0.0%	Sold out

From each tracked investor's latest published 13F, insider filing or financial disclosure. 13F data lag by about 45 days. Smart Money →

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Key items to monitor

2026-11-19	**Ex-dividend date**	Quarterly dividend of $0.98 (+7.7% year over year), payable on December 10 (10-Q Note 14).
2026-11	**Anthropic IPO and Nvidia earnings**	CNBC reports that both events fall in the week of November 16. We will monitor changes in how Microsoft measures its Anthropic stake after the listing: the company's adjusted measure does not exclude Anthropic gains or losses, and fair value changes could cause Q2 adjusted EPS to diverge from the operating trend (our inference).
2026-12-08	**Annual shareholders meeting (virtual)**	With Walmsley not standing for re-election, the number of director nominees falls from the 12 listed in the proxy statement; there are four shareholder proposals (including separation of the Chair and CEO roles), all of which the board recommends voting against (DEF 14A, 2026-10-22).
2026-12-09	**FOMC meeting**	Futures pricing implies a near-100% probability of a hike; we will monitor whether the 10-year yield remains above 5% and the effect on highly valued technology stocks.
2027-01-28	**FY27 Q2 results (yfinance calendar; not yet confirmed by the company)**	Company guidance calls for revenue of $96.0–97.1B; consensus EPS is $4.86 and revenue $96.69B. Key points: whether Azure reaches 49–50% (constant currency); whether the share of revenue from OpenAI continues to rise; whether commercial bookings and RPO return to growth; whether capex (including finance leases) exceeds $50B, and the volume of new operating leases; and Anthropic-related investment gains or losses.
FY27–FY34	**Lease commencement and funding**	The $364.6B of leases not yet commenced will commence between FY27 and FY34, raising depreciation, lease costs and interest expense. We will monitor whether free cash flow (including component-related investment outflows) covers dividends and buybacks (remaining repurchase authorization $37.7B), and whether further debt is issued.

This report is for research purposes only and does not constitute investment advice.

Sources

Market and analyst data: yfinance + SEC EDGAR, as of 2026-11-13 close, delayed. Financial data: SEC EDGAR (XBRL and original filings). Macro and news items link to their sources. Red indicates an increase and green a decrease.

Web sources: CNBC: FY27 Q1 results, CNBC: $25B debt offering, CNBC: neocloud relationships, CNBC: Microsoft 365 outage, CNBC: markets on November 10, CNBC:

markets on November 13, CNBC: week of November 16 preview, CNBC: October FOMC, Federal Reserve statement, October 28, CFO Dive: useful life change, Microsoft Investor Relations: FY27 Q1 metrics, DEF 14A proxy statement, 8-K item 5.02 (2026-11-05)。
Previous report: Microsoft report of 2026-09-25。

AlphaScope · alphascope.cc/en/reports/2026-11-13-msft · Generated 2026-11-17

Financial data are taken from original SEC EDGAR filings. Market data are delayed, and the sources are stated in each report.

Ratings represent our research opinions, are intended for all readers and do not constitute personal recommendations to buy or sell. Investing involves risk, and investment decisions remain the responsibility of the reader.