

Microsoft reports record revenue

by Bend Weekly News Sources

Quarter marks the successful business launches of Windows Vista, the 2007 Microsoft Office system and Exchange Server 2007

Microsoft Corp. today announced Thursday revenue of \$12.54 billion for the quarter ended December 31, 2006, a 6% increase over the same period of the prior year. Operating income, net income and diluted earnings per share for the quarter were \$3.47 billion, \$2.63 billion and \$0.26, respectively.

These results reflect the deferral of \$1.64 billion of revenue and operating income, \$1.13 billion of net income and \$0.11 of diluted earnings per share from the second to the third fiscal quarter, due primarily to the technology guarantee programs that were announced on October 24, 2006 for Windows Vista, and the 2007 Microsoft® Office release. Revenue growth over the same period of the prior year would have been 14 percentage points higher before the technology guarantee programs.

"Results this quarter exceeded our expectations across the board, with revenue growth at or above our high end guidance for all divisions," said Chris Liddell, chief financial officer at Microsoft. "Healthy PC and server markets as well as broad-based business and consumer demand for Microsoft offerings fueled revenue growth this quarter."

The same period last year marked the launches of Xbox 360, Microsoft SQL Server 2005, Visual Studio® 2005 and Microsoft Dynamics CRM 3.0. One year later, these products have contributed over \$1.0 billion of revenue growth.

"The execution of our field sales and marketing teams were a major contributor to this quarter's extremely positive results," said Kevin Turner, chief operating officer at Microsoft. "Customers have responded positively with strong contract renewals and license sales. We are pleased with such strong financial results and look forward to making Windows Vista and the 2007 Microsoft Office system widely available to all customers next week."

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