

## Portfolio Management Business Development Investment Research Global Perspective

### Ken Copley

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Satya Nadella  
Chief Executive Officer (CEO)  
Microsoft (MSFT)  
One Microsoft Way  
Redmond, WA 98052

§240.14a-8 of the Securities Exchange Act of 1934 –  
**Shareholder Proposal**

**Transcript – Shareholder Question**  
MSFT Annual Shareholder Meeting 2017

Dear Mr. Nadella:

**I'm Ken Copley**, Capital Executive, shareholder since 1991. To frame my argument or question, I'm only talking about Windows & Office for the PC. Why use a consumer pricing strategy that was basically developed before the Internet, which brought “*scale*” to software service? Learn how to strategically price the consumer software service to build and protect the legacy of Microsoft.

I want to question the strategy of application design. Operating system, browser, e-mail, once dominant positions of Microsoft. What happened? I'll tell you one reason, with respect to software as a service, Google has figured out the relationship between the consumer and the enterprise. Specifically, how you can strategically price the software service to literally create synergy between the market segments. How? Through application design. One software, one service, two versions. One for the consumer, and one for the enterprise – which has more functionality and security, but both have the same user interface. Think of it this way, the more consumers you serve, the more **value** you create for the enterprise. And this dynamic reaction within the market maximizes the monetization potential of the Enterprise segment – which is the “bread & butter of MSFT..

Fortunately, Microsoft still has a dominant position in the Enterprise with Windows & Office, which is a great, great competitive advantage for Microsoft. As a Shareholder (Owner), I just wanted to question the Consumer Pricing Strategy and the Strategy of Application Design for Windows & Office in a PC environment. Thank You.

**SATYA NADELLA:** The two data points that I shared with you today speak very directly to I think what your question or comment was. It is 28 million subscribers of Office 365 Home and Personal, 120 million users of Office 365 Commercial are two sides of the same product. And that's our strategy.

We absolutely think of Windows as a key part of it, but you can see where we are going with Microsoft 365 and Microsoft 365 @Home and Microsoft 365 Commercial as essentially the two sides of the same coin. This is something that you rightfully pointed out is our heritage and that's what we are going to take forward in a new era where subscriptions and devices come together.

Respectfully,

Ken Copley  
Capital Executive LLC