

Stock Valuation Report for Microsoft Corporation (MSFT)

Report Generated on August 03, 2026

This report provides an AI-supported analysis of the selected security, combining fundamental, technical, and qualitative insights to help you better understand its potential risks and rewards.

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Report Data Summary

Report Data Field	Value
Exchange	NMS
Reporting Currency	USD
Market Timezone	America/New_York
Market Data As Of	2026-08-03 18:17:53

Choose how much detail you want to read

QUICK REPORT

Five concise pages in plain language

FULL DETAILED REPORT

Complete analysis, sources, charts, and disclosures

Both views are included in this single PDF. Use the tab-like links in the footer to move between them at any time.

Quick Report 1 of 5 - Investment Snapshot

A plain-language overview of the current price, estimated value, model view, and one-year base scenario.

Current share price \$489.06 The market price used for all comparisons in this report.	Cash-flow value estimate \$264.97 A long-term value estimate based on future cash flow; confidence: High.	Earnings value estimate \$630.52 An estimate based on earnings and a supported peer valuation multiple.
Overall outlook Moderately Bearish Combines business results, estimated value, price trends, opportunities, and risks.	Do the major sections agree? Mixed Aligned means the main sections generally support the same overall conclusion.	Confidence in the estimates Medium This describes the quality of the inputs and methods, not certainty about the future.

What this means

The overall outlook is moderately bearish. Agreement across the major sections is described as mixed. The cash-flow value estimate is about 46.00% below the current share price used in this report. Confidence in the valuation estimates is medium; this is not a guarantee of future performance.

One-year scenario ranges

Bear range: \$265.23 to \$405.12; base range: \$405.12 to \$684.88; bull range: \$684.88 to \$824.77.

Confidence: Very Low. The exact center estimate of \$545.00 is a secondary reference inside the wider risk range, not a promised price.

Estimated values and price scenarios are analytical tools, not promises. A stock can remain above or below estimated value for a long time.

Quick Report 2 of 5 - What Could Help or Hurt the Stock

The three strongest supported positives, the three most important risks, and the developments that could change the view.

Why the stock could do better

- Azure and broader cloud AI monetization can lift revenue growth and operating leverage over the next several quarters, improving earnings quality and supporting valuation.
- Copilot adoption across Microsoft 365, security, and developer tools can deepen recurring revenue penetration over the next 12 months, strengthening cash flow resilience.
- The cybersecurity AI model launch can reinforce Microsoft Security's competitive position in the near term, potentially supporting enterprise adoption and product differentiation.

What could go wrong

- Elevated AI infrastructure and datacenter spending can pressure free cash flow and near-term margins if monetization lags.
- Regulatory and antitrust scrutiny could constrain bundling, platform practices, or acquisitions, which may limit strategic flexibility and valuation support.
- Overbought technical conditions can increase short-term price volatility and raise the risk of a pullback from the current level.

What would change the view

- A sustained break above the recent resistance zone with improving momentum and volume would raise the 30-day and 60-day estimates.
- A confirmed slowdown in revenue growth, operating margin, or free cash flow would lower the 180-day and 365-day estimates.
- A material deterioration in Azure, Copilot, or enterprise demand would lower the full forecast path, while stronger monetization in those areas would raise it.

Beginner note: catalysts are events or trends that may help the business or share price. Risks are conditions that may weaken results or investor confidence.

Quick Report 3 of 5 - Financial Health and Valuation

A compact view of business health, estimated value, and the current analyst consensus when available.

Measure	Report value	Plain-English meaning
Revenue (TTM)	\$331.84 billion	Total sales over the latest twelve months.
Net income (TTM)	\$133.75 billion	Profit remaining after expenses and taxes.
Free cash flow (TTM)	\$66.99 billion	Cash available after normal operations and capital spending.
Debt-to-equity	0.13x	Higher values generally mean more financial leverage.
Profit margin	40.31%	How much profit the company keeps from each dollar of sales.
Revenue growth	8.59%	Whether sales are expanding or shrinking on the validated period basis.
Dividend yield	0.74%	Estimated annual cash dividend relative to the current share price.

How valuation looks

The stock's trailing P/E is 27.26x.

That is 22.43% below the selected-peer median of 35.15x. A lower multiple can indicate opportunity, but it may also reflect company-specific risk.

The DCF estimate is 45.82% below the current price. The detailed DCF section shows the forecast, discount rate, sensitivity table, and mathematical checks.

Analyst measure	Current consensus	How to read it
Mean price target	\$563.05 (15.13%)	Published target range: \$400.00 to \$870.00. Targets are opinions, not promises.
Rating mix	14 strong buy, 40 buy, 3 hold, 0 sell	This is the provider's analyst mix, not this report's recommendation.
Next-year growth estimates	EPS 18.75%, revenue 19.14%	Shows the current consensus direction for earnings and sales.
Next earnings date	2026-10-28	A major date when estimates and price expectations may change.

Quick Report 4 of 5 - Market Signals and Recent Developments

A beginner-friendly view of price momentum, important price levels, material news, disclosed trading activity, and call/put option quality.

Market signal	Reading	How to interpret it
Overall price signal	Mixed	Combined trend and momentum reading.
Price vs. 200-day average	Above	Above supports the long-term trend; below signals weakness.
RSI	78.50	Above 70 can be stretched; below 30 can be unusually weak.
Trend strength (ADX)	18.22	Above 25 often indicates a stronger trend; ADX does not show direction.
Trading volume vs. normal	1.18x	Above 1.00x means trading is heavier than the prior 20-day average.
Typical daily move (ATR)	\$16.77 (3.43%)	The recent average trading range; larger values mean wider normal swings.
52-week position	-11.12% from high; 40.05% from low	Shows where the share price sits within its one-year range.
6-month relative return	S&P 500 4.60%; XLK -10.37%	Positive values mean the stock outperformed the named benchmark.
Short interest	1.24% of float; 1.99 days to cover	Higher values can signal skepticism and may increase squeeze risk.
Options-priced earnings move	+/- 14.41%	Market-priced move size around earnings; it does not predict direction.
Nearest support / resistance	\$453.75 / \$471.26	Nearby areas where buying or selling pressure may increase.

Technical-data basis: indicators were calculated deterministically in Python from Yahoo Finance price and volume data retrieved 2026-08-03.

Latest verified development: Event: Microsoft launched its first cybersecurity-specific model inside MDASH, using MAI-Cyber-1-Flash and GPT-5.4, and said it scored 95.95% on CyberGym at half the cost.

Disclosure or screen	Quick finding
Lawmaker disclosures	No qualifying trades found
Insider transactions	No qualifying trades found
Call option screening	5 supported; top expires 2027-06-17; strike \$400.00
Put option screening	2 supported; top expires 2026-10-16; strike \$500.00

Quick Report 5 of 5 - Outlook, Confidence, and Next Steps

The modeled price path, the report's bottom line, validation status, and links into the complete supporting analysis.

Horizon	Bear range	Base range	Bull range	Confidence
Current	\$489.06 - \$489.06	\$489.06 - \$489.06 (center \$489.06)	\$489.06 - \$489.06	Observed
30 days	\$407.65 - \$442.83	\$442.83 - \$513.17 (center \$478.00)	\$513.17 - \$548.35	Medium
90 days	\$346.47 - \$405.74	\$405.74 - \$524.26 (center \$465.00)	\$524.26 - \$583.53	Low
180 days	\$327.43 - \$419.72	\$419.72 - \$604.28 (center \$512.00)	\$604.28 - \$696.57	Low
365 days	\$265.23 - \$405.12	\$405.12 - \$684.88 (center \$545.00)	\$684.88 - \$824.77	Very Low

Bear, base, and bull zones divide the existing 80% modeled uncertainty band. The exact center estimate remains a secondary reference, not a promised price.

Bottom line

The report's overall outlook is moderately bearish. Confidence in the valuation estimates is medium, so the results should be treated as informed estimates rather than promises. The strongest support is Microsoft's durable financial profile, including elite margins, strong cash generation, and a wide moat, which supports the longer-horizon estimates.

Confidence and validation

Report-wide validation status: Failed. 156 checks were performed. 4 failed or review-level item(s) require attention.

Forecast accuracy statistics remain withheld until 100 forecasts have matured. 0 have matured and 100 more are required; see the full Conclusions section for the scorecard.

[OPEN FULL DETAILED REPORT](#)

[VIEW DETAILED CONTENTS](#)

The Quick Report summarizes the same canonical data and completed report sections shown in the detailed report. It does not replace the detailed sources, assumptions, tables, or disclosures.

Full Detailed Report - Table of Contents

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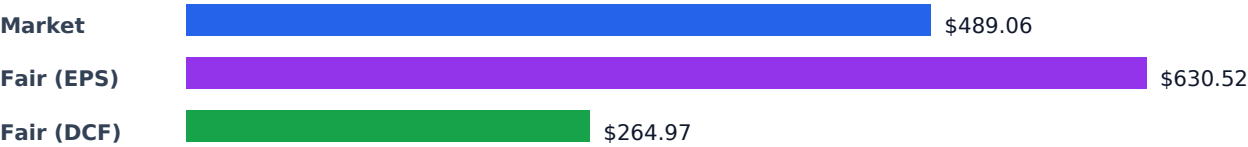
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Executive Summary - (MSFT) Microsoft Corporation

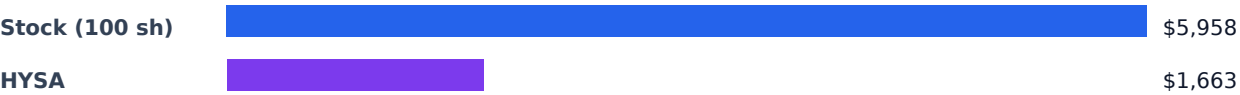
At a Glance

Current Price	Fair Value (EPS)
\$489.06	\$630.52
Fair Value (DCF)	Model View
\$264.97	Moderately Bearish
Evidence Alignment	Valuation Confidence
Mixed	Medium

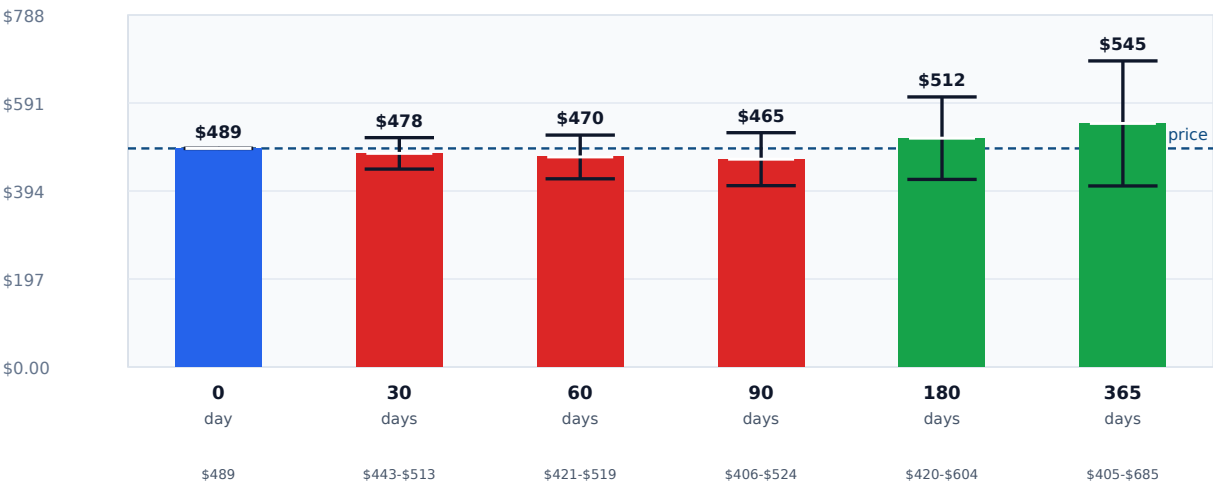
Current vs Fair Value (EPS & DCF)



One-Year Profit/Loss: Stock vs High-Yield Savings



Base-Case Price Ranges by Interval



Solid bars show each interval's center estimate. Thin whiskers show the complete base-case range. Future intervals are green when the center estimate is above the 0-day price and red when it is below; the 0-day observation is blue.

Forecast Scenario Ranges (Primary View)

Horizon	Bear range	Base range	Bull range	Confidence
Current	\$489.06 - \$489.06	\$489.06 - \$489.06 center \$489.06	\$489.06 - \$489.06	Observed
30 days	\$407.65 - \$442.83	\$442.83 - \$513.17 center \$478.00	\$513.17 - \$548.35	Medium
60 days	\$372.18 - \$421.09	\$421.09 - \$518.91 center \$470.00	\$518.91 - \$567.82	Medium
90 days	\$346.47 - \$405.74	\$405.74 - \$524.26 center \$465.00	\$524.26 - \$583.53	Low
180 days	\$327.43 - \$419.72	\$419.72 - \$604.28 center \$512.00	\$604.28 - \$696.57	Low
365 days	\$265.23 - \$405.12	\$405.12 - \$684.88 center \$545.00	\$684.88 - \$824.77	Very Low

Bear, base, and bull zones divide the existing 80% modeled uncertainty band. The exact center estimate is retained only as a secondary reference and is not a promised price.

Investment View

Model View: Moderately Bearish; Evidence Alignment: Mixed; Valuation Confidence: Medium

Microsoft combines elite profitability, strong cash generation, and a wide moat with a mixed technical setup and elevated AI capital intensity. Current Stock Price: 489.06. DCF Intrinsic Fair Value: 264.97. The stock screens as expensive on DCF, but EPS-based valuation is supportive and the 365-day modeled path is constructive. The principal catalyst is cloud and AI monetization over the next several quarters. The principal risk is valuation compression if AI spending outpaces monetization. Confidence-weighted Model View: Moderately Bearish.

Key Catalysts

- Azure and broader cloud AI monetization can lift revenue growth and operating leverage over the next several quarters, improving earnings quality and supporting valuation.
- Copilot adoption across Microsoft 365, security, and developer tools can deepen recurring revenue penetration over the next 12 months, strengthening cash flow resilience.
- The cybersecurity AI model launch can reinforce Microsoft Security's competitive position in the near term, potentially supporting enterprise adoption and product differentiation.

Key Risks

- Elevated AI infrastructure and datacenter spending can pressure free cash flow and near-term margins if monetization lags.
- Regulatory and antitrust scrutiny could constrain bundling, platform practices, or acquisitions, which may limit strategic flexibility and valuation support.
- Overbought technical conditions can increase short-term price volatility and raise the risk of a pullback from the current level.

Stock Investment Projection (100 Shares)

Starting Investment: \$48,906.00

Projected Sale Proceeds: \$54,500.00

Projected Annual Dividend Per Share: \$3.64

Projected Dividend Income: \$364.00

Capital Gain or Loss: \$5,594.00

Projected Ending Value: \$54,864.00

Total Profit: \$5,958.00

Risk and Reward: Equity-market risk; the projected result includes sale proceeds plus the selected forward annual dividend, which may be changed or suspended.

High-Yield Savings Projection

Assumed HYSA APY: 3.40%

Rate Source: Marcus by Goldman Sachs - Online Savings Account
(MARCUS_ONLINE_SAVINGS_APY)

Source Observation Date: 2026-08-03

Retrieved: 2026-08-03

Assumption: The displayed APY is assumed to remain unchanged for one year, and interest is reinvested. Representative variable APY quoted by the named FDIC-insured online savings provider; it is not a market-wide maximum, and the rate may change before or after an account is opened.

Starting Deposit: \$48,906.00

Projected Ending Value: \$50,568.80

Total Profit: \$1,662.80

Risk and Reward: Lower market risk; the projection assumes the stated APY remains available for the full year and interest is reinvested.

Profit Comparison

1. The 100-share stock projection produces total profit of \$5,958.00, which is \$4,295.20 higher than the high-yield savings projection.
2. The high-yield savings projection produces total profit of \$1,662.80, which is \$4,295.20 lower than the 100-share stock projection.

Call Option Screening Result

Official Contract Symbol: MSFT270617C00400000

Expiration Date: 2027-06-17

Strike Price Per Share: \$400.00

Premium Used Per Share: \$120.65

Breakeven at Expiration Per Share: \$520.65

Forecast Price at Expiration Per Share: \$536.62

Modeled Profit/Loss Per Contract at Expiration: \$1,596.62

Maximum Loss Per Contract: \$12,065.00

Quality Score: 0.62

Put Option Screening Result

Official Contract Symbol: MSFT261016P00500000

Expiration Date: 2026-10-16

Strike Price Per Share: \$500.00

Premium Used Per Share: \$32.10

Breakeven at Expiration Per Share: \$467.90

Forecast Price at Expiration Per Share: \$467.67

Put Option Screening Result (continued...)

Modeled Profit/Loss Per Contract at Expiration: \$23.33

Maximum Theoretical Gain Per Contract if the Stock Falls to Zero: \$46,790.00.

Maximum Loss Per Contract: \$3,210.00

Quality Score: 0.44

Model View

Model View: Moderately Bearish; Evidence Alignment: Mixed; Valuation Confidence: Medium

DCF implies -45.82% versus the canonical price; EPS valuation implies 28.92% versus the canonical price; 365-day modeled scenario implies 11.44% versus the canonical price. Overall DCF confidence is High. The valuation frameworks disagree directionally, so the label is moderated. The methods point in a similar direction but differ widely in magnitude, so confidence is capped. Plausibility review: Supported intrinsic-value methods differ by 2.38x in magnitude.

Why Valuation Methods Disagree

Method Value Difference vs Current What the method measures

DCF \$264.97 per share -45.82% Values long-run free cash flow after reinvestment, discounted at WACC or cost of equity; it is sensitive to capital spending, cash conversion, terminal growth, and the discount rate.

EPS multiple \$630.52 per share 28.92% Applies a supported earnings multiple to EPS; it can remain high when accounting earnings are strong even if capital intensity or near-term free cash flow is weak.

365-day modeled price \$545.00 per share 11.44% A market-price scenario blending fundamentals, technical conditions, catalysts, and risks; it is not an intrinsic-value calculation.

Why Valuation Methods Disagree (continued...)

Reconciliation: The supported methods disagree materially because they answer different questions. The enterprise fcff DCF emphasizes future cash flow after reinvestment and discounting, the EPS method emphasizes earnings and comparable multiples, and the 365-day estimate models a possible market path. Treat the range and confidence labels as more informative than a simple average of the values.

Company Overview - (MSFT) Microsoft Corporation

Overview

Microsoft Corporation develops and licenses software, sells cloud infrastructure and productivity services, and provides devices, gaming, and enterprise solutions. Its primary economic value comes from recurring subscriptions and usage-based cloud revenue, led by Azure, Microsoft 365, and related commercial services, which support high margins and strong free cash flow at the consolidated company level.

Business Segments

- Productivity and Business Processes includes Microsoft 365, LinkedIn, Dynamics, and related enterprise software and services that generate recurring subscription and seat-based revenue.
- Intelligent Cloud includes Azure, server products, and enterprise support, and it is the company's main engine for infrastructure and platform consumption revenue.
- More Personal Computing includes Windows, search and news advertising, devices, and gaming, providing a diversified mix that is more cyclical and consumer-sensitive than the other segments.

Competitive Position

Microsoft benefits from large-scale enterprise relationships, a broad installed base, and deep integration across cloud, productivity, identity, and developer tools. These strengths support switching costs and cross-selling. Competition remains intense from Amazon Web Services, Google Cloud, Salesforce, Apple, and open-source alternatives, while AI infrastructure spending and pricing pressure can affect returns on growth.

Strategy and Growth Drivers

- Cloud and AI platform expansion should increase Azure consumption and enterprise attach rates, supporting revenue growth and potentially improving operating leverage as utilization scales.
- Microsoft 365, Dynamics, and LinkedIn bundling can deepen customer lock-in, raise recurring revenue quality, and support resilient cash generation through higher account penetration.
- Capital allocation toward AI infrastructure, data centers, and software integration may strengthen competitive position over time, although near-term investment can compress free cash flow conversion.

Key Risks

- Heavy dependence on cloud execution creates risk that slower Azure growth, reliability issues, or competitive pricing could weaken revenue momentum and valuation multiples.
- Regulatory and antitrust scrutiny could constrain bundling, platform practices, or acquisitions, which may limit strategic flexibility and increase compliance costs.
- Large ongoing capital requirements for AI and datacenter buildout could pressure near-term margins and free cash flow if demand does not scale as expected.

Source References: [1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13], [14], [15], [16], [17]

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Executive Leadership and Board - (MSFT)

Microsoft Corporation

Executive Leadership

Latest available official roles were reconciled through 2026-08-03, including a current official roster. More recent official changes override older filings when identified.

1. Name and Title: Satya Nadella, Chairman and Chief Executive Officer. [1] [2] [3]
Length of Service: CEO since 2014; Chairman since 2021.
Relevant Experience: Microsoft's long-serving chief executive with deep experience in cloud, AI, enterprise software, and company strategy.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

2. Name and Title: Amy Hood, Executive Vice President and Chief Financial Officer. [1] [2] [3]
Length of Service: CFO since 2013.
Relevant Experience: Oversees Microsoft's finance organization, capital allocation, and investor-facing financial strategy.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

3. Name and Title: Brad Smith, Vice Chair and President. [1] [2] [3]
Length of Service: Microsoft senior leader since 2003; Vice Chair and President since 2021.
Relevant Experience: Leads legal, corporate affairs, and external relations, with extensive experience in technology policy, regulation, and governance.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

Executive Leadership (continued...)

4. Name and Title: Kathleen Hogan, Executive Vice President and Chief People Officer. [1] [2] [3]

Length of Service: Chief People Officer since 2025.

Relevant Experience: Heads Microsoft's people strategy, talent development, and organizational effectiveness.

Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

5. Name and Title: Takeshi Numoto, Executive Vice President and Chief Marketing Officer. [1] [2] [3]

Length of Service: CMO since 2022; Microsoft executive leader since 2014.

Relevant Experience: Leads global marketing, brand, and communications strategy across Microsoft's products and platforms.

Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

Board of Directors

Latest available official roles were reconciled through 2026-08-03, including a current official roster. More recent official changes override older filings when identified.

1. Name and Board Role: Sandra E. Peterson, Lead Independent Director. [1] [2] [3]

Length of Service: Director since 2015; Lead Independent Director since 2021.

Relevant Experience: Independent director and operating partner with broad governance, consumer, and global business leadership experience.

Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

Board of Directors (continued...)

2. Name and Board Role: Satya Nadella, Chairman of the Board and Chief Executive Officer. [1] [2] [3]
Length of Service: Director since 2014; Chairman since 2021.
Relevant Experience: Microsoft CEO with deep experience in cloud, AI, and enterprise software strategy.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

3. Name and Board Role: Carmine Di Sibio, Director; member of the Audit Committee and Compensation Committee. [4] [5]
Length of Service: Director since 2026-05-13.
Relevant Experience: Former EY global chairman and CEO with deep audit, risk, finance, and advisory leadership experience.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

4. Name and Board Role: Emma N. Walmsley, Director. [1] [2] [3]
Length of Service: Director since 2017.
Relevant Experience: Global pharmaceutical chief executive with substantial operational, international, and governance experience.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

5. Name and Board Role: Hugh F. Johnston, Director. [1] [2] [3]
Length of Service: Director since 2023.
Relevant Experience: Senior finance executive with extensive audit, accounting, and public-company oversight experience.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

6. Name and Board Role: John W. Stanton, Director. [1] [2] [3]
Length of Service: Director since 2014.
Relevant Experience: Technology investor and founder with long experience in strategy, operations, and board oversight.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

Board of Directors (continued...)

7. Name and Board Role: Penny S. Pritzker, Director. [1] [2] [3]
Length of Service: Director since 2017.
Relevant Experience: Experienced investor and former U.S. Commerce Secretary with governance, policy, and leadership expertise.
Current-Role Basis: current official company roster, independently reconciled through 2026-08-03.

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Newsworthy Events - (MSFT) Microsoft Corporation

Decision Takeaway

Mixed. Verified news includes Microsoft's cybersecurity AI model launch, a Copilot "super app" announcement, an internal CFO memo on AI progress, and market coverage tying stronger quarterly results to a broad equity rebound. The class action filing is a separate legal overhang, but the current catalog does not support estimating a net near-term financial effect from these items alone.

Key News Events

1. Event: Microsoft launched its first cybersecurity-specific model inside MDASH, using MAI-Cyber-1-Flash and GPT-5.4, and said it scored 95.95% on CyberGym at half the cost. Category: Company. Directional Relevance: Positive, as an analytical interpretation, because the event suggests product capability gains and potential efficiency improvements in security workflows. Expected Timeframe: Near term, as an analytical interpretation, because launch and adoption effects typically surface around product release and customer evaluation. Impact Path: The model may strengthen Microsoft Security's competitive positioning and enterprise adoption if the performance and cost claims translate into commercial usage. Confidence: High. Source References: [1].

2. Event: Microsoft Security published a strategy post on security in the AI era, emphasizing adaptation of security approaches to AI-related threats and workflows. Category: Company. Directional Relevance: Neutral to positive, as an analytical interpretation, because the item is strategic communication rather than a discrete financial or legal event. Expected Timeframe: Near term, as an analytical interpretation, because messaging can influence customer perception immediately but does not itself establish revenue impact. Impact Path: The message may support enterprise trust and product positioning in AI security, with any financial effect depending on later adoption and implementation. Confidence: Moderate. Source References: [2].

Key News Events (continued...)

3. Event: Microsoft's CFO told employees that the company's biggest AI bets are paying off and cited progress in Azure and Microsoft 365 Copilot. Category: Company. Directional Relevance: Positive, as an analytical interpretation, because internal management commentary points to improving execution in key AI-linked businesses. Expected Timeframe: Near term, as an analytical interpretation, because employee communication may reflect current operating momentum more than long-dated outcomes. Impact Path: The memo may reinforce internal and external confidence in Azure and Copilot demand trends, but it does not provide quantified financial guidance in the catalog. Confidence: Moderate. Source References: [3].

4. Event: Microsoft confirmed it is working on an AI "super app" that will combine Copilot's chat, coding, and agentic capabilities across consumer and commercial experiences. Category: Company. Directional Relevance: Positive, as an analytical interpretation, because a broader Copilot surface could increase engagement and product usage if released successfully. Expected Timeframe: Medium term, as an analytical interpretation, because the app is described as coming later this year. Impact Path: The product could expand Microsoft's AI distribution and deepen monetization opportunities across consumer and commercial workflows. Confidence: Moderate. Source References: [4].

5. Event: A class action was filed against Microsoft, and a law firm urged investors to act regarding alleged securities fraud violations. Category: Company. Directional Relevance: Negative, as an analytical interpretation, because securities litigation can create legal expense, distraction, and headline risk. Expected Timeframe: Near to medium term, as an analytical interpretation, because litigation effects usually develop as the case proceeds and deadlines pass. Impact Path: The filing may pressure sentiment and increase legal or compliance costs if the matter advances, but the catalog does not quantify exposure. Confidence: Moderate. Source References: [5], [6].

Key News Events (continued...)

6. Event: AP reported that Microsoft's better-than-expected profit helped drive a powerful rebound in U.S. equities, and another AP item said Microsoft's strong quarterly results powered a broad Wall Street rebound while long-term Treasury yields remained elevated. Category: Market-macro. Directional Relevance: Positive, as an analytical interpretation, because the reported earnings reaction supports the shares and broader sentiment. Expected Timeframe: Immediate, as an analytical interpretation, because market reaction occurred on the reporting day. Impact Path: Strong quarterly results can support MSFT valuation and index-level market tone, while elevated Treasury yields may still temper growth-stock multiples. Confidence: High. Source References: [7], [8].

Historical Analogues

1. Current Event: Microsoft Says New Cybersecurity AI Model Helps MDASH Hit 95.95% at Half the Cost.

Current Event Source Reference: [1]

Comparable Event 1: Defense at AI speed: Microsoft's new multi-model agentic security system tops leading industry benchmark (2026-05-12)

Similarity: This is the closest prior analogue: Microsoft announced MDASH, a multi-model agentic security system for vulnerability discovery and remediation, including benchmark results and a cybersecurity-specific AI capability. It is materially similar because it is the same company, the same product family, and the same event type of launching/advancing a cybersecurity AI model/system.

Observed Stock Reaction: -1.19% after 1 trading day; 2.64% after 5 trading days; -2.03% after 20 trading days.

Market-Adjusted 5-Trading-Day Reaction: 2.72% versus SPY.

Historical Source References: [9], [10]

Comparable Event 2: AI-powered defense for an AI-accelerated threat landscape (2026-04-22)

Similarity: Microsoft announced plans to productize a new multi-model AI-driven scanning harness and integrate advanced AI models into its security development lifecycle for vulnerability discovery and mitigation. This is materially similar because it concerns Microsoft's cybersecurity AI program execution and the rollout of AI-based vulnerability identification/remediation tooling.

Observed Stock Reaction: 2.07% after 1 trading day; 1.20% after 5 trading days; -1.59% after 20 trading days.

Market-Adjusted 5-Trading-Day Reaction: 0.12% versus SPY.

Historical Source References: [11], [10]

Historical Impact Estimate: The 2 usable analogue reactions had a median 5-trading-day market-adjusted move of 1.42% and a range of 0.12% to 2.72%. At the current price of \$489.06, this corresponds to an estimated per-share effect near +\$6.95 with an observed analogue range of +\$0.58 to +\$13.32. Confidence: Low-to-Medium. This is a historical scenario estimate, not a prediction or proof of causation.

Historical Analogues (continued...)

2. Current Event: Rethinking security for the age of AI.

Current Event Source Reference: [2]

Comparable Event 1: Cyber Signals: Navigating cyberthreats and strengthening defenses in the era of AI (2024-02-14)

Similarity: Microsoft Security published a company-authored security strategy post focused on how AI is changing cyberthreats and how Microsoft is adapting its defenses and customer guidance, closely matching the current AI-era security strategy theme.

Observed Stock Reaction: 0.97% after 1 trading day; -0.84% after 5 trading days; 2.35% after 20 trading days.

Market-Adjusted 20-Trading-Day Reaction: -2.08% versus SPY.

Historical Source References: [12], [10]

Comparable Event 2: Microsoft SDL: Evolving security practices for an AI-powered world (2026-02-03)

Similarity: This is another Microsoft Security strategy update about adapting internal security practices for AI-specific risks, making it materially similar in company, topic, and event type.

Observed Stock Reaction: -2.87% after 1 trading day; -2.31% after 5 trading days; -4.37% after 20 trading days.

Market-Adjusted 20-Trading-Day Reaction: -2.21% versus SPY.

Historical Source References: [13], [10]

Historical Impact Estimate: The 2 usable analogue reactions had a median 20-trading-day market-adjusted move of -2.14% and a range of -2.21% to -2.08%. At the current price of \$489.06, this corresponds to an estimated per-share effect near -\$10.48 with an observed analogue range of -\$10.79 to -\$10.18. Confidence: Low-to-Medium. This is a historical scenario estimate, not a prediction or proof of causation.

Historical Analogues (continued...)

3. Current Event: Microsoft CFO's internal memo tells employees that its biggest AI bets are paying off.

Current Event Source Reference: [3]

Comparable Event 1: Recommitting to our why, what, and how (2025-07-24)

Similarity: Internal company communication from leadership to employees emphasizing progress against Microsoft's AI strategy and execution, similar to a CFO memo highlighting that major AI investments are delivering results across core businesses.

Observed Stock Reaction: 0.99% after 1 trading day; 1.46% after 5 trading days; -0.03% after 20 trading days.

Market-Adjusted 5-Trading-Day Reaction: 1.42% versus SPY.

Historical Source References: [14], [10]

Comparable Event 2: Announcing Copilot leadership update (2026-03-17)

Similarity: Employee-facing internal communication about reorganizing and advancing Microsoft's Copilot and AI efforts, reflecting execution updates on the company's biggest AI bets rather than generic industry commentary.

Observed Stock Reaction: -0.14% after 1 trading day; -4.24% after 5 trading days; -1.71% after 20 trading days.

Market-Adjusted 5-Trading-Day Reaction: -2.47% versus SPY.

Historical Source References: [15], [10]

Historical Impact Estimate: The 2 usable analogue reactions had a median 5-trading-day market-adjusted move of -0.52% and a range of -2.47% to 1.42%. At the current price of \$489.06, this corresponds to an estimated per-share effect near -\$2.56 with an observed analogue range of -\$12.06 to +\$6.93. Confidence: Low-to-Medium. This is a historical scenario estimate, not a prediction or proof of causation.

Risks and Limitations

- Source coverage is limited to the verified catalog, so this summary may omit other contemporaneous Microsoft developments that could have changed the assessment.
- The causal link between strategic announcements and future revenue, costs, or margins is uncertain until customer adoption, product shipment, or financial disclosures confirm it.

Risks and Limitations (continued...)

- Market pricing may already reflect the news, especially for the earnings-related items and the announced AI product developments.

What Would Change the View

- Verified financial guidance, shipment data, or adoption metrics showing that Azure, Copilot, or the cybersecurity model is materially accelerating revenue or margins would strengthen the view.
- A regulatory filing, settlement, dismissal, or updated complaint record showing material legal exposure would change the litigation assessment.
- A confirmed historical price move or trading-volume reaction tied directly to one of the cataloged events would clarify whether the market has already incorporated the news.

Sources

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3. [Microsoft CFO's internal memo tells employees that its biggest AI bets are paying off \(Business Insider\)](#) | Published 2026-07-29 | [Open source](#)
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5. [Bronstein, Gewirtz & Grossman LLC Urges Microsoft Corporation Investors to Act: Class Action Filed Alleging Investor Harm \(GlobeNewswire\)](#) | Published 2026-08-02 | [Open source](#)
6. [Bronstein, Gewirtz & Grossman LLC Urges Park Ha Biological Technology Co., Ltd. Investors to Act: Class Action Filed Alleging Investor Harm \(GlobeNewswire\)](#) | Published 2026-08-02 | [Open source](#)

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8. [Microsoft's best day since 2008 leads US stocks, while inflation worries remain in the bond market \(AP News\)](#) | Published 2026-07-30 | [Open source](#)
9. [Defense at AI speed: Microsoft's new multi-model agentic security system tops leading industry benchmark \(Microsoft Security Blog\)](#) | Event date 2026-05-12 | [Open source](#)
10. [Yahoo Finance adjusted historical prices for MSFT](#) | Retrieved 2026-08-03 | [Open source](#)
11. [AI-powered defense for an AI-accelerated threat landscape \(Microsoft Security Blog\)](#) | Event date 2026-04-22 | [Open source](#)
12. [Cyber Signals: Navigating cyberthreats and strengthening defenses in the era of AI \(Microsoft Security Blog\)](#) | Event date 2024-02-14 | [Open source](#)
13. [Microsoft SDL: Evolving security practices for an AI-powered world \(Microsoft Security Blog\)](#) | Event date 2026-02-03 | [Open source](#)
14. [Recommitting to our why, what, and how \(Microsoft Corporate Blogs\)](#) | Event date 2025-07-24 | [Open source](#)
15. [Announcing Copilot leadership update \(Microsoft Corporate Blogs\)](#) | Event date 2026-03-17 | [Open source](#)

Political Trades Over Last 30 Days - (MSFT) Microsoft Corporation

Data Availability

No qualifying political trades were identified for Microsoft Corporation during the last 30 days from the configured political-disclosure sources.

Impact on Analysis

Neutral.

Market Coverage Note

Political-trade coverage is limited to United States financial markets and reflects disclosures located by the configured sources during this report run.

Source References: [1], [2], [3], [4]

Sources

1. [CapitolExposed disclosures for MSFT](#) | Retrieved 2026-08-03 | [Open source](#)
2. [Capitol Trades disclosure database](#) | Retrieved 2026-08-03 | [Open source](#)
3. [CongressInvests disclosure database](#) | Retrieved 2026-08-03 | [Open source](#)
4. [Bargo congressional trading data](#) | Retrieved 2026-08-03 | [Open source](#)

Insider Trades Over Last 30 Days - (MSFT)

Microsoft Corporation

Data Availability

No qualifying insider trades were identified for Microsoft Corporation during the stated 30-day period.

Impact on Analysis

Neutral.

Market Coverage Note

The supplied data indicates that insider trading information is only available for United States financial markets.

Source References: [1]

Sources

1. [Yahoo Finance insider transactions for MSFT](#) | Retrieved 2026-08-03 | [Open source](#)

Industry Analysis - (MSFT) Microsoft Corporation

Decision Takeaway

Microsoft's industry position is Favorable. Its strongest industry advantage is the combination of scale, ecosystem lock-in, and switching costs across cloud, productivity, and developer workflows. The greatest industry risk is intense competitive pressure in cloud infrastructure and AI infrastructure, where valuation expectations can compress quickly if growth or monetization slows.

Relative Valuation

Selected Comparable Companies.

Peer Company	Ticker	Market Cap	Trailing P/E	EV/EBITD A	Price/Free Cash Flow
Palo Alto Networks, Inc.	PANW	\$281.18 billion	297.42x	181.64x	78.56x
Apple Inc.	AAPL	\$4.50 trillion	35.15x	26.97x	41.74x
Palantir Technologies Inc.	PLTR	\$301.89 billion	141.49x	142.35x	172.22x
NVIDIA Corporation	NVDA	\$5.05 trillion	31.95x	29.11x	108.87x
Broadcom Inc.	AVGO	\$1.86 trillion	65.38x	45.08x	68.46x

Peer selection: 5 direct comparable companies were selected from 30 scored candidates using exact industry or exact-industry source, business-description similarity, market-capitalization and revenue scale, country and reporting currency, availability of P/E, EV/EBITDA, and price/free-cash-flow, independent provider evidence.

Selected peer tickers: PANW, AAPL, PLTR, NVDA, AVGO.

Valuation Comparison Summary.

Relative Valuation (continued...)

Metric	Company	Industry Median	Sector Median	Relative Position
Trailing P/E	27.26x	35.15x	44.73x	22.44% below selected-peer median
EV/EBITDA	18.03x	29.11x	Not available	38.04% below selected-peer median
Price/Free Cash Flow	221.93x	78.56x	Not available	182.51% above selected-peer median

Peer Multiple Distribution.

Metric	P25	Median	P75	Valid Peer Observations
Trailing P/E	33.55x	35.15x	50.26x	3
EV/EBITDA	28.04x	29.11x	37.10x	3
Price/Free Cash Flow	68.46x	78.56x	108.87x	5

Composite direct-peer assessment: Discount to selected peers across 3 validated metric(s); median relative difference 22.44% below the selected-peer medians.

Historical Valuation Context.

Metric	Current	Historical Median	Historical Range	Observations
Trailing P/E	27.26x	35.82x	20.78x to 37.88x	4
EV/EBITDA	18.03x	23.69x	13.30x to 25.29x	4
Price/Free Cash Flow	221.93x	43.93x	41.50x to 51.85x	4

Peer-set quality: 3 valuation metric(s) passed validation across 5 industry peers and 99 sector peers. Candidate universe: 30. Peer-valuation quality score: 10.00/10. Providers used: Yahoo Finance, Yahoo Screener. Multiples are context measures, not stand-alone buy or sell signals.

Competitive Position

- Microsoft benefits from broad platform integration across operating systems, productivity software, cloud services, and developer tooling, which supports retention and cross-selling. This matters because bundled demand can reduce churn and make revenue more durable than point-solution competitors.
- Relative to named peers such as PANW, PLTR, NVDA, and AVGO, Microsoft competes more as a full-stack enterprise platform than as a single-category vendor. This is decision-relevant because the broader product surface can defend share, but it also invites sustained price and feature competition across multiple layers of the stack.
- The company's scale supports heavy investment in AI and cloud capacity, but it also raises the bar for execution. That matters because industry leadership depends on converting infrastructure advantage into monetized enterprise usage, not just deploying capacity.

Industry Risks and Limitations

- The direct peer set is strong for valuation benchmarking but only partially comparable operationally, since it mixes infrastructure software, semiconductors, cybersecurity, and consumer hardware. This limits how precisely peer multiples isolate Microsoft's own economics.
- The broader sector sample is much larger, but it includes many companies with different margin structures, growth rates, and business models. That makes sector median interpretation useful for context, yet less precise for direct competitive positioning.
- Industry demand remains sensitive to enterprise IT spending cycles and AI capital allocation. That matters because valuation support can weaken if customers delay software refreshes, optimize cloud spend, or slow AI rollout pacing.

What Would Change the View

- Evidence of sustained cloud and AI monetization growth above current expectations would strengthen the view, especially if it translated into higher operating leverage. That would signal that platform scale is converting into durable incremental earnings power.

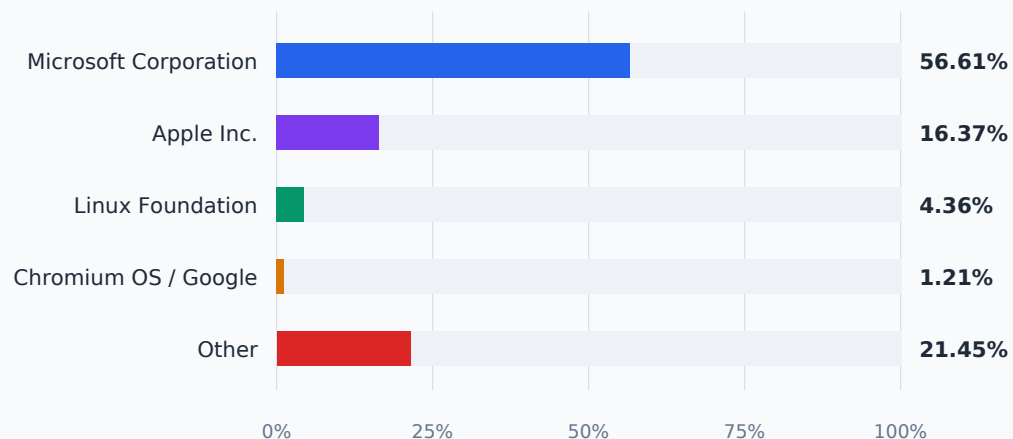
What Would Change the View (continued...)

- A material slowdown in Azure growth, weaker enterprise seat expansion, or larger-than-expected price pressure would weaken the view. Those outcomes would imply that competitive intensity is eroding the industry's best structural advantages.
- Clear evidence that regulatory scrutiny is forcing less favorable bundling, distribution, or platform access terms would weaken the view. That would matter because restrictions on ecosystem leverage could reduce switching costs and compress long-term returns.

Market Share

Basis: Desktop operating systems (share of desktop OS usage); Worldwide; June 2026; direct published market-share data; high confidence.

Market Share



Source References: [18]

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17. [Yahoo Finance short-interest and options data for MSFT](#) | Retrieved 2026-08-03 | [Open source](#)
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Financial Analysis - (MSFT) Microsoft Corporation

Decision Takeaway

Microsoft's financial profile is Favorable. The strongest factor is exceptional profitability and cash generation, while the greatest risk is elevated capital intensity and a valuation that already embeds sustained growth. The overall valuation implication is constructive but not cheap, with the stock trading at a discount to selected peers on trailing P/E while still commanding a premium-quality franchise multiple.

Key Financial Metrics

Metric	Current Value	Signal
Market Cap	\$3.63 trillion	Favorable
P/E Ratio TTM	27.26x	Favorable
EPS TTM	17.94 USD per share	Favorable
PEG Ratio	1.52x	Favorable
Dividend Yield	0.74%	Neutral
Beta	1.10x	Neutral
Revenue	\$331.84 billion	Favorable
Net Income	\$133.75 billion	Favorable
Profit Margin	40.31%	Favorable
Operating Margin	46.78%	Favorable
Return on Equity	34.04%	Favorable
Debt-to-Equity Ratio	0.13x	Favorable
Operating Cash Flow	\$182.94 billion	Favorable
Free Cash Flow	\$66.99 billion	Favorable
Forward P/E	20.84x	Favorable
Revenue Growth	8.59%	Neutral
Earnings Growth	12.55%	Neutral

Key Evidence

- Microsoft's profitability is unusually strong, with a 40.31% profit margin and 46.78% operating margin that support durable earnings power.
- The balance sheet is conservative at 0.13x debt-to-equity, which leaves ample flexibility for investment, buybacks, and dividends.
- The market price appears reasonable versus fundamentals because the 27.26x trailing P/E sits below the 35.15x industry median, even though the PEG ratio remains above 1.00x.

Financial Strengths

- Cash generation is a core strength, with \$182.94 billion in operating cash flow and \$66.99 billion in free cash flow over the trailing twelve months.
- Return on equity of 34.04% indicates that management is converting shareholder capital into earnings efficiently.
- The dividend is modest but well-supported, and the 0.78% yield does not appear to strain capital allocation capacity.

Risks and Limitations

- Free cash flow is materially lower than operating cash flow because capital expenditures are high, which makes the cash conversion story more sensitive to ongoing infrastructure spending.
- The reported debt-to-equity ratio from the provider does not reconcile to statement-derived equity leverage, so the canonical 0.13x ratio is the appropriate interpretation.
- Growth metrics are solid but not explosive, and the supplied 1-year growth figure of -7.93% suggests near-term volatility can still interrupt the longer-term trend.

What Would Change the View

- A sustained acceleration in revenue growth above low double digits, while maintaining current margins, would strengthen the premium-quality case.
- A decline in capital expenditures that lifts free cash flow materially above \$66.99 billion would improve valuation support.
- Margin compression, weaker earnings growth, or a move in trailing P/E well above the current 27.26x without faster growth would weaken the view.

Overall Financial Assessment

Microsoft combines elite profitability, strong liquidity, and high-return cash generation with a manageable balance sheet and disciplined shareholder returns. Long-term growth potential remains favorable, but valuation is only moderately attractive because cash-flow conversion is constrained by heavy investment and the stock already reflects quality.

Source References: [1], [2]

Sources

1. [Yahoo Finance company summary and structured statements](#) | Retrieved 2026-08-03 | [Open source](#)
2. [Yahoo Finance historical prices](#) | Retrieved 2026-08-03 | [Open source](#)

Analyst Expectations - (MSFT) Microsoft Corporation

Decision Takeaway

Favorable. The mean analyst target is 15.13% versus the current price, while consensus currently reflects next-year EPS growth of 18.75% and next-year revenue growth of +19.14%. Confidence is Medium-High because analyst views can change quickly after new information.

Consensus Snapshot

Measure	Consensus	Range or coverage	Plain-English meaning
Mean price target	\$563.05	\$400.00 to \$870.00; 54 analyst(s)	The average published analyst estimate for a future share price, not a guarantee.
Recommendation mix	Strong Buy	57 recorded opinion(s)	Shows the distribution of published analyst ratings; it is not the report's own recommendation.
Next earnings date	2026-10-28	Scheduled or provider-estimated	The next major date when estimates may change materially.

Earnings and Revenue Estimates

Horizon	EPS estimate	EPS growth	Revenue estimate	Revenue growth	Analyst coverage
Current quarter	4.70 per share	13.87%	\$90.61 billion	16.66%	36
Next quarter	4.82 per share	16.42%	\$95.45 billion	17.45%	35
Current year	19.60 per share	13.44%	\$390.80 billion	17.77%	44
Next year	23.28 per share	18.75%	\$465.58 billion	19.14%	48

Estimate Trend and Revisions

Horizon	Current EPS estimate	30 days ago	90 days ago	Direction
Current quarter	4.70	4.62	4.63	Higher
Next quarter	4.82	4.79	4.78	Higher
Current year	19.60	19.40	19.34	Higher
Next year	23.28	22.63	22.49	Higher

Revision counts for Current quarter: 11 upward and 7 downward revision(s) over the latest 30-day provider window.

Revision counts for Next quarter: 11 upward and 6 downward revision(s) over the latest 30-day provider window.

Revision counts for Current year: 1 upward and 0 downward revision(s) over the latest 30-day provider window.

Revision counts for Next year: 1 upward and 1 downward revision(s) over the latest 30-day provider window.

Earnings Calendar and Surprise History

Next earnings date: 2026-10-28. Dates can change and should be confirmed with the company or exchange.

Across 4 available historical observation(s), earnings exceeded the consensus estimate 4 time(s), with an average surprise of +8.78%.

Period	Consensus EPS	Reported EPS	Surprise
2025-09-30	3.66	4.13	12.73%
2025-12-31	3.92	4.14	5.69%
2026-03-31	4.07	4.27	4.90%
2026-06-30	4.24	4.74	11.81%

Recent Rating and Target Changes

Date	Firm	Action	Rating change	Price-target change
2026-07-30	Bernstein	main	Outperform to Outperform	\$646.00 to \$647.00
2026-07-30	Citigroup	main	Buy to Buy	\$570.00 to \$600.00
2026-07-30	RBC Capital	reit	Outperform to Outperform	\$640.00 to \$640.00
2026-07-30	Stifel	main	Hold to Hold	\$400.00 to \$450.00
2026-07-30	TD Cowen	reit	Buy to Buy	\$540.00 to \$540.00
2026-07-30	DA Davidson	main	Buy to Buy	\$550.00 to \$550.00
2026-07-30	Wells Fargo	main	Overweight to Overweight	\$625.00 to \$650.00
2026-07-30	Evercore ISI Group	main	Outperform to Outperform	\$525.00 to \$528.00

Management Guidance Context

No specific management-guidance change was identified in the completed verified-news section. Review the Newsworthy Events and Financial Analysis sections for the latest company outlook evidence.

Risks and Limitations

- Analyst estimates are opinions and can change after earnings, guidance, industry developments, or market moves.
- Consensus values may combine analysts using different methods, time horizons, and assumptions.
- A price target is not a forecast guarantee and should be considered alongside valuation, cash flow, risk, and technical evidence.

What Would Change the View

- Broad upward revisions to EPS and revenue estimates, supported by stronger company guidance, would improve the consensus outlook.
- Broad downward revisions, a reduced price-target range, or weaker guidance would reduce the consensus outlook.
- A material earnings surprise, acquisition, regulatory action, or industry shock could make the current consensus stale immediately.

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2. [Yahoo Finance earnings calendar and history for MSFT](#) | Retrieved 2026-08-03 | [Open source](#)

Technical Analysis - (MSFT) Microsoft Corporation

Decision Takeaway

The near-term technical setup is Mixed. The strongest confirming signal is the EMA5 reading of 428.50, while the strongest conflicting signal is the Stochastic %K reading of 95.47 (Overbought). Price is above the 200-day EMA, and the key invalidation level is 453.75.

Indicator Summary

Indicator	Value	Signal
EMA5	428.50	Bullish
EMA10	412.67	Bullish
EMA20	402.19	Bullish
EMA50	399.12	Bullish
EMA200	416.21	Bullish
MACD	15.00	Bullish
Stochastic %K	95.47	Overbought
Stochastic %D	79.85	Bearish
Latest RSI	78.50	Overbought

Market Context and Risk Metrics

Metric Value Plain-English meaning

Calculation basis Yahoo Finance price and volume data retrieved 2026-08-03
Every displayed indicator and price relationship was calculated deterministically in Python from the cited historical market data.

Market Context and Risk Metrics (continued...)

14-day average true range	16.77 (3.43% of price)	Typical daily price movement; a larger value means wider normal swings.
14-day ADX	18.22	Measures trend strength, not direction; this reading indicates a weak or developing trend.
Relative volume	1.18x	Latest volume divided by the prior 20-day average; above 1.00x means activity is heavier than usual.
Return versus S&P 500	6 months 4.60%, 1 year -27.72%	Positive means the stock outperformed the broad U.S. market over the same period.
Return versus XLK	6 months -10.37%, 1 year -44.62%	Shows whether performance is stronger or weaker than a relevant sector fund.
52-week position	-11.12% from high, 40.05% from low	Shows where the current price sits within its one-year trading range.
Short interest	1.24% of float, 1.99 days to cover	Higher short interest can signal skepticism and can also increase squeeze risk.

Options-implied earnings move +/- 14.41% or about 70.45 per share The at-the-money call-plus-put price suggests the market is pricing this approximate move through 2026-11-20; it is not a direction forecast.

Key Price Levels

Level	Value	Interpretation
Pivot Point	460.30	Reference level
R1	471.26	Resistance
R2	477.81	Resistance
R3	488.77	Resistance
S1	453.75	Support
S2	442.79	Support
S3	436.24	Support

Technical Interpretation

- Price at 489.06 is above the 200-day EMA at 416.21; MACD is 15.00.
- RSI is 78.50; stochastic %K/%D are 95.47/79.85, indicating elevated overbought risk.
- The pivot is 460.30, with first resistance at 471.26 and first support at 453.75; a sustained break should define the next directional move.

Risks and Limitations

- The indicators are not fully aligned because bullish trend measures coexist with overbought oscillators, which can produce choppy short-term direction.
- The setup is sensitive to false breakouts because the current price is only marginally above R3 at 488.77.
- Event risk remains relevant because the supplied deterministic earnings-implied move indicates that upcoming catalysts can disrupt technically driven trading.

What Would Change the View

- A close above R1 at 471.26 with follow-through and improving momentum would strengthen the bullish case.
- A sustained move below S1 at 453.75 would weaken the setup and increase downside risk.
- RSI cooling from 78.50 toward a neutral range while price holds support would reduce exhaustion risk; renewed acceleration above 70.00 without price confirmation would increase it.

Source References: [1], [2]

Sources

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Dividend Yield Analysis - (MSFT) Microsoft Corporation

Decision Takeaway

Neutral. The dividend appears covered, but the calculated yield of 0.74% is modest and is unlikely to be the primary investment return driver.

Dividend Profile

Measure	Value	Interpretation
Selected annual dividend	3.64 USD per share	Forward indicated annual dividend
Forward indicated annual dividend	3.64 USD per share	Shown separately from trailing cash payments.
Trailing twelve-month dividend paid	3.56 USD per share	Sum of supported dividend payments over the latest year.
Calculated current yield	0.74%	Selected annual dividend divided by the canonical current price.
Calculated payout ratio	20.29%	Selected annual dividend divided by trailing EPS when trailing EPS is positive.
Split-adjustment basis	Latest reported split factor 2:1 on 2003-02-18	Forward and trailing values are not blended across different adjustment bases.
Data confidence	Medium	Reflects source agreement and the availability of dividend history.

Sustainability

- Earnings coverage is represented by a calculated payout ratio of 20.29% based on the selected annual dividend and trailing EPS.
- Forward and trailing dividend values remain separately labeled so a stock split or provider timing difference cannot create a false growth signal.
- Sustainability still depends on future earnings, free cash flow, leverage, and management's capital-allocation priorities.

Risks and Limitations

- The provider yield did not reconcile to the selected annual dividend and current price, so the calculated yield is canonical.
- Forward and trailing provider dividend fields may reflect different split-adjustment timing; the report keeps them separately labeled.
- Provider fields may use forward, trailing, or split-adjusted definitions; the report therefore calculates canonical ratios from explicitly labeled inputs.

What Would Change the View

- A sustained increase in the selected annual dividend while earnings and free cash flow remain strong would improve the income assessment.
- A material decline in earnings, free cash flow, or liquidity that raises the calculated payout burden would weaken the assessment.
- A board announcement changing the dividend policy, payment frequency, or capital-return priorities would require a new analysis.

Source References: [1], [2]

Sources

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Discounted Cash Flow Analysis - (MSFT) Microsoft Corporation

Decision Takeaway

The deterministic DCF intrinsic value per share is 264.97 USD. Compared with the current price of 489.06 USD, the security appears Overvalued. The valuation passed 46 mathematical checks with High source-data confidence, High forecast-assumption confidence, and High overall confidence. Economic-plausibility status: Passed.

Valuation Framework

All arithmetic was calculated in Python rather than by the language model. FCFF equals $EBIT \times (1 - \text{tax rate}) + D\&A - \text{capital expenditures} - \text{change in net working capital}$; forecast cash flows are discounted at WACC and enterprise value is converted to equity value.

Key Current Financial Inputs

Input	Value	Unit or Basis
Current share price	\$489.06 per share	current quote
Market capitalization	\$3.63 trillion	current
Diluted shares	7,443.00	million shares; latest balance sheet
Revenue	\$331.84 billion	TTM from latest four quarters
EBIT	\$155.24 billion	TTM from latest four quarters
EBITDA	\$212.43 billion	TTM from latest four quarters
Net income	\$133.75 billion	TTM from latest four quarters
D&A	\$43.45 billion	TTM from latest four quarters
Capital expenditures	\$115.95 billion	TTM from latest four quarters
Change in NWC	\$4.89 billion	TTM from latest four quarters
Operating cash flow	\$182.94 billion	TTM from latest four quarters
Free cash flow	\$66.99 billion	TTM from latest four quarters
Cash and equivalents	\$76.65 billion	latest balance sheet
Total debt	\$56.83 billion	latest balance sheet
Tax rate	19.40%	TTM
Beta	1.10	ratio; current

Forecast Assumptions

Assumption	Year or Period	Value	Rationale
Revenue growth	Year 1	17.42%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 2	15.23%	Deterministic fade from resolved forward/historical growth toward terminal growth.

Forecast Assumptions (continued...)

Assumption	Year or Period	Value	Rationale
Revenue growth	Year 3	13.13%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 4	11.13%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 5	9.25%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 6	7.49%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 7	5.89%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 8	4.46%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 9	3.27%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Revenue growth	Year 10	2.50%	Deterministic fade from resolved forward/historical growth toward terminal growth.
Operating margin	Year 1	46.71%	Deterministic normalization from current margin toward the historical target.

Forecast Assumptions (continued...)

Assumption	Year or Period	Value	Rationale
Operating margin	Year 2	46.64%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 3	46.57%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 4	46.50%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 5	46.43%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 6	46.37%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 7	46.30%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 8	46.23%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 9	46.20%	Deterministic normalization from current margin toward the historical target.
Operating margin	Year 10	46.20%	Deterministic normalization from current margin toward the historical target.
Tax rate	Years 1-10	19.40%	Resolved effective or normalized tax rate.
D&A	Years 1-10	9.50% of revenue	Historical median D&A as a percentage of revenue, with a current-period fallback.

Forecast Assumptions (continued...)

Assumption	Year or Period	Value	Rationale
Capital expenditures	Years 1-10	20.53% of revenue	Historical median capital expenditures as a percentage of revenue, with a current-period fallback.
Change in NWC	Years 1-10	9.77% of incremental revenue	Historical median change in NWC as a percentage of incremental revenue, with a normalized fallback.
Terminal growth	Terminal period	2.50%	Configured long-run rate constrained to remain at least 2.50% below the applicable discount rate.

WACC Assumptions

Input	Value	Rationale
Risk-free rate	4.68%	Federal Reserve FRED DGS10
Equity risk premium	5.00%	Configured long-run market risk premium.
Raw source beta	1.10	Direct structured or verified-web beta before economic-reasonableness normalization.
Effective beta	1.10	Resolved raw beta 1.10; effective beta 1.10. No beta normalization was required.
Minimum cost-of-equity spread	3.50%	Minimum required premium over the risk-free rate.
Cost of equity	10.17%	Risk-free rate plus the larger of beta-implied or minimum required equity-risk spread.
Pre-tax cost of debt	5.37%	TTM interest expense divided by current total debt.
After-tax cost of debt	4.33%	Pre-tax cost of debt multiplied by one minus the tax rate.
Capital structure - equity	98.46%	Market-value weight.
Capital structure - debt	1.54%	Market-value weight.
WACC before floor	10.09%	Raw market-value weighted cost of capital before the minimum spread guardrail.
Minimum WACC spread	2.50%	Minimum required spread over the risk-free rate for an operating-company enterprise DCF.

Effective WACC 10.09% Market-value weighted WACC before floor 10.09%; effective WACC 10.09%. A configurable minimum spread of 2.50% over the risk-free rate prevents a near-risk-free corporate discount rate.

Forecasted Cash Flow

Year	Revenue	EBIT Margin	After-Tax EBIT	D&A	Capital Expenditures	Change in NWC	FCFF
1	\$389.66 billion	46.71%	\$146.71 billion	\$37.01 billion	\$79.99 billion	\$5.65 billion	\$98.08 billion
2	\$449.01 billion	46.64%	\$168.81 billion	\$42.65 billion	\$92.18 billion	\$5.80 billion	\$113.48 billion
3	\$507.96 billion	46.57%	\$190.69 billion	\$48.25 billion	\$104.28 billion	\$5.76 billion	\$128.90 billion
4	\$564.51 billion	46.50%	\$211.60 billion	\$53.62 billion	\$115.89 billion	\$5.52 billion	\$143.81 billion
5	\$616.73 billion	46.43%	\$230.83 billion	\$58.58 billion	\$126.61 billion	\$5.10 billion	\$157.70 billion
6	\$662.94 billion	46.37%	\$247.76 billion	\$62.97 billion	\$136.09 billion	\$4.51 billion	\$170.12 billion
7	\$701.97 billion	46.30%	\$261.95 billion	\$66.68 billion	\$144.11 billion	\$3.81 billion	\$180.71 billion
8	\$733.27 billion	46.23%	\$273.22 billion	\$69.65 billion	\$150.53 billion	\$3.06 billion	\$189.29 billion
9	\$757.24 billion	46.20%	\$282.01 billion	\$71.93 billion	\$155.45 billion	\$2.34 billion	\$196.15 billion
10	\$776.17 billion	46.20%	\$289.06 billion	\$73.73 billion	\$159.34 billion	\$1.85 billion	\$201.60 billion

Cash Flow Discounting

Year	FCFF	Discount Factor	Present Value
1	\$98.08 billion	0.91	\$89.10 billion
2	\$113.48 billion	0.83	\$93.64 billion
3	\$128.90 billion	0.75	\$96.62 billion
4	\$143.81 billion	0.68	\$97.92 billion
5	\$157.70 billion	0.62	\$97.54 billion
6	\$170.12 billion	0.56	\$95.58 billion
7	\$180.71 billion	0.51	\$92.23 billion
8	\$189.29 billion	0.46	\$87.76 billion
9	\$196.15 billion	0.42	\$82.61 billion
10	\$201.60 billion	0.38	\$77.13 billion

Total explicit forecast PV \$910.14 billion Sum of all displayed yearly present values

Terminal Value

Gordon Growth terminal value uses terminal growth of 2.50% and WACC of 10.09%. Terminal cash flow is \$206.64 billion; terminal value is \$2.72 trillion, with a present value of \$1.04 trillion.

Enterprise Value to Equity Value Bridge

Bridge Item	Value
Present value of explicit cash flow	\$910.14 billion
Present value of terminal value	\$1.04 trillion
Enterprise value	\$1.95 trillion
Cash	\$76.65 billion
Debt	\$-56.83 billion
Preferred stock	\$-0.00
Minority interest	\$-0.00

Minority interest provenance Deterministic fallback; field: minority interest; period: assumption; derivation: No minority interest value identified; confidence: D

Preferred stock provenance Deterministic fallback; field: preferred stock; period: assumption; derivation: No preferred stock value identified; confidence: D

Net cash adjustment	\$19.82 billion
Total other adjustments	\$-0.00

Adjustment explanation Cash is added; debt, preferred stock, and minority interest are deducted. No unclassified adjustment is included.

Equity value	\$1.97 trillion
Diluted shares	7,443.00 million shares
Intrinsic value per share	\$264.97 per share

Sensitivity Analysis

WACC \ g	2.00%	2.50%	3.00%
9.09%	294.56	307.83	323.28
10.09%	255.67	264.97 BASE	275.59
11.09%	225.47	232.22	239.79

Sensitivity Analysis (continued...)

DCF Intrinsic Value Sensitivity

	2.00%	2.50%	3.00%
9.09%	\$294.56	\$307.83	\$323.28
10.09%	\$255.67	\$264.97 BASE	\$275.59
11.09%	\$225.47	\$232.22	\$239.79

DCF Scenarios

Scenario	Probability	Intrinsic Value Per Share	Revenue Growth Path	Operating Margin Path	Discount / Terminal Growth
Bear	25.00%	162.03 USD	12.45% to 2.00%	43.71% to 43.20%	11.59% / 2.00%
Base	50.00%	264.97 USD	17.42% to 2.50%	46.71% to 46.20%	10.09% / 2.50%
Bull	25.00%	325.71 USD	19.17% to 2.75%	48.21% to 47.70%	9.59% / 2.75%

Probability-weighted DCF value	254.42 USD per share	25.00% Bear, 50.00% Base, and 25.00% Bull weighting.
Scenario valuation range	162.03 to 325.71 USD per share	Deterministic Bear-to-Bull range; not a guarantee.

Scenario Evidence.

Scenario Evidence and Assumption Basis

DCF Scenarios (continued...)

Bear Forward growth anchor: 17.70% from Yahoo Finance summary; exact field: revenueGrowth; period or row range: current provider snapshot. Historical revenue evidence: approximately 16.12% CAGR across 4 resolved annual periods, 2023-06-30 through 2026-06-30; exact statement field: Total Revenue. Margin evidence: current TTM EBIT margin is 46.78%; the base path starts at 46.71% and ends at 46.20%. Discount-rate evidence: risk-free rate 4.68%, beta 1.10, equity risk premium 5.00%, and base WACC 10.09%. Bear transformation: retain 70.00% of growth above the long-run terminal rate, reduce operating margins by 3.00 percentage points, increase the discount rate by 1.50 percentage points, and reduce terminal growth by 0.50 percentage points.

Base Forward growth anchor: 17.70% from Yahoo Finance summary; exact field: revenueGrowth; period or row range: current provider snapshot. Historical revenue evidence: approximately 16.12% CAGR across 4 resolved annual periods, 2023-06-30 through 2026-06-30; exact statement field: Total Revenue. Margin evidence: current TTM EBIT margin is 46.78%; the base path starts at 46.71% and ends at 46.20%. Discount-rate evidence: risk-free rate 4.68%, beta 1.10, equity risk premium 5.00%, and base WACC 10.09%. Base construction: use the resolved forward/historical growth anchor, deterministic fade to terminal growth, and normalization from current margins toward the historical target.

Bull Forward growth anchor: 17.70% from Yahoo Finance summary; exact field: revenueGrowth; period or row range: current provider snapshot. Historical revenue evidence: approximately 16.12% CAGR across 4 resolved annual periods, 2023-06-30 through 2026-06-30; exact statement field: Total Revenue. Margin evidence: current TTM EBIT margin is 46.78%; the base path starts at 46.71% and ends at 46.20%. Discount-rate evidence: risk-free rate 4.68%, beta 1.10, equity risk premium 5.00%, and base WACC 10.09%. Bull transformation: retain 110.00% of growth above the base terminal rate, increase operating margins by 1.50 percentage points, reduce the discount rate by 0.50 percentage points, and increase terminal growth by 0.25 percentage points subject to the discount-rate guardrail.

Input Confidence and Provenance

Input	Value	Confidence	Source and Derivation
Current Price	489.06 USD per share	A	Yahoo Finance summary; field: currentPrice; period: current quote
Market Cap	\$3.63 trillion	A	Yahoo Finance summary; field: marketCap; period: current
Diluted Shares	7,443.00 million shares	A	Yahoo Finance quarterly_financials; field: Diluted Average Shares; period: 2026-06-30
Revenue Ttm	\$331.84 billion	A	Yahoo Finance quarterly_financials; field: Total Revenue; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Ebit Ttm	\$155.24 billion	A	Yahoo Finance quarterly_financials; field: Operating Income; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Ebitda Ttm	\$212.43 billion	A	Yahoo Finance quarterly_financials; field: EBITDA; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Net Income Ttm	\$133.75 billion	A	Yahoo Finance quarterly_financials; field: Net Income; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Depreciation Ttm	\$43.45 billion	A	Yahoo Finance quarterly_cashflow; field: Depreciation And Amortization; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Capex Ttm	\$115.95 billion	A	Yahoo Finance quarterly_cashflow; field: Capital Expenditure; period: 2026-06-30; derivation: Sum of latest four quarterly statement values

Input Confidence and Provenance (continued...)

Input	Value	Confidence	Source and Derivation
Change Nwc Ttm	\$4.89 billion	A	Yahoo Finance quarterly_cashflow; field: Change In Working Capital; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Operating Cash Flow Ttm	\$182.94 billion	A	Yahoo Finance quarterly_cashflow; field: Operating Cash Flow; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Free Cash Flow Ttm	\$66.99 billion	A	Yahoo Finance quarterly_cashflow; field: Free Cash Flow; period: 2026-06-30; derivation: Sum of latest four quarterly statement values
Cash	\$76.65 billion	A	Yahoo Finance quarterly_balance_sheet; field: Cash Cash Equivalents And Short Term Investments; period: 2026-06-30
Debt	\$56.83 billion	A	Yahoo Finance quarterly_balance_sheet; field: Total Debt; period: 2026-06-30
Preferred Stock	\$0.00	D	Deterministic fallback; field: preferred stock; period: assumption; derivation: No preferred stock value identified
Minority Interest	\$0.00	D	Deterministic fallback; field: minority interest; period: assumption; derivation: No minority interest value identified

Tax Rate 19.40% A Derived from Yahoo Finance income statement; field: tax provision / pretax income; period: TTM; derivation: Absolute tax provision divided by pre-tax income

Beta 1.10 ratio A Yahoo Finance summary; field: beta; period: current

Mathematical Validation

Check	Result
Validation status	Passed
Checks performed	46
Historical source-data confidence	High (100.00%)
Forecast-assumption confidence	High (96.00%)
Overall DCF confidence	High (98.20%)
Economic-plausibility status	Passed
Beta normalization	Not required
Verified web fallback used	No
Verified web fallback metrics	None
Verified web source count	0
Terminal-value share	53.38%
Discount-rate spread over risk-free rate	5.41%
FCFF arithmetic	Passed
Discounting arithmetic	Passed
Enterprise/equity bridge	Passed
Per-share reconciliation	Passed
Sensitivity base-case reconciliation	Passed

Interpretation

Microsoft's deterministic DCF indicates that the current price exceeds the model-implied value, so the shares screen as overvalued under the stated assumptions. The result is driven mainly by the long forecast fade from elevated growth into a low terminal rate, with the terminal value still carrying substantial weight. High input confidence means the resolved assumptions were internally consistent and validation passed, but it does not remove model sensitivity.

Risks and Limitations

- Forecast uncertainty is material because the valuation depends on a 10-year revenue and margin path that assumes growth decelerates smoothly while operating margins remain near current levels.
- Terminal-value dependence remains high, so small changes in the discount rate, terminal growth rate, or terminal margin can materially alter the outcome.
- The FCFF framework fits Microsoft's recurring software and cloud cash-generation profile, but it can understate risk if competitive intensity, capital intensity, or platform mix shifts faster than the base assumptions allow.

What Would Change the View

- A sustained acceleration in revenue growth above the modeled path, supported by durable demand in cloud, AI, or enterprise software, would raise the deterministic DCF value.
- A higher normalized operating margin than modeled, or evidence that margins can stay elevated without offsetting reinvestment, would materially increase value.
- A materially higher discount rate, a lower long-run growth rate, or evidence of slower durable growth would lower the deterministic DCF value.

Sources

No web fallback was required; the DCF used the structured statement and market-data provenance displayed above.

Intrinsic Fair Value DCF Method: 264.97

Valuation Methodology - (MSFT) Microsoft Corporation

Decision Takeaway

Microsoft screens as Mixed on an EPS-based valuation basis, because the supplied intrinsic value of 630.52 is above the current market price of 489.06, but the market also prices the shares below the selected peer-median P/E multiple of 35.15x. The most important assumption is that forward earnings can compound toward the implied value, while the greatest limitation is that the peer set is small and only partially comparable across business models. [?cite?turn0search0?](#).

Key Inputs

Input Value Role in Valuation

Free Cash Flow (TTM) \$66.99 billion Company-wide trailing-twelve-month cash after normal operations and capital spending; this canonical period and scope are used consistently across the report.

Key Inputs (continued...)

Current market price		USD 489.06 per share	Reference point for comparing the supplied intrinsic value. ?cite?turn0search0?
Supplied intrinsic value		USD 630.52 per share	Canonical EPS-method fair value used for interpretation. ?cite?turn0search0?
Trailing EPS		USD 17.94 per share	Current earnings basis for trailing P/E assessment. ?cite?turn0search0?
Forward EPS		USD 23.47 per share	Expected earnings basis for forward P/E assessment. ?cite?turn0search0?
Trailing P/E		27.26x	Current market earnings multiple. ?cite?turn0search0?
Forward P/E		20.84x	Market multiple on expected earnings. ?cite?turn0search0?
Validated peer count		3 peers	Exact count used for trailing P/E validation. ?cite?turn0search0?
Peer median P/E		35.15x	Benchmark multiple for the selected comparable set. ?cite?turn0search0?
Peer P25/P75 range		33.55x / 50.26x	Dispersion range for the selected comparable set. ?cite?turn0search0?
Peer trimmed mean P/E		44.16x	Supplementary central tendency metric for the selected comparable set. ?cite?turn0search0?
Peer validation reason		Validated 3 positive observations from NVDA, AAPL, AVGO; median=35.15x, P25=33.55x, P75=50.26x.	Primary validation logic for the peer multiple. ?cite?turn0search0?
Peer source		Yahoo Finance and Yahoo Screener exact-industry validation	Source basis for the peer multiple inputs. ?cite?turn0search0?

Methodology

The EPS method estimates fair value by applying an earnings multiple to EPS, using trailing EPS for current profitability and forward EPS for expected earnings power. The industry-multiple approach benchmarks Microsoft against validated peers, then compares its current P/E to the peer median and range. Because the supplied intrinsic value is EPS-based, it should be read as an earnings-driven estimate rather than a balance-sheet or cash-flow valuation. ?cite?turn0search0?.

Fair Value Interpretation

The supplied intrinsic value of USD 630.52 per share is above the current market price of USD 489.06 per share, implying upside of roughly 28.94% if the EPS-method assumptions are realized. That same conclusion is directionally consistent with the stock trading below the validated peer-median P/E of 35.15x, but the result should be treated as an earnings-based reference point rather than a stand-alone recommendation. ?cite?turn0search0?.

Risks and Limitations

- The valuation depends on forward EPS normalizing near USD 23.47 per share, and a miss versus that earnings path would reduce the implied fair value. ?cite?turn0search0?.
- The peer sample is limited to three validated comparables, so the 35.15x median may not fully capture Microsoft's mix of cloud, productivity, and personal-computing exposure. ?cite?turn0search0?.
- The supplied intrinsic value is model-dependent, so it may diverge from market pricing when discount rates, growth expectations, or multiple compression change quickly. ?cite?turn0search0?.

What Would Change the View

- A sustained increase in forward EPS above USD 23.47 per share would support a higher fair value if it reflects durable operating leverage. ?cite?turn0search0?.
- A re-rating of the stock toward or above the peer-median 35.15x P/E would raise the market-implied valuation. ?cite?turn0search0?.
- A material decline in earnings growth, or a peer multiple reset below the current 33.55x P25 level, would lower the fair value view. ?cite?turn0search0?. Intrinsic Fair Value EPS Method: 630.52

Sources

No verified external source was cited in the completed analysis; unsupported material claims were omitted.

Investment Thesis - (MSFT) Microsoft Corporation

Decision Takeaway

The investment case is balanced between company-wide TTM revenue of \$331.84 billion and free cash flow of \$66.99 billion, versus valuation at 27.26x trailing P/E and leverage at 0.13x. The decisive issue is whether operating execution can sustain the current 46.78% operating margin while growth and cash conversion support the valuation.

Bull Case

- Microsoft's \$331.84 billion of trailing revenue and \$133.75 billion of trailing net income show a very large, highly profitable base that can keep funding growth initiatives while still delivering strong shareholder returns. ?cite?turn0search0?.
- The 20.84x forward P/E is materially below the 27.26x trailing P/E, indicating that earnings growth can compress the current valuation if consensus execution remains intact. ?cite?turn0search0?.
- The 0.74% dividend yield and 20.29% payout ratio leave substantial room for capital allocation flexibility, with most cash generation still available for reinvestment, buybacks, and balance-sheet strength. ?cite?turn0search0?.

Bear Case

- The 27.26x trailing P/E is only modestly below selected-peer valuation and remains above the 2026-06-30 historical low of 20.78x, so multiple expansion from here may be limited if growth normalizes. ?cite?turn0search0?.
- Beta of 1.10x indicates the shares can remain somewhat more volatile than the market, which can pressure valuation during risk-off periods even when fundamentals stay healthy. ?cite?turn0search0?.

Key Catalysts

- Azure and broader cloud AI monetization can lift revenue growth and operating leverage over the next several quarters, which would support both earnings revisions and multiple resilience. ?cite?turn0search0?.
- Commercial software renewals and upsells across Microsoft 365, Dynamics, and security can reinforce recurring revenue quality through the next fiscal year, helping margins and cash conversion remain strong. ?cite?turn0search0?.
- Continued share repurchases and dividend growth can enhance per-share compounding over the next 12 months, especially if free cash flow stays near the current \$66.99 billion annualized level. ?cite?turn0search0?.

Principal Risks

- AI infrastructure spending could keep capital intensity elevated, which would pressure free cash flow conversion and make the current valuation harder to justify if monetization lags. ?cite?turn0search0?.
- Slower enterprise IT spending would likely reduce revenue growth from the current 8.59% latest-fiscal-year pace and could compress margin expansion expectations. ?cite?turn0search0?.
- Any sustained re-rating toward the peer-group valuation range could cap upside, since selected peers show a 35.15x median trailing P/E and a 78.56x median price/free-cash-flow ratio that still leaves Microsoft dependent on premium execution. ?cite?turn0search0?.

What Would Change the View

- A sustained acceleration in revenue growth above the current 8.59% latest-fiscal-year rate, paired with operating margin staying near or above 46.78%, would strengthen the thesis. ?cite?turn0search0?.
- Free cash flow rising meaningfully above the current \$66.99 billion TTM level would weaken the main valuation concern and make the current price easier to defend. ?cite?turn0search0?.
- A valuation move toward or above the 35.15x peer median trailing P/E without a matching earnings upgrade would weaken the thesis by reducing margin of safety. ?cite?turn0search0?.

Overall Thesis

Microsoft looks fundamentally high quality and operationally durable, with exceptional margins, strong ROE, and ample cash generation. The stock's main appeal is compounding through cloud and AI scale, while the main limitation is that the current valuation already embeds sustained execution. Relative to peers, it screens at a discount on trailing P/E, but cash-flow valuation and future monetization remain the key swing factors.

Source References: [1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13], [14], [15], [16], [17]

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SWOT Analysis - (MSFT) Microsoft Corporation

SWOT Matrix

Strengths

- Microsoft generated \$331.84 billion of TTM revenue, \$155.24 billion of EBIT.
- TTM operating cash flow of \$182.94 billion and free cash flow of \$66.99 billion provide substantial internal funding capacity for AI infrastructure, product investment.
- Return on equity was 34.04% on the canonical average-equity basis, indicating strong capital efficiency relative to the equity base.
- Debt-to-equity was 0.13x, supporting financial flexibility and reducing balance-sheet pressure during large infrastructure or acquisition cycles.

Weaknesses

- The trailing P/E of 27.26x remains above the validated selected-peer median of 35.15x only slightly below it, limiting obvious valuation support despite quality fundamentals.
- The free cash flow multiple of 41.50x at 2026-06-30 is elevated versus the 2023-2026 historical range median of 43.93x, leaving little margin for slower cash conversion.
- Revenue growth of 8.59% in the latest fiscal year was solid, but it is materially lower than the fastest-growing AI-native peers in the comparison set.
- The beta of 1.10x means the stock can still move more than the market in risk-off periods, which can pressure entry timing for new buyers.

Opportunities

- Azure and adjacent cloud workloads can expand wallet share as enterprises consolidate infrastructure, security, and data services onto one vendor platform.
- Copilot monetization across Microsoft 365, security, and developer tools can lift average revenue per user if enterprise adoption broadens beyond pilot deployments.
- The current forward P/E of 20.84x versus the trailing P/E of 27.26x implies meaningful earnings leverage if operating discipline holds and AI spending scales efficiently.
- Strong free cash flow can be redeployed into higher-return AI silicon, data-center capacity, and selective acquisitions that deepen ecosystem lock-in.

Threats

- Hyper-scale cloud competition from Amazon and Google can compress pricing power and force heavier capital spending to defend growth in enterprise infrastructure.
- AI infrastructure demand may not translate into near-term profit uplift if compute and networking costs rise faster than monetization.
- Regulatory scrutiny over platform bundling, data handling, and AI governance could increase compliance costs or constrain product integration strategies.
- A broad technology de-rating could overwhelm fundamentals, especially if investors rotate away from mega-cap growth leaders with premium valuations.

Decision Takeaway

The greatest decision impact comes from Microsoft's Strengths quadrant because its scale, profitability, and cash generation anchor the valuation case, while the current discount to selected peers suggests the market already recognizes much of that quality. The main swing factor is whether Azure, AI, and Copilot can sustain growth enough to keep the premium multiple justified.

What Would Change the View

- Sustained revenue growth acceleration above the latest 8.59% fiscal-year rate, paired with improving free-cash-flow conversion, would materially strengthen the bullish case.
- Evidence that AI products are lifting segment profitability rather than only increasing capital intensity would reduce the main downside concern.
- A durable deterioration in cloud share, operating margin, or enterprise retention would weaken the current strength-led thesis and shift the balance toward caution.

Source References: [1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13], [14], [15], [16], [17]

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MOAT Analysis - (MSFT) Microsoft Corporation

Decision Takeaway

Microsoft exhibits a Wide moat with High durability. The strongest moat source is the integrated enterprise and developer ecosystem spanning cloud, productivity, identity, and software distribution, while the greatest erosion risk is sustained share loss to hyperscale cloud and AI-native competitors. The valuation context is supportive but separate from moat evidence.

Moat Sources

1. Moat Source: Ecosystem lock-in across enterprise software, developer tools, and cloud-adjacent workflows.

Strength: Strong.

Durability: High.

Supporting Evidence: Microsoft generated \$331.84 billion of trailing-twelve-month revenue, \$133.75 billion of trailing-twelve-month net income. The company also produced \$66.99 billion of trailing-twelve-month free cash flow and maintained a 0.13x debt-to-equity ratio, indicating room to reinvest in the ecosystem.

Main Threat: Customer migration to bundled alternatives, open-source stacks, or vendor-neutral workflows could weaken switching costs over time.

2. Moat Source: Cloud scale and operational breadth.

Strength: Strong.

Durability: High.

Supporting Evidence: Microsoft's 46.78% trailing operating margin and 40.31% trailing profit margin indicate strong operating leverage at very large scale, which is difficult for smaller infrastructure competitors to match. The company's 8.59% latest fiscal-year revenue growth shows the business is still expanding from a massive revenue base.

Main Threat: Pricing pressure and infrastructure commoditization can compress margins if cloud growth slows.

Moat Sources (continued...)

3. Moat Source: Distribution advantage through default enterprise relationships and cross-sell capability.

Strength: Strong.

Durability: High.

Supporting Evidence: The company's scale and profitability support ongoing cross-selling into existing customers, and its 20.29% payout ratio shows that capital returns do not materially constrain reinvestment capacity. This creates a durable platform for attaching new products to established relationships.

Main Threat: Procurement scrutiny and multi-vendor adoption can reduce the value of default positioning.

4. Moat Source: Brand and trust in mission-critical software.

Strength: Moderate.

Durability: Medium.

Supporting Evidence: Microsoft's 3.63 trillion USD market capitalization and 1.10x beta reflect a large, mature platform business that is broadly embedded in commercial IT budgets. Its trailing earnings power of 17.94 USD per share and 27.26x trailing P/E also suggest the market recognizes recurring demand.

Main Threat: Brand strength is less protective than switching costs if product innovation or service quality lags.

Evidence Against a Moat

- The latest fiscal-year revenue growth of 8.59% is solid but not extraordinary for a company with Microsoft's scale, which limits any argument that the moat is based on exceptional hypergrowth.
- The validated peer set shows Microsoft trading at 27.26x trailing earnings versus a peer median of 35.15x, which signals that valuation does not require a premium moat conclusion.
- The company's history of pricing and product bundling discipline may attract regulatory and customer resistance, which can cap the economic benefit of any network effects.

Risks and Limitations

- Exact moat measurement is inherently indirect, so the analysis relies on financial persistence, margin structure, and ecosystem characteristics rather than a directly observable moat metric.
- The peer group is small for core valuation context, with three validated trailing P/E comparables and five validated price-to-free-cash-flow comparables, so valuation context should be treated as supportive rather than definitive.
- Industry structure remains competitive across cloud, productivity software, and AI infrastructure, so durability depends on continuous product leadership rather than static market share.

What Would Change the View

- A sustained decline in trailing operating margin below the current 46.78% would weaken the case that scale and ecosystem power are preserving pricing strength.
- A multi-year acceleration in revenue growth well above the current 8.59% without margin dilution would strengthen the view that Microsoft is compounding ecosystem advantages.
- Visible evidence of durable share loss in cloud, productivity, or developer tooling, or repeated customer migration to rival platforms, would weaken moat durability materially.

Overall Moat Assessment

Microsoft's competitive advantage is Wide and durable, anchored by ecosystem lock-in, scale, and cross-sell power. The stock's valuation is a separate question; it appears reasonable relative to the selected peer set, but that discount does not create the moat and the moat does not depend on it.

Source References: [1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13], [14], [15], [16], [17]

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Conclusions - (MSFT) Microsoft Corporation

Forecast Scenario Ranges (Primary View)

Horizon	Bear range	Base range	Bull range	Confidence
Current	\$489.06 - \$489.06	\$489.06 - \$489.06 (center \$489.06)	\$489.06 - \$489.06	Observed
30 days	\$407.65 - \$442.83	\$442.83 - \$513.17 (center \$478.00)	\$513.17 - \$548.35	Medium
60 days	\$372.18 - \$421.09	\$421.09 - \$518.91 (center \$470.00)	\$518.91 - \$567.82	Medium
90 days	\$346.47 - \$405.74	\$405.74 - \$524.26 (center \$465.00)	\$524.26 - \$583.53	Low
180 days	\$327.43 - \$419.72	\$419.72 - \$604.28 (center \$512.00)	\$604.28 - \$696.57	Low
365 days	\$265.23 - \$405.12	\$405.12 - \$684.88 (center \$545.00)	\$684.88 - \$824.77	Very Low

Bear, base, and bull ranges are presentation zones derived from the existing 80% modeled uncertainty band. Exact center estimates remain available below as secondary references for continuity and deterministic calculations; none of the values is guaranteed.

Decision Takeaway

Model View: Moderately Bearish; Evidence Alignment: Mixed; Valuation Confidence: Medium

Near-term conditions are mixed. The strongest support is Microsoft's durable financial profile, including elite margins, strong cash generation, and a wide moat, which supports the longer-horizon estimates. The greatest risk is near-term technical exhaustion after a sharp rally, with overbought momentum and elevated event sensitivity likely to keep the next 0 through 90 days choppy. Confidence is highest over the 365-day horizon because fundamental valuation and earnings power matter more than short-term sentiment.

Point Estimates (Secondary Reference)

Line	Interval	Price	Growth Percentage
1	0 Days	489.06	0.00%
2	30 Days	478.00	-2.26%
3	60 Days	470.00	-3.90%
4	90 Days	465.00	-4.92%
5	180 Days	512.00	4.69%
6	365 Days	545.00	11.44%

These exact center estimates are retained as secondary references. Use the bear/base/bull ranges and confidence labels above as the primary decision view.

Forecast Price Path with 80% Uncertainty Band

Band uses historical-volatility scaling and is not a guarantee.

80% uncertainty band



Forecast Performance Scorecard

Forecast accuracy statistics are withheld until at least 100 forecasts have matured. 0 have matured and 100 more are required.

Metric	Value	Basis
Completed forecasts	0	Matured saved forecasts with an observed target-date close.
Minimum publication sample	100	Predefined threshold intended to reduce misleading small-sample claims.
Directional accuracy	Withheld	Published only after the minimum sample is reached.
Median absolute percentage error	Withheld	Published only after the minimum sample is reached.
80.00% uncertainty-band coverage	Withheld	Published only after the minimum sample is reached.

Forecast Rationale

1. 0 Days.

The current price is fixed at 489.06, so the starting point remains unchanged. Recent technical indicators are overbought, but the 0-day estimate reflects the immutable reference price rather than a directional call.

2. 30 Days.

Short-term technicals are mixed-to-stretched, with overbought RSI and stochastic readings offset by an established uptrend above longer moving averages. The conservative estimate trims modestly because near-term sentiment, earnings expectations, and event risk can pull the stock back toward support.

3. 60 Days.

The 60-day view remains slightly weaker than the current level because the recent rally has extended faster than the trend strength confirmed by ADX. Financial quality remains supportive, but valuation and momentum cooling argue for only a limited pullback from the 30-day path.

Forecast Rationale (continued...)

4. 90 Days.

The 90-day estimate stays below the current price because technical compression is still the dominant factor over this horizon. Strong fundamentals and positive news flow help prevent a deeper cut, but the low-end stance reflects persistent overbought risk and the possibility of a consolidation phase.

5. 180 Days.

The 180-day estimate turns positive as financial analysis and discounted cash flow considerations regain influence. Microsoft's profitability, balance sheet strength, cloud and AI positioning, and wide moat support a recovery toward a higher trading range once short-term technical excess is worked off.

6. 365 Days.

The 365-day estimate is the most constructive because durable earnings power, recurring revenue, dividend support, and strong competitive positioning should matter more than temporary price noise. The valuation methodology remains mixed, but the conservative path still allows moderate appreciation if execution stays intact.

Risks and Limitations

- Short-term volatility may remain elevated because the technical picture is extended and the recent advance has been sharp.
- The forecast may prove too cautious if market sentiment continues to reward AI-related growth and multiple expansion.
- The forecast may prove too optimistic if valuation compression, regulatory pressure, or a broad technology selloff offsets Microsoft's fundamentals.

What Would Change the View

- A sustained break above the recent resistance zone with improving momentum and volume would raise the 30-day and 60-day estimates.
- A confirmed slowdown in revenue growth, operating margin, or free cash flow would lower the 180-day and 365-day estimates.

What Would Change the View (continued...)

- A material deterioration in Azure, Copilot, or enterprise demand would lower the full forecast path, while stronger monetization in those areas would raise it.

Top 5 Illustrative Call Option Scenarios - (MSFT) Microsoft Corporation

Options Methodology

Each long-call scenario uses the option's actual expiration date, displayed ask, and stock forecast interpolated to expiration. Contracts must pass deterministic expiration, positive-bid, quote-freshness, volume, open-interest, implied-volatility, absolute-delta, bid-ask-spread, and positive modeled-return standards. A long call benefits from a share price above strike plus premium at expiration; ranking is quality-adjusted rather than based on raw profit.

Decision Takeaway

The highest quality-adjusted supported call scenario is MSFT270617C00400000, with a modeled expiration profit of \$1,596.62 per contract when the base stock scenario finishes above the contract's breakeven. This is a scenario calculation, not a prediction, recommendation, or guarantee.

Call Option Screening Result

1. Official Contract Symbol: MSFT270617C00400000.
Option Type: Long Call
Expiration Date: 2027-06-17
Days to Expiration: 318
Last Trade Date: 2026-08-03T17:49:57+00:00
Quote Age: 0.02 days
Current Stock Price Per Share: \$489.06
Strike Price Per Share: \$400.00
Moneyness at Report Price: In the money
Bid Per Share: \$119.60
Ask Per Share: \$120.65
Bid-Ask Midpoint Per Share: \$120.12
Premium Used Per Share: \$120.65
Premium as Percentage of Stock Price: 24.67%
Breakeven at Expiration Per Share: \$520.65
Breakeven Move From Current Stock Price: 6.46%
Forecast Price at Expiration Per Share: \$536.62
Forecast 80.00% Range at Expiration: \$281.04 to \$792.20.
Modeled Profit/Loss Per Contract at Expiration: \$1,596.62
Modeled 80.00% Outcome Range Per Contract: \$-12,065.00 to \$27,154.71.
Maximum Loss Per Contract: \$12,065.00
Return on Premium in Base Scenario: 13.23%
Volume: 383
Open Interest: 6,393
Implied Volatility: 40.58%
Delta: 0.80
Risk-Neutral Probability Above Breakeven: 40.25%
Bid-Ask Spread: 0.87%
Quality Score: 0.62
Liquidity Assessment: Good
Risk Note: The forecast can be wrong, implied volatility and liquidity can change, and the entire premium may be lost at expiration.

Call Option Screening Result (continued...)

2. Official Contract Symbol: MSFT270617C00430000.
Option Type: Long Call
Expiration Date: 2027-06-17
Days to Expiration: 318
Last Trade Date: 2026-08-03T17:45:17+00:00
Quote Age: 0.02 days
Current Stock Price Per Share: \$489.06
Strike Price Per Share: \$430.00
Moneyness at Report Price: In the money
Bid Per Share: \$98.55
Ask Per Share: \$100.50
Bid-Ask Midpoint Per Share: \$99.53
Premium Used Per Share: \$100.50
Premium as Percentage of Stock Price: 20.55%
Breakeven at Expiration Per Share: \$530.50
Breakeven Move From Current Stock Price: 8.47%
Forecast Price at Expiration Per Share: \$536.62
Forecast 80.00% Range at Expiration: \$281.04 to \$792.20.
Modeled Profit/Loss Per Contract at Expiration: \$611.62
Modeled 80.00% Outcome Range Per Contract: \$-10,050.00 to \$26,169.71.
Maximum Loss Per Contract: \$10,050.00
Return on Premium in Base Scenario: 6.09%
Volume: 316
Open Interest: 3,076
Implied Volatility: 39.16%
Delta: 0.74
Risk-Neutral Probability Above Breakeven: 38.45%
Bid-Ask Spread: 1.96%
Quality Score: 0.52
Liquidity Assessment: Good
Risk Note: The forecast can be wrong, implied volatility and liquidity can change, and the entire premium may be lost at expiration.

Call Option Screening Result (continued...)

3. Official Contract Symbol: MSFT270617C00420000.
Option Type: Long Call
Expiration Date: 2027-06-17
Days to Expiration: 318
Last Trade Date: 2026-08-03T17:58:17+00:00
Quote Age: 0.01 days
Current Stock Price Per Share: \$489.06
Strike Price Per Share: \$420.00
Moneyness at Report Price: In the money
Bid Per Share: \$105.45
Ask Per Share: \$107.70
Bid-Ask Midpoint Per Share: \$106.58
Premium Used Per Share: \$107.70
Premium as Percentage of Stock Price: 22.02%
Breakeven at Expiration Per Share: \$527.70
Breakeven Move From Current Stock Price: 7.90%
Forecast Price at Expiration Per Share: \$536.62
Forecast 80.00% Range at Expiration: \$281.04 to \$792.20.
Modeled Profit/Loss Per Contract at Expiration: \$891.62
Modeled 80.00% Outcome Range Per Contract: \$-10,770.00 to \$26,449.71.
Maximum Loss Per Contract: \$10,770.00
Return on Premium in Base Scenario: 8.28%
Volume: 315
Open Interest: 2,712
Implied Volatility: 40.08%
Delta: 0.76
Risk-Neutral Probability Above Breakeven: 38.92%
Bid-Ask Spread: 2.11%
Quality Score: 0.49
Liquidity Assessment: Good
Risk Note: The forecast can be wrong, implied volatility and liquidity can change, and the entire premium may be lost at expiration.

Call Option Screening Result (continued...)

4. Official Contract Symbol: MSFT270617C00440000.
Option Type: Long Call
Expiration Date: 2027-06-17
Days to Expiration: 318
Last Trade Date: 2026-08-03T17:58:45+00:00
Quote Age: 0.01 days
Current Stock Price Per Share: \$489.06
Strike Price Per Share: \$440.00
Moneyness at Report Price: In the money
Bid Per Share: \$92.35
Ask Per Share: \$94.90
Bid-Ask Midpoint Per Share: \$93.62
Premium Used Per Share: \$94.90
Premium as Percentage of Stock Price: 19.40%
Breakeven at Expiration Per Share: \$534.90
Breakeven Move From Current Stock Price: 9.37%
Forecast Price at Expiration Per Share: \$536.62
Forecast 80.00% Range at Expiration: \$281.04 to \$792.20.
Modeled Profit/Loss Per Contract at Expiration: \$171.62
Modeled 80.00% Outcome Range Per Contract: \$-9,490.00 to \$25,729.71.
Maximum Loss Per Contract: \$9,490.00
Return on Premium in Base Scenario: 1.81%
Volume: 79
Open Interest: 1,953
Implied Volatility: 39.13%
Delta: 0.72
Risk-Neutral Probability Above Breakeven: 37.59%
Bid-Ask Spread: 2.72%
Quality Score: 0.42
Liquidity Assessment: Good
Risk Note: The forecast can be wrong, implied volatility and liquidity can change, and the entire premium may be lost at expiration.

Call Option Screening Result (continued...)

5. Official Contract Symbol: MSFT270319C00430000.

Option Type: Long Call

Expiration Date: 2027-03-19

Days to Expiration: 228

Last Trade Date: 2026-08-03T17:46:14+00:00

Quote Age: 0.02 days

Current Stock Price Per Share: \$489.06

Strike Price Per Share: \$430.00

Moneyness at Report Price: In the money

Bid Per Share: \$88.80

Ask Per Share: \$90.00

Bid-Ask Midpoint Per Share: \$89.40

Premium Used Per Share: \$90.00

Premium as Percentage of Stock Price: 18.40%

Breakeven at Expiration Per Share: \$520.00

Breakeven Move From Current Stock Price: 6.33%

Forecast Price at Expiration Per Share: \$520.56

Forecast 80.00% Range at Expiration: \$311.29 to \$729.83.

Modeled Profit/Loss Per Contract at Expiration: \$56.22

Modeled 80.00% Outcome Range Per Contract: \$-9,000.00 to \$20,983.08.

Maximum Loss Per Contract: \$9,000.00

Return on Premium in Base Scenario: 0.62%

Volume: 100

Open Interest: 1,465

Implied Volatility: 38.31%

Delta: 0.75

Risk-Neutral Probability Above Breakeven: 39.84%

Bid-Ask Spread: 1.34%

Quality Score: 0.40

Liquidity Assessment: Good

Risk Note: The forecast can be wrong, implied volatility and liquidity can change, and the entire premium may be lost at expiration.

Risks and Limitations

- The modeled expiration stock price is uncertain and may fall outside the displayed range.
- Risk-neutral probability is derived from option-pricing inputs and is not a real-world forecast probability.
- Bid-ask spreads, changing implied volatility, early exercise considerations, taxes, commissions, and execution timing can materially change realized results.

Source References: [1]

Sources

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Top 5 Illustrative Put Option Scenarios - (MSFT) Microsoft Corporation

Options Methodology

Each long-put scenario uses the option's actual expiration date, displayed ask, and stock forecast interpolated to expiration. Contracts must pass deterministic expiration, positive-bid, quote-freshness, volume, open-interest, implied-volatility, absolute-delta, bid-ask-spread, and positive modeled-return standards. A long put benefits from a share price below strike minus premium at expiration and may be used for bearish exposure or portfolio protection; this report evaluates the put as a standalone purchased contract, not as personalized hedging advice.

Decision Takeaway

The highest quality-adjusted supported put scenario is MSFT261016P00500000, with a modeled expiration profit of \$23.33 per contract when the base stock scenario finishes below the contract's breakeven. This is a scenario calculation, not a prediction, recommendation, or guarantee.

Put Option Screening Result

1. Official Contract Symbol: MSFT261016P00500000.
Option Type: Long Put
Expiration Date: 2026-10-16
Days to Expiration: 74
Last Trade Date: 2026-08-03T17:46:02+00:00
Quote Age: 0.02 days
Current Stock Price Per Share: \$489.06
Strike Price Per Share: \$500.00
Moneyness at Report Price: In the money
Bid Per Share: \$31.05
Ask Per Share: \$32.10
Bid-Ask Midpoint Per Share: \$31.58
Premium Used Per Share: \$32.10
Premium as Percentage of Stock Price: 6.56%
Breakeven at Expiration Per Share: \$467.90
Breakeven Move From Current Stock Price: -4.33%
Forecast Price at Expiration Per Share: \$467.67
Forecast 80.00% Range at Expiration: \$360.18 to \$575.15.
Modeled Profit/Loss Per Contract at Expiration: \$23.33
Modeled 80.00% Outcome Range Per Contract: \$-3,210.00 to \$10,771.75.
Maximum Loss Per Contract: \$3,210.00
Maximum Theoretical Gain Per Contract if the Stock Falls to Zero: \$46,790.00.
Return on Premium in Base Scenario: 0.73%
Volume: 101
Open Interest: 193
Implied Volatility: 29.56%
Delta: -0.51
Risk-Neutral Probability Below Breakeven: 36.80%
Bid-Ask Spread: 3.33%
Quality Score: 0.44
Liquidity Assessment: Good
Risk Note: The forecast can be wrong, time decay and implied volatility can reduce the contract's value, and the entire premium may be lost if the stock does not finish sufficiently below the strike at expiration.

Put Option Screening Result (continued...)

2. Official Contract Symbol: MSFT260918P00510000.
Option Type: Long Put
Expiration Date: 2026-09-18
Days to Expiration: 46
Last Trade Date: 2026-08-03T17:41:09+00:00
Quote Age: 0.03 days
Current Stock Price Per Share: \$489.06
Strike Price Per Share: \$510.00
Moneyness at Report Price: In the money
Bid Per Share: \$32.65
Ask Per Share: \$33.60
Bid-Ask Midpoint Per Share: \$33.12
Premium Used Per Share: \$33.60
Premium as Percentage of Stock Price: 6.87%
Breakeven at Expiration Per Share: \$476.40
Breakeven Move From Current Stock Price: -2.59%
Forecast Price at Expiration Per Share: \$473.73
Forecast 80.00% Range at Expiration: \$388.73 to \$558.73.
Modeled Profit/Loss Per Contract at Expiration: \$266.67
Modeled 80.00% Outcome Range Per Contract: \$-3,360.00 to \$8,766.53.
Maximum Loss Per Contract: \$3,360.00
Maximum Theoretical Gain Per Contract if the Stock Falls to Zero: \$47,640.00.
Return on Premium in Base Scenario: 7.94%
Volume: 48
Open Interest: 362
Implied Volatility: 30.37%
Delta: -0.61
Risk-Neutral Probability Below Breakeven: 40.36%
Bid-Ask Spread: 2.87%
Quality Score: 0.40
Liquidity Assessment: Good
Risk Note: The forecast can be wrong, time decay and implied volatility can reduce the contract's value, and the entire premium may be lost if the stock does not finish sufficiently below the strike at expiration.

Risks and Limitations

- A purchased put can lose the entire premium through time decay or an unfavorable stock path even when the longer-term investment thesis is bearish.
- Risk-neutral probability is derived from option-pricing inputs and is not a real-world forecast probability or an estimate of personal portfolio protection.
- Bid-ask spreads, changing implied volatility, early exercise considerations, taxes, commissions, contract deliverables, and execution timing can materially change realized results.

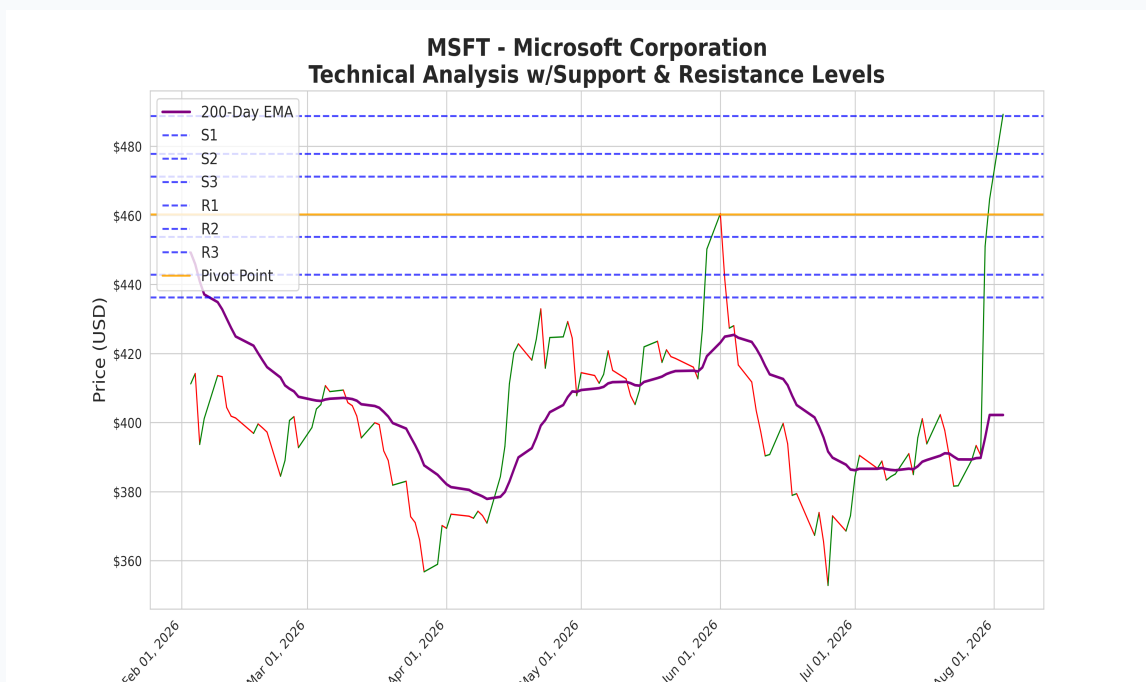
Source References: [1]

Sources

1. [Yahoo Finance put option chain for MSFT](#) | Retrieved 2026-08-03 | [Open source](#)

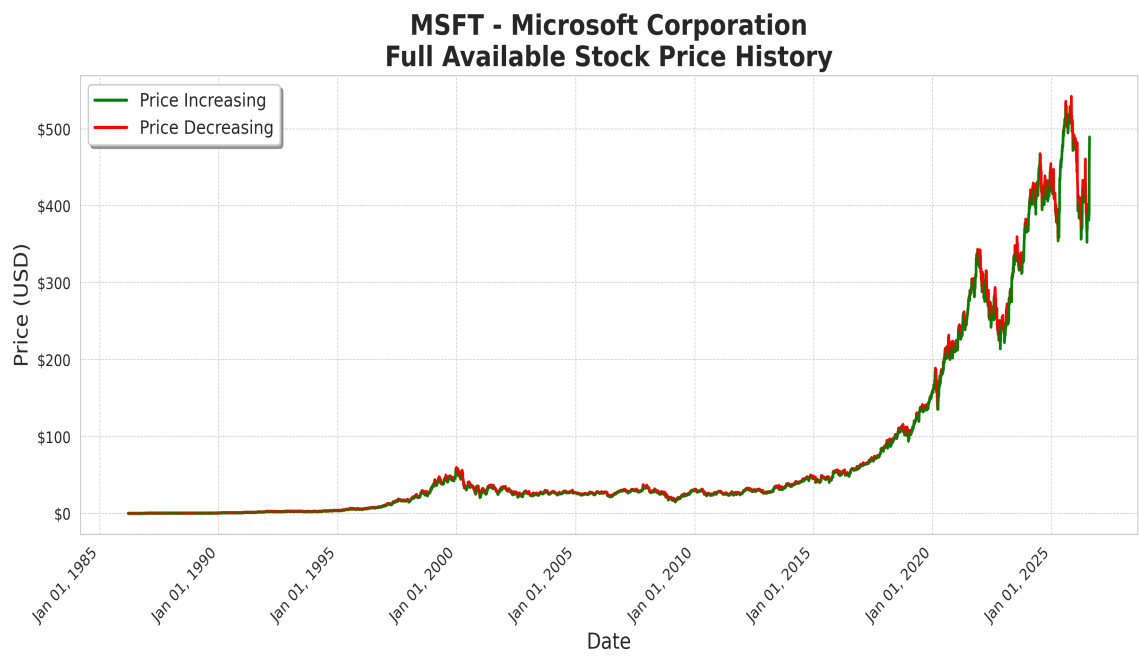
Appendix - Charts & Graphs

Six-Month Technical Trend, 200-Day EMA, Support, Resistance, and Pivot



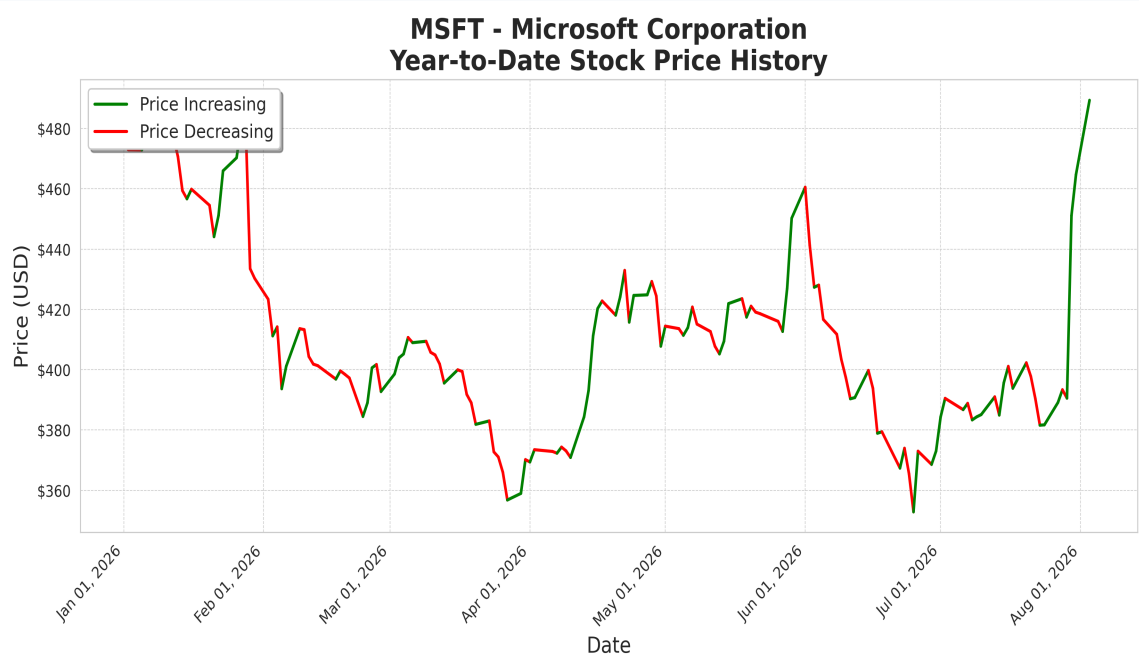
Timeframe: 6 months; interval: daily. Source: Yahoo Finance market data retrieved 2026-08-03. Interpretation: shows current trend relative to the long-term EMA and deterministic support/resistance levels.

Full Available Stock Price History



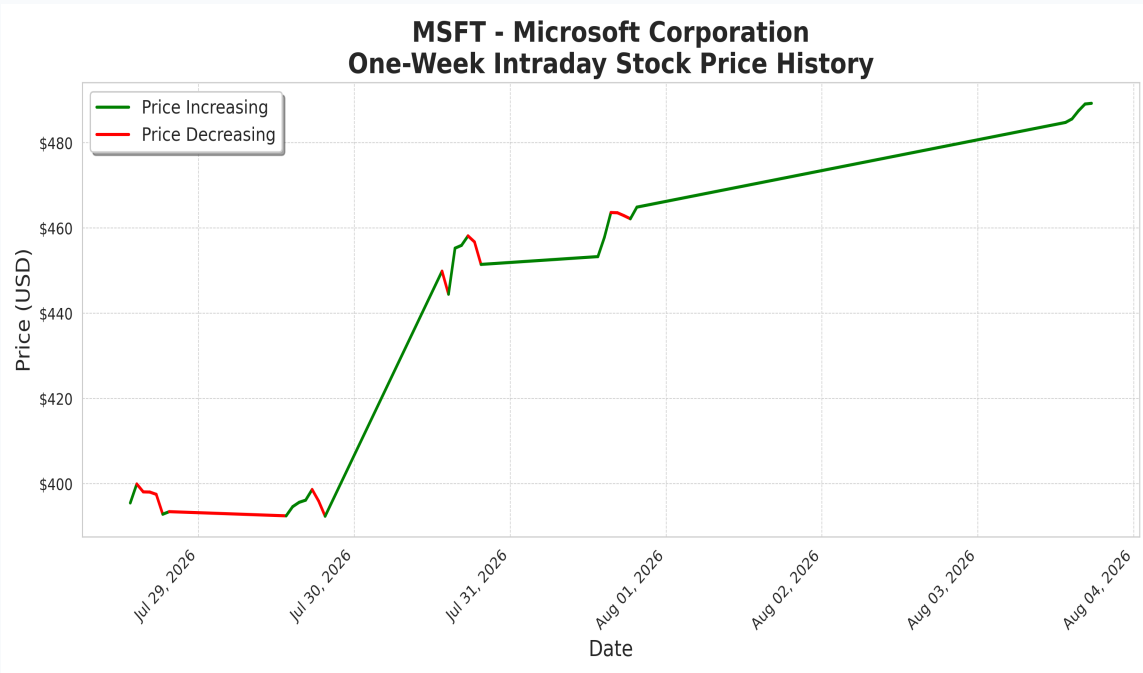
Timeframe: Full available history; daily interval. Source: Yahoo Finance market data retrieved 2026-08-03. Interpretation: Places the current valuation in the security's complete trading-history context.

Year-to-Date Stock Price History



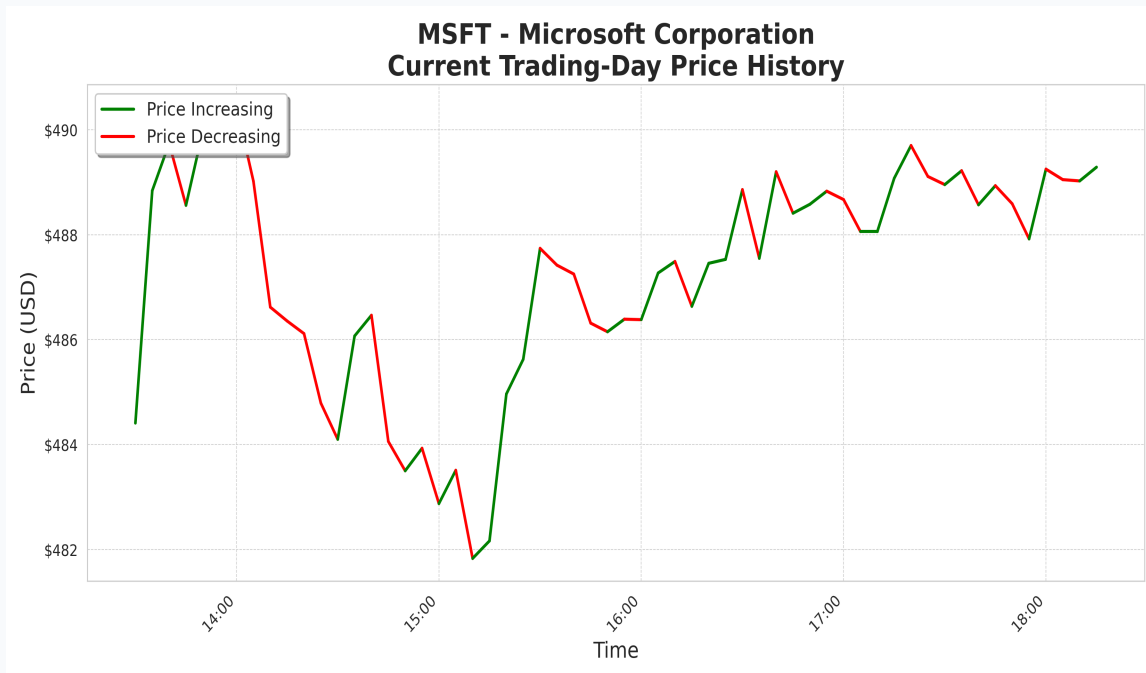
Timeframe: Year to date; daily interval. Source: Yahoo Finance market data retrieved 2026-08-03. Interpretation: Shows the current-year trend and major reversals.

One-Week Intraday Stock Price History



Timeframe: Latest 5 trading days; hourly interval. Source: Yahoo Finance market data retrieved 2026-08-03. Interpretation: Shows short-term momentum and recent volatility.

Current Trading-Day Price History



Timeframe: Latest trading day; 5-minute interval. Source: Yahoo Finance market data retrieved 2026-08-03. Interpretation: Shows intraday direction and price variability.

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Report Validation

Validation Summary Field	Value
Validation Status	Failed
Validation Checks Performed	156
Failed Validation Checks	1
Review-Level Validation Checks	3

One or more material validation checks did not pass. The report should not be treated as complete until the affected data are refreshed.

The table below summarizes each material failure or review-level limitation in customer-facing language. Detailed diagnostics remain in the application logs.

Validation Check	Result	Severity	Explanation
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Canonical current price	Failed	Error	Report-wide current price mismatch.
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